

Awards Selection Study Phase I: Preliminary Insights From Managers

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EXECUTIVE SUMMARY

In a study of marketing, human resource and other people-influencing managers in the United States, it was found that both cash and non-cash awards were widely used to motivate employees. Managers, however, reported different levels of effectiveness for cash and non-cash awards depending upon the specific business situation they were facing. This implies a strong need for managerial attention to their application to insure the greatest results.

The study was conducted using a survey approach with 235 self-identified managers who reported they were “users of reward and recognition services.” The sample frame was based on managers who attended one of four award/motivation oriented events. Those events were (1) the National Association of Employee Recognition Conference, (2) The Motivation Show, (3) The Integrated Marketing Summit, and (4) the Fall Promo Expo. Providers and vendors of reward and recognition products and services were questioned at these same meetings but their responses were specifically excluded from this analysis and report. Respondents completed a self-administered questionnaire which was tabulated and summarized by the study authors. The analysis is from the perspective of what managers perceive is most motivating for the employee and not necessarily what is most efficient for the organization.

It is important to note that the preliminary findings from the qualitative and quantitative study provided some evidence that managers differ slightly in their definition of “reward and recognition programs” and “motivational programs, and what constitutes cash- versus non-cash based awards. Although we refer to reward and recognition programs and cash versus and non-cash awards broadly in terms of their ability to motivate employees, it is essential that future research drill down to distinguish between programs and tactics and the scenarios under which they are most appropriate. In addition, the terms “awards” and “motivational programs,” which are not identical concepts, are used to reflect what employees receive for their efforts. For reporting purposes this report focuses primarily on awards as the broad nomenclature for describing the rewards and recognition that employees receive.

Overall managers expressed a preference for non-cash reward and recognition programs. They view them as more important, more effective, and generally superior for achieving the majority of the specific organizational objectives listed in the questionnaire although non-cash awards were reported as being the most commonly used approach. (Cash awards were reported being used by 3 out of 5 reporting managers).

The leading non-cash tactic was employee recognition, reported as being used by over 4 out of 5 managers responding to the study. This was followed by gift certificates, special events, merchandise awards, and email/print communications. Non-cash awards were also rated as more important than cash awards for motivating employees. Non-cash approaches were also rated as being more likely to grow in importance in the future.

Specific non-cash awards were judged to be the most effective motivational tactics. The leading tactics, in order, were employee recognition, gift certificates, cash rewards, merchandise awards, worklife benefits, special events, and individual travel. Employees recognition, judged to be the most effective tactic, was seen as being quite useful in achieving key organizational objectives such as (in decreasing order of effectiveness) (1) motivating specific behaviors, (2) increasing retention and loyalty, (3) creating positive internal communications, (4) increasing sales, (5) reinforcing organizational values, (5) increasing customer satisfaction, and (6) improving teamwork. Measures of effectiveness of the most used motivational tactics were employee surveys, followed by employee turnover, and sales growth.

Overall, non-cash awards were felt to be more effective for nearly all of the organizational objectives assessed in the study. In contrast, cash awards were seen as being more effective for increasing sales and to some extent for improving customer acquisition and referrals. Further, non-cash awards were believed to be superior for customer service personnel, support staff, and to a lesser extent management personnel.

Cash awards, on the other hand, appear to be superior for sales, manufacturing personnel, and call center personnel. Part of the reason for this is that these areas tend to have easily identifiable and tangible goals. Alternatively, cash awards have a shorter-term orientation when compared to non-cash awards. There was also a stated belief that most managers thought their organization was more successful in utilizing non-cash awards to motivate employees.

Lastly, and importantly, perceptions of cash versus non-cash reward and recognition programs in general, and across different types of reward and recognition programs specifically, differed somewhat based on whether respondents were more involved in marketing/sales or human resource management. As an example, although non-cash rewards were generally rated higher across both groups, on average marketing and sales personnel gave higher ratings and use of group travel and cash rewards than did human resource personnel. This makes sense given that sales/marketing managers are more likely to use travel and cash rewards as sales-oriented motivational tactics, particularly given the costs-benefit tradeoffs in this area. Importantly, future research comparing cash and non-cash reward and recognition programs across different problem solving scenarios has considerable value. In addition, research that clearly delineates programs from tactics, and reward and recognition initiatives from motivation initiatives, is noteworthy. Lastly, the research reported here focused on the views of managers. Research is also needed that closes the loop by addressing all organizational publics, including upper management, middle management, first-line management, and employees.

CASH vs. NON-CASH EMPLOYEE MOTIVATION PROGRAMS

BACKGROUND AND OBJECTIVES

Organizations use Cash and Non-Cash awards, rewards and recognition programs to influence employee behaviors. Managers assume adequate compensation will help motivate people to do their jobs. However, organizations attempting to achieve specific business goals through their people often have a need to address other organizational concerns to optimize personal, team or corporate performance. Some of these organizational needs are: to influence how employees feel from day to day in the workplace, the degree to which they buy into and support organizational goals and their willingness to align their behavior accordingly, the degree of understanding employees have about organizational goals and their ability to assist in their achievement, and their feelings about the support or recognition from management for their efforts.

Beyond employee-based considerations, the organization must weigh the benefits derived from rewarding and motivating staff against both short-and-long-term financial objectives and profitability of the firm. Moreover, while compensation makes sense for rewarding ongoing contributions, organizations need a meaningful way to drive and extend employee performance that does not become construed as compensation that might be expected on a year-to-year basis. Although a research stream exists that has focused on intrinsic and extrinsic employee compensation and the impact on employee perceptions, there is a paucity of formal, objective research that investigates how organizations can and should implement award/motivational programs and the extent to which these programs can achieve the broad range of organizational objectives often expected by management. Even less is understood about which types or forms of award and motivational programs are best suited to achieving the widely varied organizational objectives that management requires and requests.

Clearly, research is needed that extends beyond today's primary objective, employee satisfaction. There is a clear need for management decision criteria and a set of guidelines on how organizations can efficiently and effectively develop and implement various award programs. This would include both Cash and Non-Cash approaches since both provide inputs for the long-term betterment of the organization. Thus, the goal is to provide strategic guidance that will assist the organization in knowing when and where to utilize such programs, how to determine the type of motivation and award program that should be used and some type of measurement process that will enable the organization to understand the level of investment to make and the type of return that might be expected.

The research reported in this document is designed to investigate the effectiveness of Cash and Non-Cash award, reward, and recognition programs and to provide strategic guidance for those organizations that incorporate them into their motivation plans. Specifically, we summarize the findings from surveys conducted with attendees at four different conferences/events: (1) National Association of Employee Recognition (NAER) Spring 2005 Conference, (2) The Motivation

Show (Fall 2005), (3) The Integrated Marketing Summit (Fall 2005), and (4) the Fall 2005 Promo Expo. Of note, this report considers only responses from individuals who identified themselves as “users of reward/recognition services.” Because of the potential for bias, responses from “providers/vendors” has not been included in the analysis.

Of significance, these conferences were selected for three important reasons. First, and as the findings will show, these conferences are attended by individuals who have experience across a wide range of cash and non-cash reward and recognition programs. As such, they are relatively experienced in reward and recognition programs and are likely to have insights into their relative merits. Second, and again as the results will show, a large percentage of the attendees are responsible for the selection of reward and recognition programs for their organization. Third, many of attendees at the Promo Show and Integrated Marketing Conference are involved in marketing and sales. As a consequence and in combination, these conferences represent a cross-section of individuals who will be selecting, implementing, and using reward and recognition programs. Moreover, and as the results show, there is also a good cross-section of human resource and marketing personnel.

General Project Objectives

The Forum for People Performance Management and Measurement seeks to generate a better understanding of how organizations can and should implement award/motivational programs and the extent to which these programs achieve the broad range of organizational objectives often expected by management. In terms of “general objectives,” the research project is designed to:

- Investigate the effectiveness of Cash and Non-Cash Rewards under various situations and conditions,
- Understand which types or forms of motivational programs are best suited to achieving the widely varied organizational objectives that management requires and requests, and
- Provide insights to support future research regarding strategic guidance for organizations that are both providing and using reward/recognition programs.

Objectives, Qualitative Research Stage

Prior to developing and administering the survey questionnaire reported here, a series of qualitative research components were undertaken to accomplish the following objectives:

- Identify potential problem areas and issues from both an internal and external point of view,
- Provide a foundation for “triangulating” the findings from the quantitative portion of the research process, that is, to identify areas of consistency, and
- Ultimately, to develop potential question content areas and answer/response categories specific to the research project through the use of qualitative research, i.e., designing what needed to be included on the final questionnaire.

Objectives, Quantitative Research Stage

Regarding specific research outcomes, the quantitative research stage was designed to:

- Gain understanding on current use and perceptions of employee reward and recognition programs of managers that use the various award programs.
- Assist in determining when and where employee R&R programs are used.
- Determine the type of employee R&R program used and the measurement process that enabled the organization to understand the level of investment made.
- Develop the foundation for (Phase 2), which is to develop further data based on employee or other empirical data to reflect the employee point of view or actual outcomes, if possible, based on awards used.

RESEARCH METHODOLOGY

The complexity of the issues under investigation required a research perspective that built knowledge from the bottom up. Thus, a multi-stage process utilizing qualitative and quantitative research components were used. The qualitative research stage included (1) the formation of an Advisory Committee, which included an Expert Delphi Panel, (2) a Review of Existing Literature/Research, and (3) Key Informant Interviews. The quantitative stage consisted of the distribution of an extensive questionnaire at four conferences attended by individuals knowledgeable about employee motivation programs.

Qualitative Research Stage

Review of Existing Literature/Research: Previously collected secondary research and an electronic review of untapped secondary data was conducted. Special attention was given to incorporating findings from the CANE model of motivation conducted by the SITE Foundation. (citation needed here) In this way, current research efforts were utilized and previous work extended.

Established an Advisory Committee: This included participation of individuals close to the project for the purpose of (a) creating consensus on establishing concrete objectives, (b) identifying key research issues, questions, and (c) using a Delphi Technique to construct and finalize the questionnaire used.

Key Informant Interviews: Interviews were conducted with a number of individuals to help understand the nature of the current motivational environment. These interviews were held prior to developing the questionnaire. They included (how many) individuals at the NAER Conference.

Summary of Key Issues

Based on the review of existing literature and other resources, the following list of key research needs and areas of interest were developed, many of which were addressed in this report. For a full review of the literature readers should examine the report entitled “Literature Review: Cash/Non-Cash Award Programs and Research Studies Concerning Such Programs.”

The key issues covered in this report include:

- **Cash vs. Non-Cash:** Which of these two broad areas work best and in what situations and under what conditions? Currently, very little research exists that compares and/or contrasts the two options.

- **Types of Non-Cash Awards:** What are the different types of Non-Cash awards currently used by organizations? And, what is their effectiveness?

- **Types of Social Awards:** What are the different types of social awards currently used by organizations and what is their effectiveness?
- **Goal Levels:** How do performance goal levels affect the award programs and employees' feelings toward those programs?
- **Individual vs. Team-based:** Do individual award systems work better than team-based awards, and, if so, under what conditions? Especially important to understand is whether competition for awards (i.e. only top % receives awards vs. anyone that reaches a stated level of performance) is beneficial or detrimental.
- **Cost Benefits of Awards:** Little research currently exists on the cost benefits of various types, forms and value of awards. In past reported studies, Cash resulted in performance increases that were twice the size of increases created by Non-Cash awards. The studies, however, did not examine the actual costs of the awards. If the Non-Cash awards cost half as much as the Cash awards, then the cost benefit may have been greater than the use of Cash awards.
- **Performance Baselines:** There is a need to correctly measure the effects of awards among a relatively large group of organizations. It is important to establish baselines to measure the true changes that occur. In many of the studies reviewed by Condly, Clark, and Stolovitch (2003), many reporting firms did not have baseline measures in place; therefore, they were not included in their meta-analysis.
- **Type of Activity/Task:** Another variable that may affect the effectiveness of awards on performance is the type of activity/task employees are undertaking. That should help identify possible patterns or situations in which Cash, Non-Cash, or social awards would be most effective.
- **Reinforcement Schedule of Awards:** Is it best to provide the awards on a contingent/non-contingent basis, continuous, variable, or some other reinforcement schedule? And, do these schedules differ by award type?
- **Other variables:** What other variables may be affecting the increase/decrease in performance when awards are used? This will help in identifying what makes programs more successful by identifying what variables need to be controlled/minimized

Quantitative Research Stage

Based on input from the qualitative research stage, a survey questionnaire was developed. This was finalized through an on-line Delphi process conducted with the Advisory Committee. The questionnaires were then distributed at four conferences from Spring through Fall, 2005. The conferences included (1) 2005 NAER Conference (April 10-12) in Los Angeles, California, (2) 2005 Motivation Show (September 27-29) in Chicago, Illinois, (3) The Integrated Marketing Summit (September 27) in Chicago, Illinois, and (3) the 2005 Promo Expo (October 17-19) in Chicago, Illinois. Attendees at these conferences included individuals from both the practitioner/user and vendor side of employee reward and recognition programs; however, **only** responses from “practitioners/users” are reported here. After eliminating responses from vendors (about 250), a total of 235 “user” surveys were collected.

These four conferences were selected for three main reasons. First, given the importance of comparing Cash and Non-Cash award, reward, and recognition programs, it was critical to survey individuals who have a clear understanding of the varied ways to motivate employees. These conferences were thus identified as having attendees with a high level of expertise in the subject. Second, these conferences offered the ability to survey a large number of attendees involved in selecting employee motivation programs. Lastly, these conferences ensured a relatively equal split of individuals involved in the Human Resource and Marketing functional areas.

Specific question content areas included: (See Appendix A for a copy of the actual survey))

- **Use of Various Reward/Recognition Tactics:** The survey identified which types of motivational tactics are currently being used.
- **Importance of Cash and Non-Cash Programs:** Four questions addressed the current and future importance of Cash and Non-Cash Reward/Recognition Programs.
- **Effectiveness of Different Motivational Tactics on Organizational Objectives:** Respondents rated the effectiveness of both reward/recognition programs at motivating employees in general and their ability to achieve various organizational objectives.
- **Comparison of Cash/Non-Cash Programs on Objectives/Job Functions:** A main goal of the research was to identify when Cash and Non-Cash programs are the most effective. Four questions directly compared the two types of programs. A third question asked respondents to choose the best program for specific organizational objectives.
- **Perceptual Statements Related to Cash/Non-Cash programs:** Respondents indicated their level of agreement with eight statements related to Cash and Non-Cash programs.
- **Selection and Measurement of Reward/Recognition Programs:** Respondents indicated who at their organization is involved in selecting motivational programs as well as what they use to measure the success of any programs implemented.
- **Respondent demographics.**

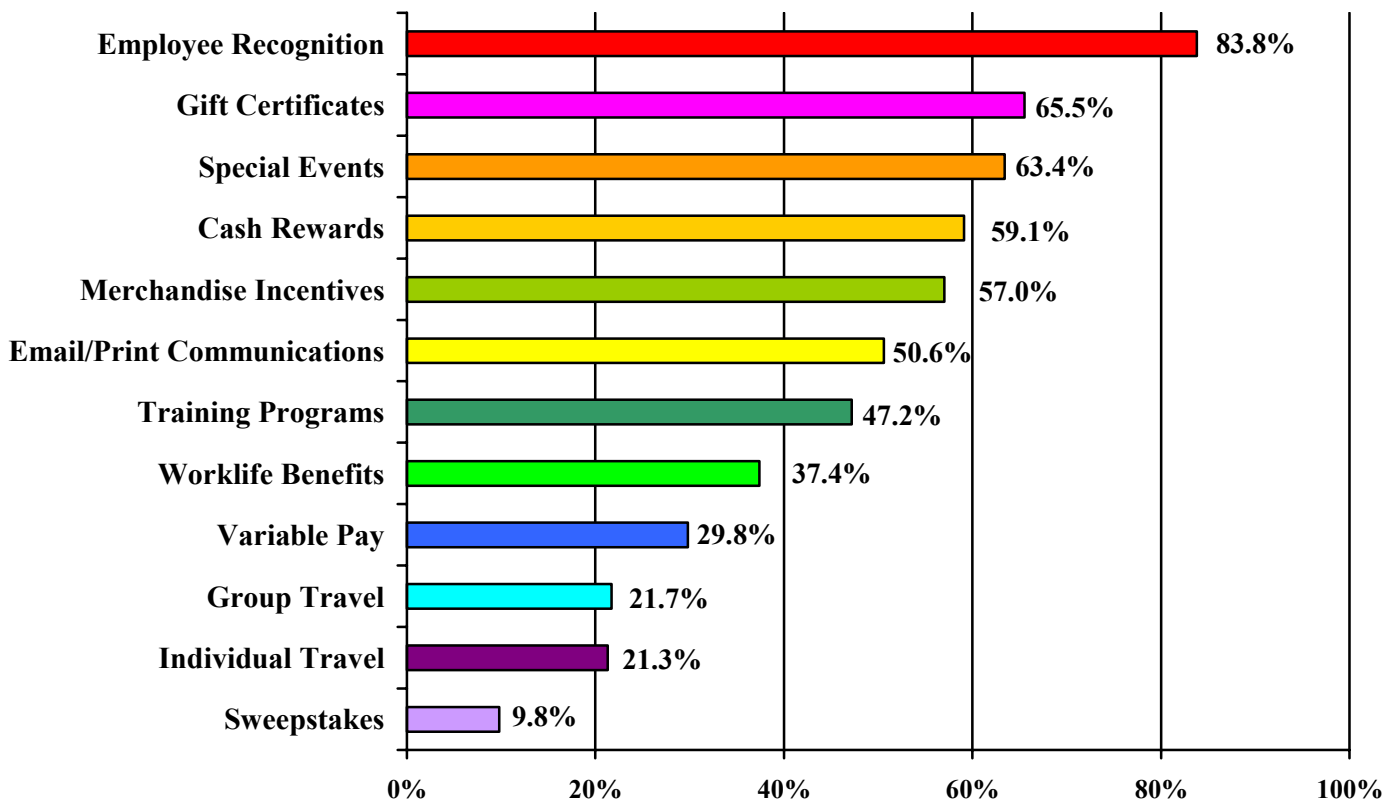
QUESTIONNAIRE RESULTS

A. Use of Reward/Recognition Tactics for Motivating Employees

Respondents were asked to identify the different type of activities their organization currently uses to motivate employees. As shown below in Exhibit 1, Employee Recognition is the most used tactic (83.8%), followed by Gift Certificates (65.5%), and Special Events (63.4%).¹ Cash Rewards was also a common award. (Selected by 59.1% of respondents). A second type of Cash Award, Variable Pay, was less popular and was selected by only 29.8% of the respondents.

Three other reward/recognition programs received frequent mentions: Merchandise Awards (57.0%), Email/Print Communications (50.6%), and Training Programs (47.2%). Of the remaining motivational tactics, Worklife Benefits was mentioned most frequently (37.4%), followed by Group Travel (21.7%), Individual Travel (21.3%), and Sweepstakes (9.8%).

Exhibit 1
Motivational Tactics Used



¹ The qualitative interviews indicated that special events were viewed as recognition programs such as award ceremonies, group parties/outings, and any of a variety of special activities to reward employees for their efforts.

B. Importance of Cash and Non-Cash Programs for Motivating Employees

To identify trends in utilizing Cash and Non-Cash programs, respondents indicated how important they feel each of the programs are *today* for motivating employees and how they expect this importance will change over the next *five years*.

Current Importance of Cash and Non-Cash Motivation Programs

On a scale ranging from 1 = Not Important to 5 = Very Important, Exhibit 2 summarizes mean scores for the current importance of Cash and Non-Cash programs for motivating employees. Table 2 and Exhibit 3 provide the distribution of scores for each of the two motivational program categories.

As can be seen, Non-Cash reward and recognition programs are deemed to be much more important than Cash awards for motivating employees. Specifically, the mean importance score for Non-Cash programs was 4.25 compared to 3.56 for Cash-Based award programs.

The distribution of scores in Table 1 and Exhibit 3 further support the perceived superiority of Non-Cash programs. 83.3% of respondents indicated they are very important (49.4%) or somewhat important (33.9%) for motivating employees, compared to 55.8% who indicated that Cash-Based awards were very important (28.1%) or somewhat important (27.7%).

Exhibit 2
Current Importance of Cash and Non-Cash Programs: Means

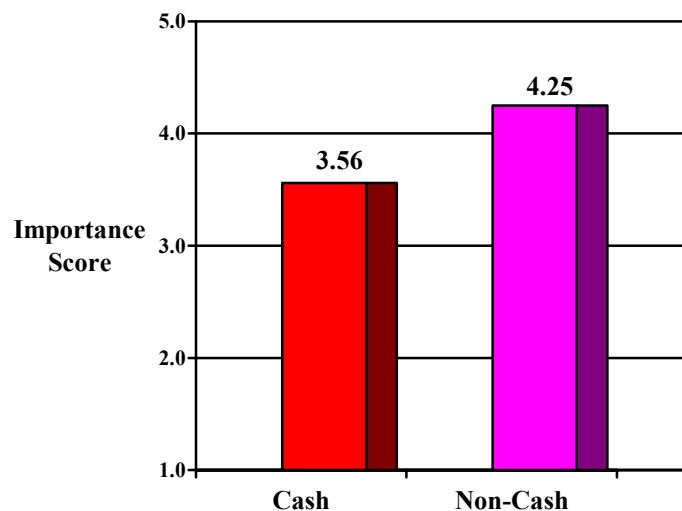
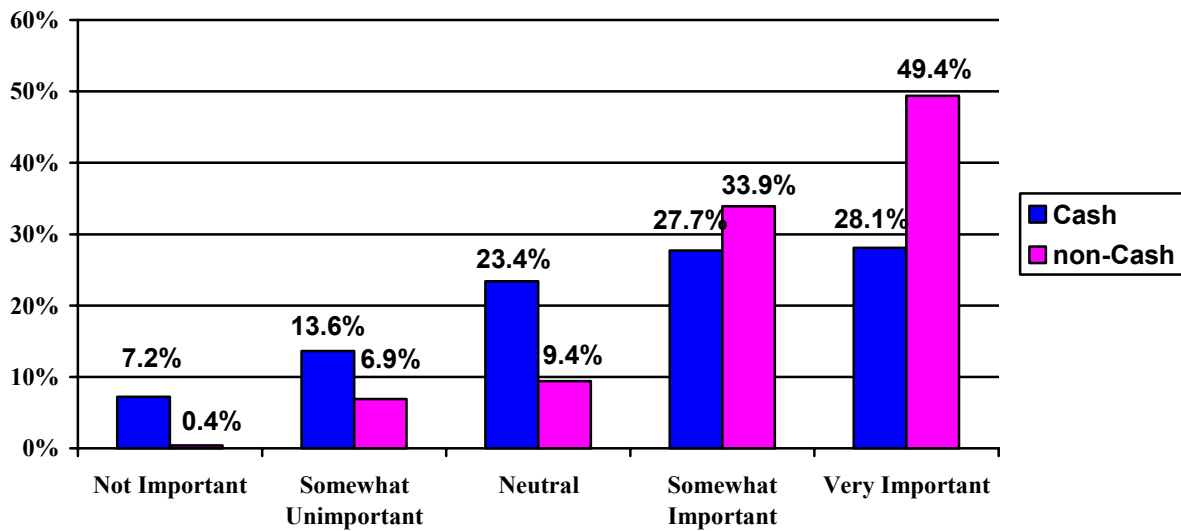


Table 1
Current Importance of Cash and Non-Cash Programs:
Distribution of Scores (%)

Current Importance	Not Important	Somewhat Unimportant	Neutral	Somewhat Important	Very Important	Mean Score
Cash	7.2	13.6	23.4	27.7	28.1	3.56
Non-Cash	0.4	6.9	9.4	33.9	49.4	4.25

Exhibit 3
Distribution of Importance Scores:
Cash and Non-Cash Programs



Future Importance of Cash and Non-Cash Motivation Programs

Using a scale ranging from 1 = Much Less Important in Five Years to 5 = Much More Important in Five Years, Exhibit 3 provides the mean “Importance Change” scores for Cash and Non-Cash motivational programs five years into the future. Table 2 and Exhibit 4 present the distribution of scores for each of the two motivational categories.

Exhibit 3 shows that the importance of both Cash and Non-Cash motivational programs are expected to increase over the next five years. In addition to the perceived current importance advantage of Non-Cash programs over Cash-Based programs, this importance is likely to increase in the future. Specifically, the mean expected change score (i.e., more or less important five years from now) for Non-Cash programs five years out was 4.07, compared to 3.31 for Cash-Based programs.

The distribution of change scores found in Table 2 and Exhibit 5 further highlight the belief that Non-Cash programs will become increasingly important, with 74.4% stating that Non-Cash programs will be much more (41.5%) or somewhat more important (32.9%) five years from now for motivating employees. This is compared to 44.3% of the respondents who indicated that Cash-Based programs are likely to be much more important (19.6%) or somewhat more important (24.7%) five years into the future.

Exhibit 4
Importance of Cash and Non-Cash Programs
Five Years From Now

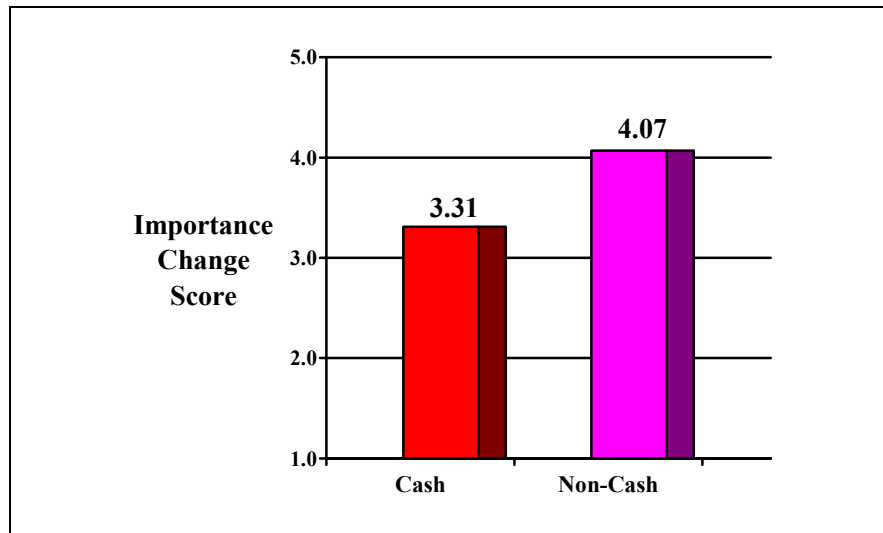
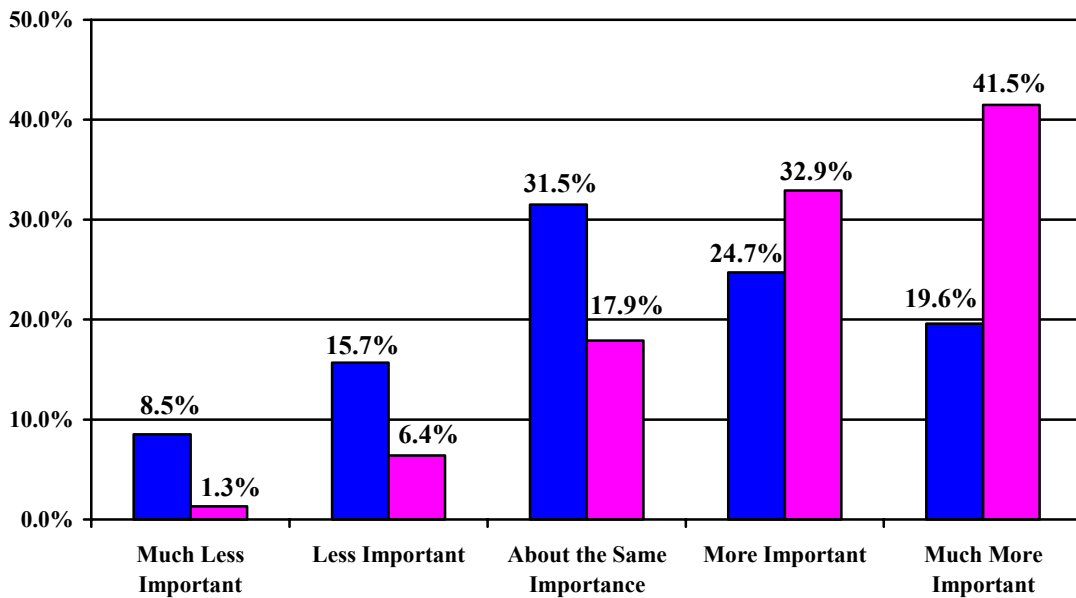


Table 2
Importance of Cash and Non-Cash Programs in Five Years:
Distribution of Scores (%)

Future Importance	Much Less Important	Less Important	Same	More Important	Much More Important	Mean Score
Cash	8.5	15.7	31.5	24.7	19.6	3.31
Non-Cash	1.3	6.4	17.9	32.9	41.5	4.07

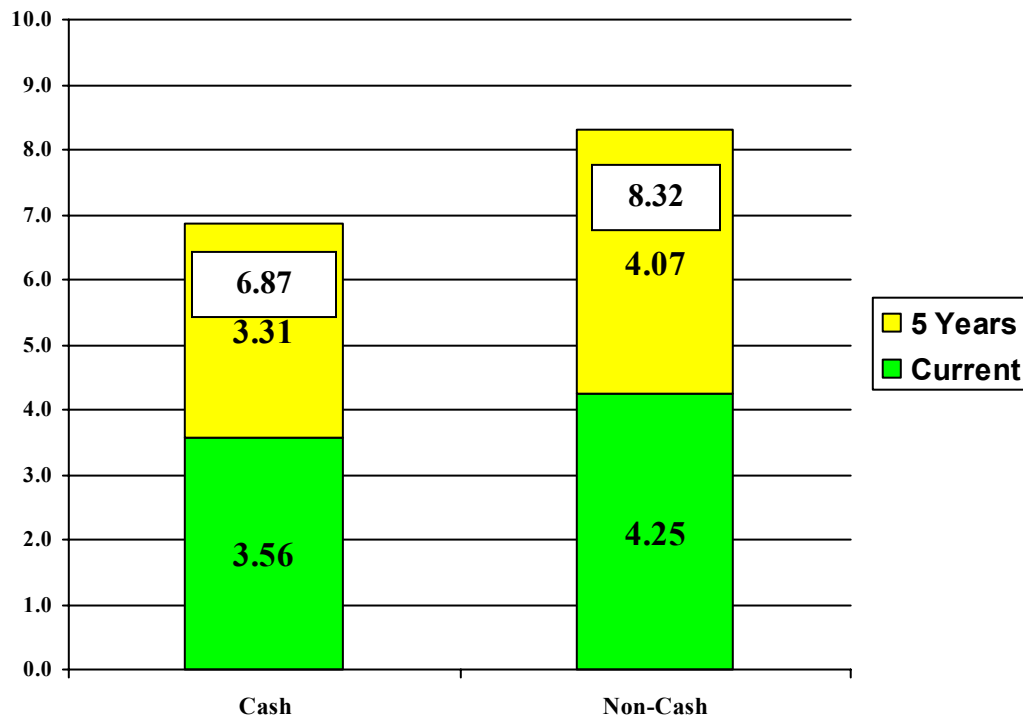
Exhibit 5
Distribution of Future Importance Scores:
Cash and Non-Cash Programs



Summed Importance of Cash and Non-Cash Motivation Programs

As a final comparison of means from the current and future importance findings, Exhibit 6 presents the summed importance score for Cash and Non-Cash programs. The summed scores represent the current level of importance as well as the expected increase in importance level five years from now. As shown, Non-Cash programs have a higher summed score compared to Cash-Based Programs (8.32 vs. 6.87) due to a higher current importance (4.25 vs. 3.56) and a higher importance change score (4.07 vs. 3.31).

Exhibit 6
Summed Current and Future Importance

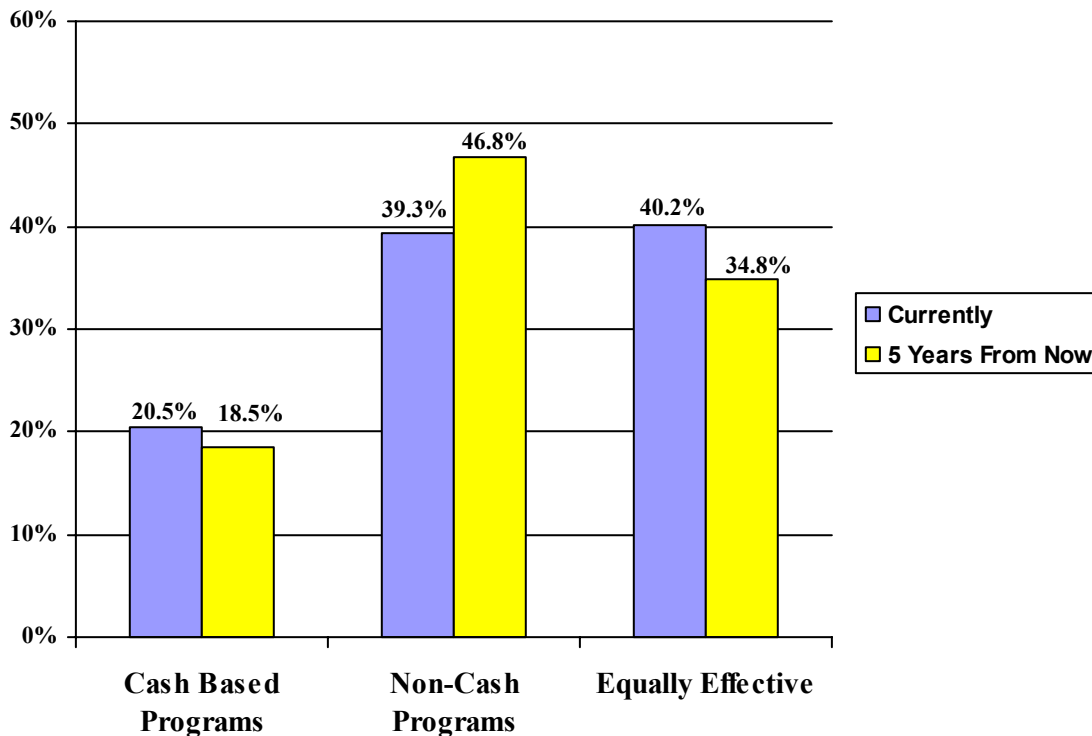


**Direct Comparison of Cash and Non-Cash Motivation Programs:
Most Effective Program Now and in Five Years**

In addition to rating the effectiveness of Cash and Non-Cash Award, Reward and Recognition Programs, respondents were given a forced choice task. They were asked to identify which type of reward/recognition program, *Cash Based or Non-Cash*, they believed was most effective at motivating employees. They were asked to make this choice as they see it in *today's* motivational environment and *five years in the future*. The results are shown in Exhibit 6.

From Exhibit 7 it is clear that in general employee motivation users see Non-Cash reward and recognition programs as being superior to Cash-Based programs when it comes to motivating employees. In terms of their relative effectiveness today, 39.3% selected Non-Cash programs as being the superior motivation tool compared to 20.5% for Cash programs; 40.2% indicated that they are equally effective. Possibly more revealing, the effectiveness superiority for Non-Cash programs five years from now increased to 46.8%, an increase of 7.5%; individuals selecting Cash programs decreased by 2.0% to 18.5%.

**Exhibit 7
Most Effective Program Today and Five Years From Now**



C. Effectiveness of Specific Motivational Tactics

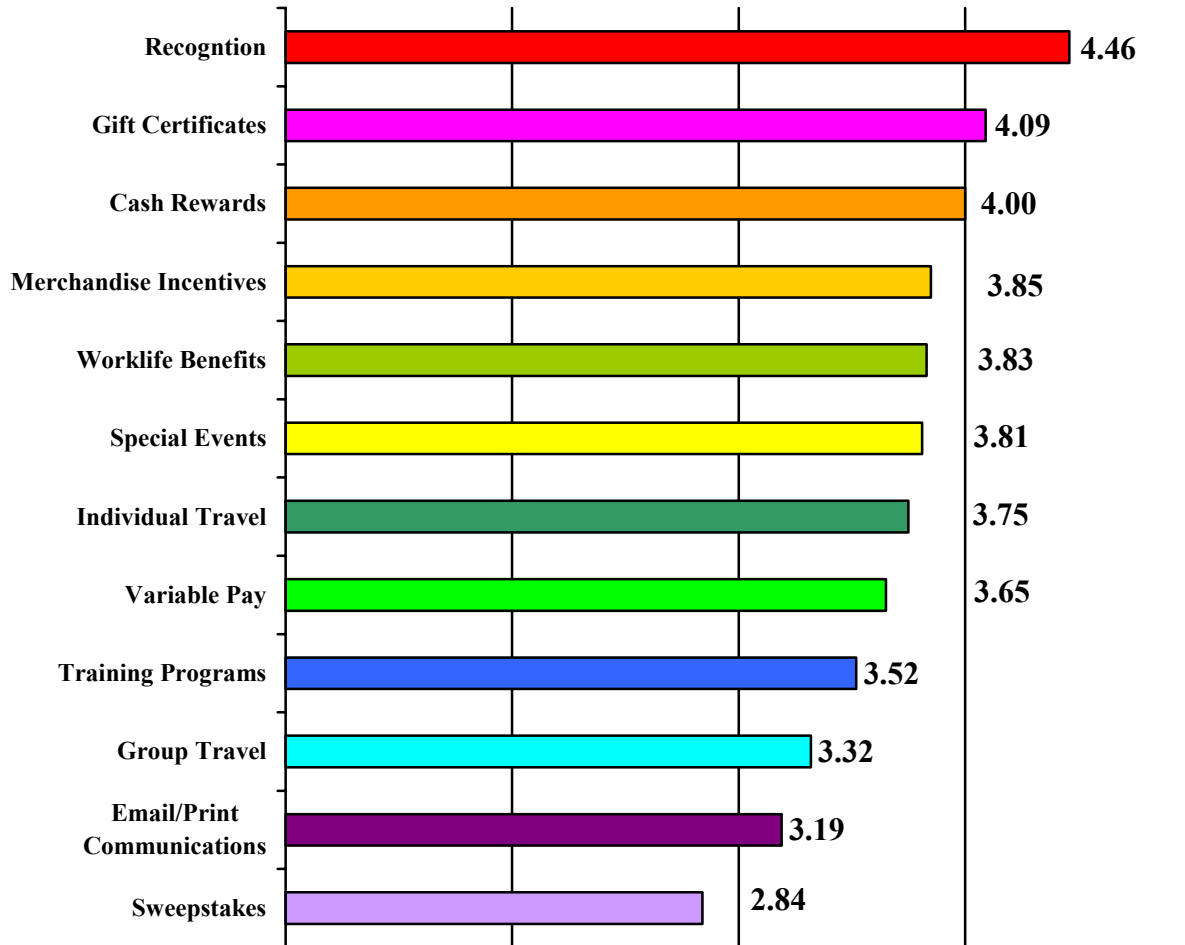
Effectiveness of Reward/Recognition Tactics for Motivating Employees

On a scale ranging from 1=Very Ineffective to 5=Very Effective, respondents first rated the effectiveness of twelve different reward/recognition tactics for motivating employees. Mean scores for each tactic were then calculated. Those are shown in Table 3 and are visually portrayed in Exhibit 8. Three of the tactics were rated as being highly effective (mean>4.00): Employee Recognition (4.46), Gift Certificates (4.09), and Cash Rewards (4.00). Four more had mean effectiveness rating of 3.75 or higher: Merchandise Awards (3.85), Worklife Benefits (3.83), Special Events (3.81), and Individual Travel (3.75). Except for Sweepstakes, all had an effectiveness score greater than 3.00.

Table 3
Effectiveness of Reward/Recognition Tactics

Reward/Recognition Tactics	Very Ineffective	Ineffective	Neutral	Effective	Very Effective	Eff + Very Eff.	Mean Score
Employee Recognition	0.4	0.9	5.5	39.1	54.0	93.1	4.46
Gift Certificates	0.4	2.2	15.5	52.2	29.7	81.9	4.09
Cash Rewards	3.4	7.2	15.7	33.6	40.0	73.6	4.00
Merchandise Awards	1.3	5.2	21.0	52.4	20.2	72.6	3.85
Worklife Benefits	3.0	4.8	30.0	30.4	31.7	62.1	3.83
Special Events	4.7	4.7	20.9	44.7	25.1	69.8	3.81
Individual Travel	2.3	6.4	31.2	34.4	25.7	60.1	3.75
Variable Pay	2.7	8.0	31.6	36.9	20.9	57.8	3.65
Training Programs	5.2	7.0	33.2	39.3	15.3	54.6	3.52
Group Travel	4.6	16.0	37.4	26.5	15.5	42.0	3.32
Email/Print Communication	8.6	15.0	35.2	30.9	10.3	41.2	3.19
Sweepstakes	10.0	26.7	36.7	23.1	3.6	26.7	2.84

**Exhibit 8:
Effectiveness of Reward/Recognition Tactics: Mean Scores**



Effectiveness of Tactics in Achieving Specific Organizational Objectives

Respondents were provided a set of ten organizational objectives and were asked to rate how effective reward and recognition programs are in general for achieving these objectives. Mean scores and distribution of responses are shown in Table 4. Exhibit 9 provides a visual presentation of ordered means. Of significance, all but three of the organizational objectives had a mean score above 4.00, indicating that reward/recognition programs in general are seen as being effective in achieving the goals of the firm. Moreover, the total percentage of effective and very effective responses for all ten organization objectives exceeded 66%, further underscoring the finding that overall reward and recognition programs are useful for achieving organizational success.

Regarding specific organizational objectives, reward/recognition programs are viewed as being most effective for Motivating Specific Behaviors/Tasks (mean=4.30), Increasing Retention/Loyalty (4.20), Creating Positive Internal Communications/Buzz (4.19), Increasing Sales (4.15), Reinforcing Organizational Values/Culture (4.11), Increasing Customer Satisfaction (4.10), and Improving Teamwork (4.08).

Table 4
Effectiveness in Achieving Organizational Objectives

Organizational Objectives	Very Ineffective	Ineffective	Neutral	Effective	Very Effective	Eff + Very Eff	Mean Score
Motivating Specific Behaviors/Tasks	1.3	1.3	7.7	45.1	44.6	89.7	4.30
Increasing Retention/Loyalty	0.9	2.2	12.9	44.0	40.1	84.1	4.20
Positive Internal Communications/Buzz	0.9	1.3	12.9	47.4	37.5	84.9	4.19
Increasing Sales	1.8	0.9	15.6	44.4	37.3	81.7	4.15
Reinforcing Organizational Values/Culture	0.9	1.3	16.8	48.3	32.8	81.1	4.11
Increasing Customer Satisfaction	1.3	1.3	18.9	43.3	35.2	78.5	4.10
Improving Teamwork	0.9	3.9	13.4	50.4	31.5	81.9	4.08
Increasing Profitability/ROI	1.3	2.6	21.4	48.9	25.8	74.7	3.95
Improving Customer Acquisition/Referral	0.9	3.1	27.6	44.7	23.7	68.4	3.87
Improving Product Quality	0.9	3.5	28.7	43.0	23.9	66.9	3.86

Exhibit 9
Effectiveness in Achieving Organizational Objectives: Mean Scores



D. Comparison of Cash/Non-Cash Programs By Organizational Objective

Comparison of Means

On a scale ranging from 1=Cash is Superior to 5=Non-Cash is Superior, respondents compared Cash and Non-Cash reward/recognition programs on their effectiveness with regard to meeting the same set of ten organizational objectives. Table 5 shows the distribution of responses and means for each of these comparisons. Exhibit 10 visually presents the means for each organizational objective. Conceptually, a score greater than 3.25 suggests that Non-Cash programs are more effective. In contrast, a score less than 2.75 implies that Cash-Based programs are more effective. Scores near 3.0 would suggest that on average the two types of programs are relatively equal in terms of their effectiveness. Overall, the findings show that:

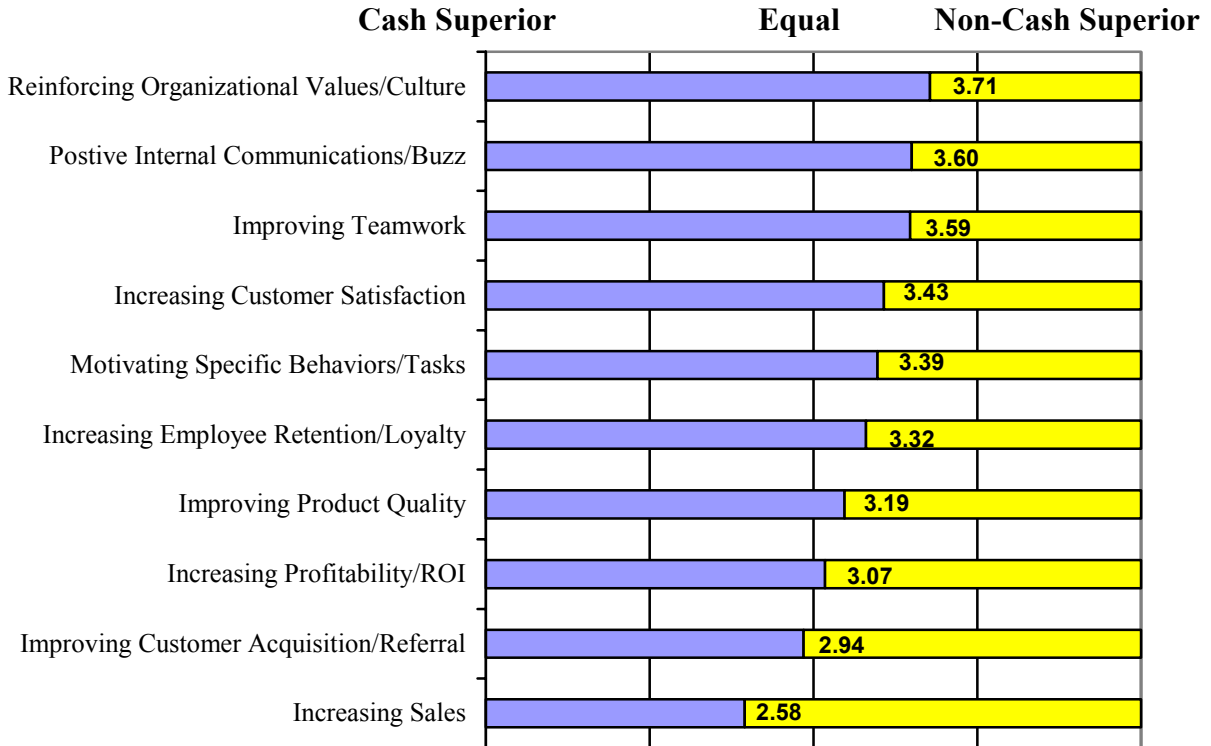
- **Non-Cash Programs Are More Effective Overall:** Non-Cash programs are viewed as being more effective for eight of the organizational objectives. Specifically, Non-Cash programs were seen as being superior in: Reinforcing Organizational Values/Culture (3.71), Creating Positive Internal Communications/Buzz (3.60), Improving Teamwork (3.59), Increasing Customer Satisfaction (3.43), Motivating Specific Behaviors/Tasks (3.39), and Increasing Retention/Loyalty (3.32). Combined, Non-Cash programs are seen as being more effective for activities designed to positively impact “**internal**” operations and those designed to improve customer relations.
- **Cash-Based as a Sales Motivator:** In contrast, Cash-Based programs are seen as being more effective for increasing sales (2.58). By a very slight margin, Cash-Based programs are viewed as being better for improving customer acquisition/referrals (2.94).

Table 5
Superiority of Cash vs. Non-Cash for Different Organizational Objectives

Organizational Objective	Cash Superior	Cash Better	Equal	Non-Cash Better	Non-Cash Superior	Mean Score
Reinforcing Organizational Values/Culture	2.2	7.9	29.8	36.4	23.7	3.71
Creating Positive Internal Communications/Buzz	5.2	13.0	27.0	26.5	28.3	3.60
Improving Teamwork	1.8	13.7	30.0	33.0	21.6	3.59
Increasing Customer Satisfaction	2.6	14.8	37.1	27.5	17.9	3.43
Motivating Specific Behaviors/Tasks	7.4	17.3	24.7	29.9	20.8	3.39
Increasing Retention/Loyalty	7.5	17.1	27.2	32.9	15.4	3.32
Improving Product Quality	2.7	21.2	42.0	23.0	11.1	3.19
Increasing Profitability/ROI	3.7	20.1	47.0	24.2	5.0	3.07
Improving Customer Acquisition/Referral	7.7	25.0	42.3	15.9	9.1	2.94
Increasing Sales	16.2	34.7	31.1	11.3	6.8	2.58

Exhibit 10 Cash vs. Non-Cash for Organizational Objectives

*Note: The greater the darker bar, the greater the superiority of Non-Cash reward and recognition programs.



BEST Tactic for Achieving Specific Organizational Objectives

The twelve reward and recognition tactics discussed earlier were condensed into five general categories: (1) Cash/Variable Pay, (2) Travel, (3) Merchandise/Gift Certificates, (4) Recognition/Communications Events/Programs, and (5) Benefit Packages.

Respondents were then asked to select which **one** of these reward/recognition tactics they felt was **best** for achieving each of the ten organizational objectives presented in the previous section. Table 6 shows the percent of respondents that selected each of the grouped tactics for that specific organizational objective (respondents could only choose one tactic for each objective).

Key Findings:

A number of key findings surfaced:

- **Recognition Communications, Events, and/or Programs Are the Most Favored Tactics:** In total, this combined category received a plurality of votes as the best tactic for nine of the ten tactical areas. Recognition Communications, Special Events, and/or Programs received at least 50% of respondents votes for: Generating Positive Internal Communications/Buzz (64.0%), Reinforcing Organizational Values/Culture (60.6%), Improving Teamwork (57.5%), and Increasing Customer Satisfaction (50.2%).
- **Cash/Variable Pay received a plurality with regard to increasing sales (53.7%):** In addition, Cash/Variable Pay was second to Recognition, Communications and Events for achieving three organizational objectives: Increasing Profitability/ROI (31.5%), Improving Product Quality (28.7%), and Motivating Specific Behaviors (27.5%).
- **Merchandise/Gift Certificates** was second to Recognition, Communications and Events for Improving Customer Acquisition/Referrals (31.1%), Generating Positive Internal Communications/Buzz (13.6%), Reinforcing Organizational Values/Culture (16.3%), Improving Teamwork (21.1%), and Increasing Customer Satisfaction (24.2%).
- **Benefit Packages** was voted as the second best tactic for increasing employee retention/loyalty (24.2%) behind Recognition, Communications and Events.
- **Travel** was selected least on nine of the ten organizational objectives. Worth noting, however, is that because “special events” were rated highly, special events requiring travel would likely be perceived as being effective award programs. Additional research is thus needed in this area, particularly with regard to better delineating the awards and/or capturing differences across varied stakeholder groups.

Table 6
Best Tactic for Achieving Specific Objectives

***Top Two For Each Category Are Bolded**

Objective	Cash/ Variable Pay	Travel	Merchandise/ Gift Certificates	Recognition Communications Events	Benefit Packages
Positive Internal Communications/Buzz	11.8	6.1	13.6	64.0	4.4
Reinforcing Org. Values/Culture	10.0	3.2	16.3	60.6	10.0
Improving Teamwork	9.6	7.0	21.1	57.5	4.8
Increasing Customer Satisfaction	19.7	3.1	24.2	50.2	2.7
Motivating Specific Behaviors/Tasks	27.5	2.6	21.0	45.4	3.5
Improving Product Quality	28.7	4.2	22.2	39.4	5.6
Increasing Profitability/ROI	31.5	7.0	17.4	39.0	5.2
Improving Customer Acquisition/Referral	26.9	4.2	31.1	36.3	1.4
Increasing Retention/Loyalty	22.9	3.6	14.8	34.5	24.2
Increasing Sales	53.7	13.8	11.5	16.5	4.6

Comparison of Cash and Non-Cash Programs by Job Category

Respondents also compared Cash and Non-Cash reward/recognition programs based on their effectiveness in motivating employees in six different job categories. Table 7 shows the distribution of responses and means for each job category; Exhibit 11 visually presents the comparison of means by job category (scale of 1=Cash Superior to 5=Non-Cash Superior). Conceptually, a score greater than 3.25 suggests that Non-Cash programs are more effective. In contrast, a score less than 2.75 implies that Cash-Based programs are more effective. Scores near 3.0 would suggest that on average the two types of programs are relatively equal in terms of their effectiveness.

A number of important conclusions can be drawn from the findings:

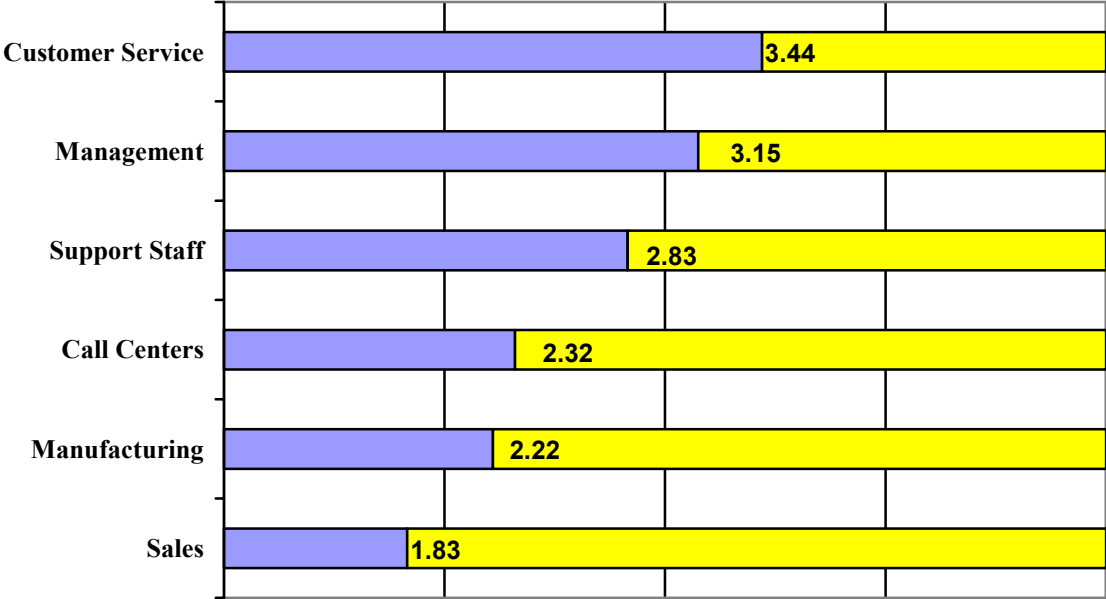
- Although Non-Cash had a clear superiority with regard to organizational objectives, in terms of job categories the distinction between Cash and Non-Cash is less clear.
- Non-Cash showed superiority for the job categories Customer Service (3.26), Support Staff (3.16), and only slightly superior for Management (3.04).
- Cash Based programs were identified as superior for Sales positions (1.83), Manufacturing (2.58) and Call Centers (2.87).

Table 7
Cash vs. Non-Cash for Job Categories

Job Categories	Cash Superior	Cash Better	Equally Effective	Non-Cash Better	Non-Cash Superior	Mean Score
Customer Service	11.6	9.3	36.9	26.2	16.0	3.26
Support Staff	13.7	10.6	36.3	24.8	14.6	3.16
Management	13.8	12.5	40.2	22.8	10.7	3.04
Call Centers	14.2	17.9	41.3	20.2	6.4	2.87
Manufacturing	23.0	23.4	31.1	17.2	5.3	2.58
Sales	53.2	21.1	17.4	5.5	2.8	1.83

Exhibit 11 Cash vs. Non-Cash for Job Categories

*Note: The darker the bar, the greater the superiority of Non-Cash reward and recognition programs.



E. Perceptual Statements Cash and Non-Cash Programs

On a scale ranging from 1=Strongly Disagree to 5=Strongly Agree Respondents indicated their level of agreement with eight statements related to Cash and Non-Cash programs. Table 8 shows the distribution of responses and mean scores.

Non-Cash programs:

- Respondents agreed that “My organization has been very successful in utilizing Non-Cash reward/recognition programs to motivate employees” (3.66).
- There is general disagreement that “Non-Cash programs are short- rather than long-term in nature” (2.40), suggesting that Non-Cash programs have a longer time horizon.
- There is some disagreement that earned once, Non-Cash rewards become expected (2.86).
- There is split agreement that it is hard to determine the ROI for Non-Cash programs (3.06).

Cash programs:

- In contrast to Non-Cash, respondents slightly disagreed that “My organization has been very successful in utilizing Cash reward/recognition programs to motivate employees” (2.83). This is a difference of .83 scale points compared to Non-Cash programs.
- There was also some agreement that Cash programs are short- rather than long-term in nature (3.60). This is a difference of 1.2 scale points, suggesting that Cash programs are seen as a short-term motivation tool.
- Slight agreement that earned once, Cash rewards are perceived to be part of **base pay** (3.10). This is a difference of .27 scale points compared to Non-Cash programs.
- Respondents partially disagreed that It is hard to determine the ROI for Cash programs (2.79), a difference of .27 scale points compared to Non-Cash programs. Cash programs thus are perceived to have some advantage with regard to measuring ROI.

Table 8
Perceptual Statements

Perceptual Statements:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
My organization has been very successful in utilizing Non-Cash reward/recognition programs to motivate employees	5.8	7.6	22.7	42.7	21.3	3.66
Cash programs are short- rather than long-term in nature	5.9	13.2	16.8	43.2	20.9	3.60
Earned once, Cash rewards are perceived to be part of Base Pay	9.2	36.7	5.7	32.3	16.2	3.10
It is hard to determine the ROI for Non-Cash programs	6.3	28.3	27.4	29.6	8.5	3.06
Earned once, Non-Cash rewards become <i>expected</i> by employees	11.1	35.0	16.8	31.4	5.8	2.86
My organization has been very successful in utilizing Cash reward/recognition programs to motivate employees	12.9	27.7	29.0	23.7	6.7	2.83
It is hard to determine the ROI for Cash programs	6.3	39.2	29.3	19.8	5.4	2.79
Non-Cash programs are short- rather than long-term in nature	14.2	48.6	23.9	9.2	4.1	2.40

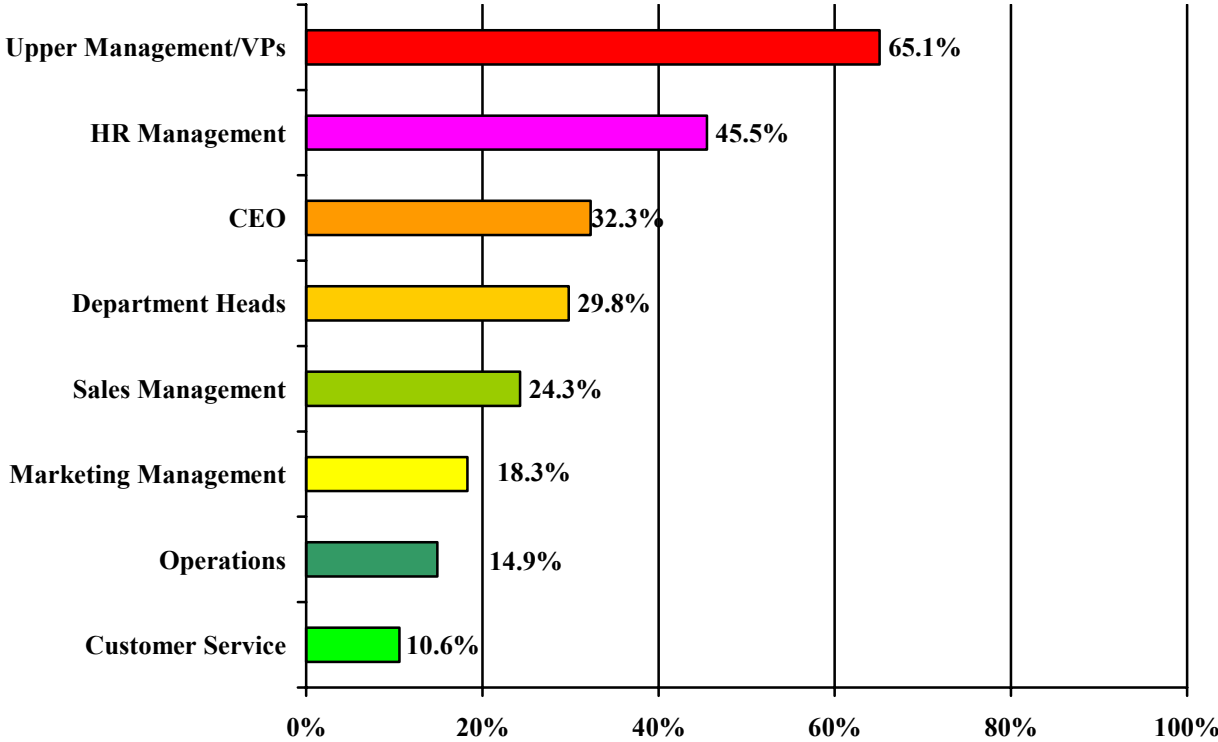
F. Selection and Measurement of Reward/Recognition Programs

Responsibility for Selecting Reward/Recognition Programs

Respondents checked off all individuals who were responsible for selecting reward/recognition programs within their organization. As shown below in Exhibit 12, Upper Management/VPs (65.1%) and HR Management (45.5%) are the two primary departments responsible for selecting reward/recognition programs.

Importantly, 82.5% of the respondents were involved in the selection of reward/recognition programs for their company. This demonstrates that the methodology of using conferences was effective in reaching individuals who are part of the employee reward/recognition selection and/or implementation process.

Exhibit 12
Responsibility for Selection of Programs



Measurement of the Reward/Recognition Programs

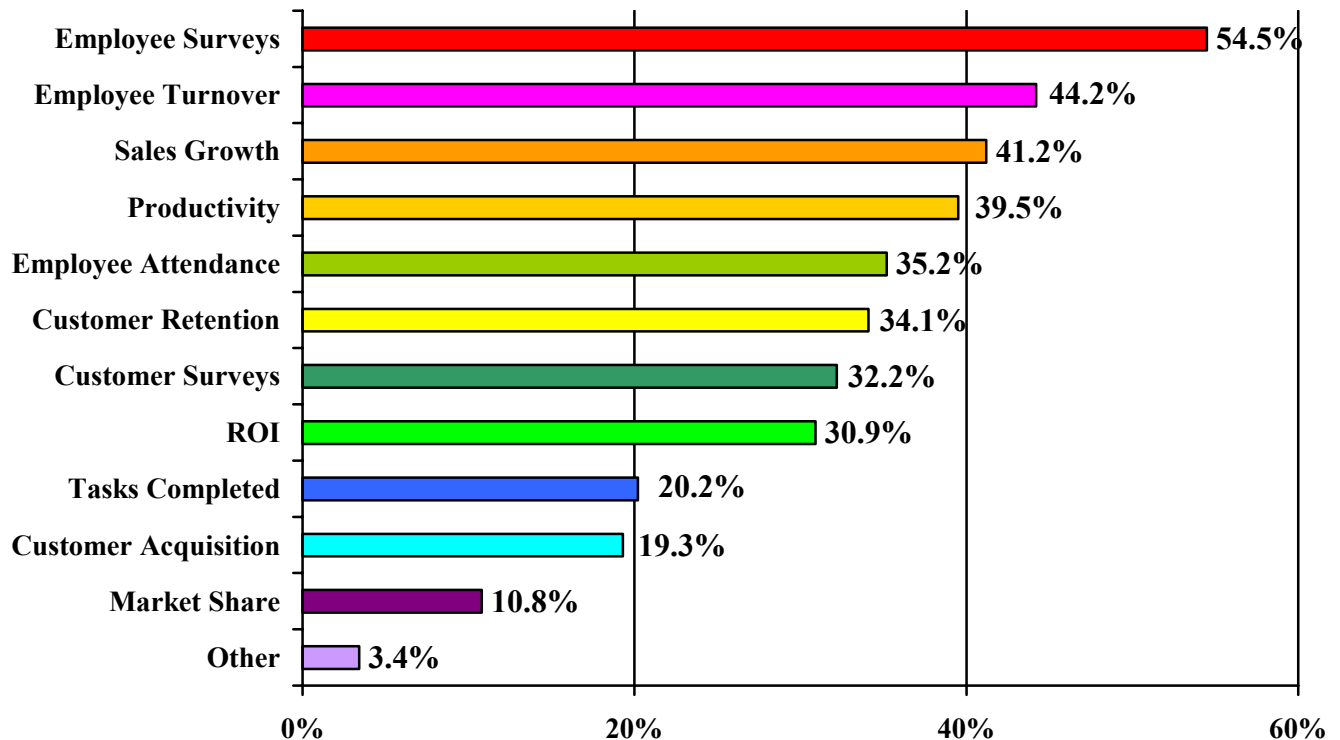
In addition to identifying who is responsible for selecting reward/recognition programs, respondents also identified the measurement tools used to gauge the organizational success of the programs implemented.

Exhibit 13 shows that Employee Surveys was the most commonly selected measurement tool (54.5%), followed by Employee Turnover (44.2%), and Sales Growth (41.2%).

Measurement techniques that are used by less than 25% of the respondents included: Market Share (10.8%), Customer Acquisition (19.3%), and Tasks Completed (20.2%).

This seems to suggest that currently there is no single measurement tool used across the board to measure the success or failure of reward/recognition programs. While some of this may be due to a difference in industry, objectives targeted, or job function, it demonstrates the need for guidance on this issue.

Exhibit 13
Measurement Tools Used

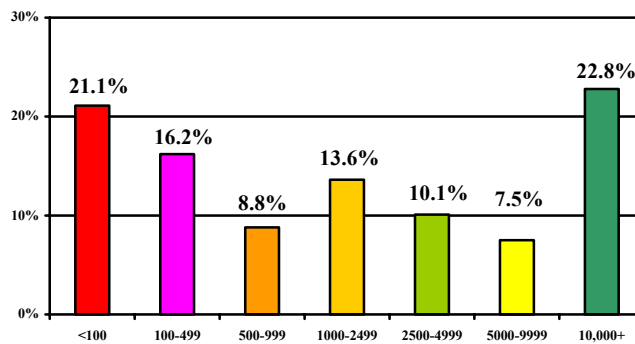


G. Profile of Respondents

Respondents were categorized in terms of (1) the number of employees in their organization, (2) use of individual-based, team-based, or combined motivation programs, (3) industry type, (4) whether organization sets a reward/recognition budget, (5) job title/classification, and (6) conference attended.

Number of Employees

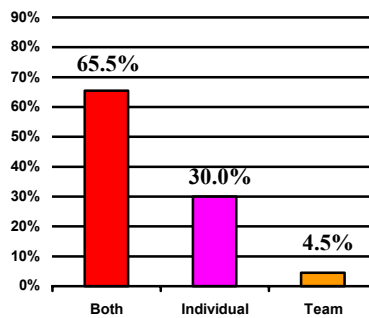
Exhibit 14
Number of Employees



Type of Reward/Recognition Programs Used

Respondents are most likely to use Both Individual- and Team-based programs (65.5%), and least likely to use solely Team-based programs (4.5%).

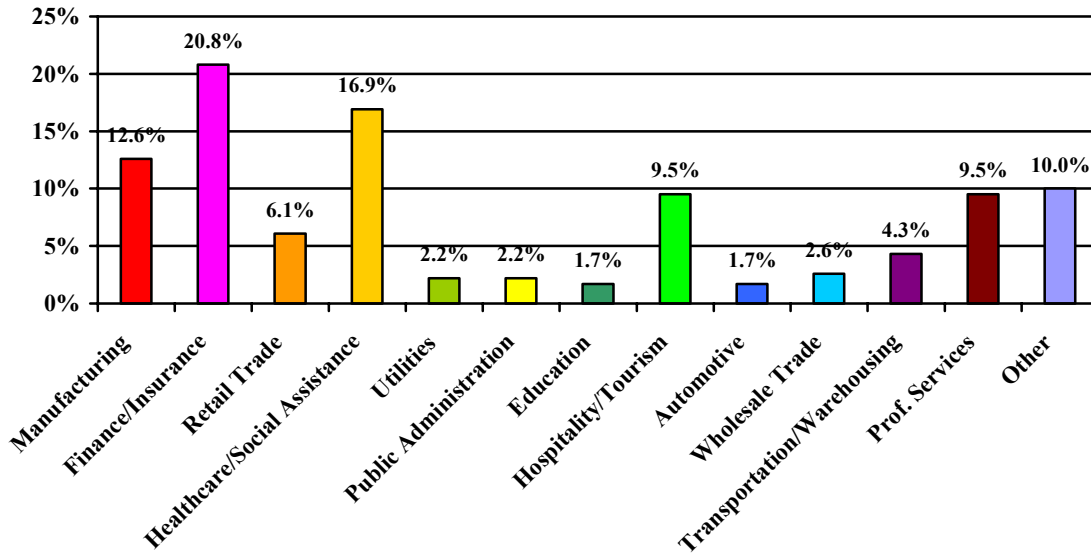
Exhibit 15
Individual vs. Team Programs



Industry Type

A wide variety of industries were included in this sample of reward/recognition users. The Finance/Insurance industry (20.8%) had the highest group of respondents.

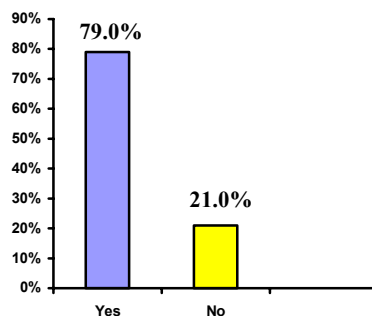
Exhibit 16
Industry



Does Your Company Set a Budget Each Year for Reward/Recognition Programs?

Slightly over three-fourths (79.0%) of the respondents are employed in organizations that set a budget each year for reward/recognition programs.

Exhibit 17
Set Yearly Budget

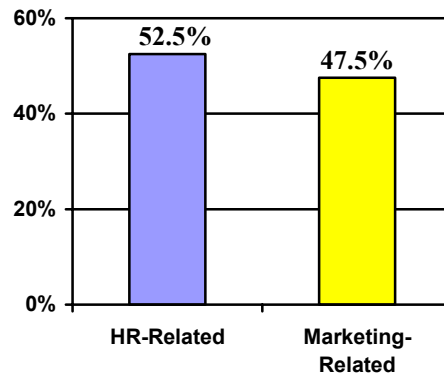


Job Title Classification

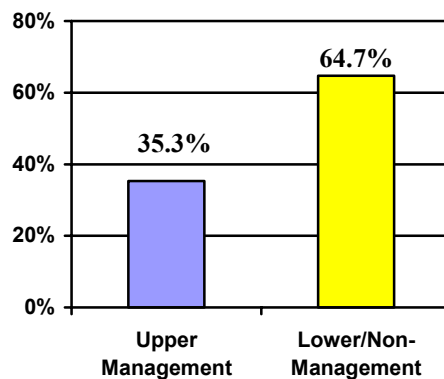
Respondents were asked to provide their job title. Responses were then categorized independently into two variables (1) job title (HR-related and Marketing-related) and (2) management level (upper management vs. lower management/non-management).

As shown in Exhibit 18, of those who could be classified/gave their title, a relatively equal percent of HR-related (52.5%) and Marketing-related (47.5%) individuals were surveyed. Exhibit 19 shows that of those who could be classified, 35.3% of the individuals have positions in Upper Management (Director or higher) compared to 64.7% with positions in lower management or non-management.

**Exhibit 18
Job Title Classification**

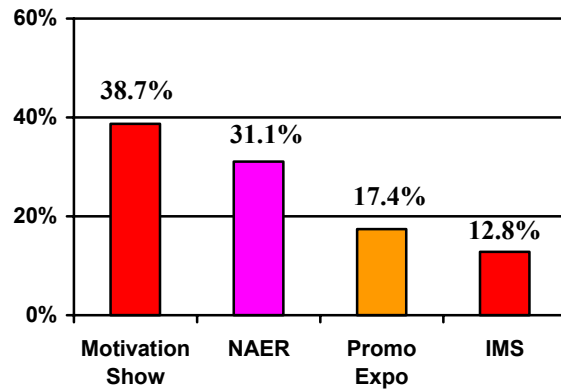


**Exhibit 19
Management Level**



Conference

Exhibit 20 Conference



Analysis of Interrelationships

In the preceding sections, the overall findings for each of the individual questions were presented. In this section, responses across various respondent categories are discussed. The goal was to determine whether and how significant intra-group differences existed. While some group relationships were directly evident based on responses, others were formed by recoding written responses.

The two primary intra-group comparisons included (1) Job Title Classification (Human Resource vs. Marketing Personnel) and (2) Decision Maker Status (Actively Involved vs. Not Involved in the Selection of Reward and Recognition Programs). Of particular interest was whether individuals with a more global organizational perspective (HR Personnel) versus a more functional (Marketing Personnel) differed in their assessment and value of Cash vs. Non-Cash programs. Similarly, we sought to determine whether individuals who are responsible for the selection of reward and recognition programs, and thus accountable for their success or failure, valued Cash and Non-Cash programs differently from those who do not have decision authority.

These groups analyzed on the basis of:

- Use of reward/recognition tactics
- Importance of Cash and Non-Cash
- Effectiveness of motivational tactics
- Effectiveness of organizational objectives
- Comparison of Cash and Non-Cash
- Perceptual statements
- Selection and measurement of reward/recognition tactics

Secondary interrelationships were also analyzed. Those were:

- Size of Company
- Budget Status at Organization (Sets Budget vs. Do Not Set Budget)

*Note: A third interrelationship (Job Title Classified by Upper Management vs. Lower or Non-Management) was analyzed. Results were essentially the same as the “Decision Maker Status” interrelationships and thus, were not considered further.

Analyses and Significance: Three types of analyses were conducted: cross-tabulations, t-tests, and one-way ANOVA (Analysis of Variance). Strongly significant differences exist if the p-value (probability-value) is less than .05. Only significant findings are discussed. An overall summary of results follows.

1. Job Title Classification: HR vs. Marketing Personnel

One of the primary interrelationship categories was whether respondents who self-identified as Human Resource personnel differed in their assessment and value of Cash vs. Non-Cash programs compared to those individuals who self-identified themselves as Marketing Personnel. Of the 235 total responses, 105 (52.5% of the relevant sample) were from individuals involved in HR activities and 95 (47.5%) were from individuals hold a marketing-related position. 35 individuals could not be classified and/or didn't respond to the question. They are not included in the analysis.

Summary of Findings: Based on the comparison results, individuals in HR-related positions have a more favorable opinion and/or preference for Non-Cash programs compared to those in Marketing-related positions.

- People in HR-related positions indicated significantly greater usage of six of the Non-Cash motivational tactics than those in marketing positions.
- Those in HR-related positions rated the effectiveness of five Non-Cash tactics significantly higher than did marketing-related respondents.
- Individuals in HR-related jobs rated Non-Cash programs significantly better (more effective?) in today's business environment. While no significant differences existed in the forecasts for the future, or in terms of the importance of Cash programs, it is clear individuals in HR-related positions currently have a preference for Non-Cash programs. This fact is further supported in that people in HR-related positions more often selected Non-Cash programs as their current most effective activities. Those in Marketing-related positions chose Cash programs as the most effective type at the current time.
- While not nearly as evident as HR's preference for Non-Cash programs, individuals in marketing-related positions do have a slight preference for Cash programs (at least in this study).
- Individuals with a HR-related position rated the effectiveness of the Reward/recognition programs significantly higher than Marketing managers on the following specific organizational objectives: Motivating specific behaviors/tasks, Increasing customer satisfaction, Improving teamwork, and Increasing retention/loyalty.
- HR respondents placed even greater value on Recognition Communications and Events as the best tactic for achieving the following specific organizational objectives: Motivating specific behaviors/tasks, Improving product quality, Improving customer acquisition/referral, and Increasing retention/loyalty. In contrast, Cash and Variable Pay was more likely to be selected by Marketing personnel as the best tactic to Improve customer acquisition/referral or to Increase sales.

People in HR-related positions also feel more strongly that their organization has been successful in implementing Non-Cash programs, while Marketing respondents feel their organization is

more successful with Cash programs. This finding could be part of the underlying preference by each group for Cash (Marketing) and Non-Cash (HR) programs. Interestingly individuals in HR-related positions more strongly believe Non-Cash programs become expected by employees once they are received and thus lose some of their value.

- Individuals with HR-related positions are significantly more likely to indicate their organization uses the following measurement tools in gauging the success of Reward/recognition programs: Customer surveys, Employee attendance, Employee turnover, and Employee surveys. Meanwhile people in Marketing-related positions are more likely to indicate their organization utilizes Sales growth as a measurement tool.
- The findings suggest that HR-related personnel are more knowledgeable about employee reward and recognition programs. Specifically, HR personnel are significantly more likely to be involved in the reward/recognition selection process within their organization. They also tend to work for organization that set a reward/recognition budget, possibly explaining why additional measurement tools are utilized. These findings might also help explain why HR personnel indicated a greater use of different Reward and recognition programs since they likely have a wider organizational focus than Marketing personnel.

Summary Tables and Comments: HR vs. Marketing Personnel

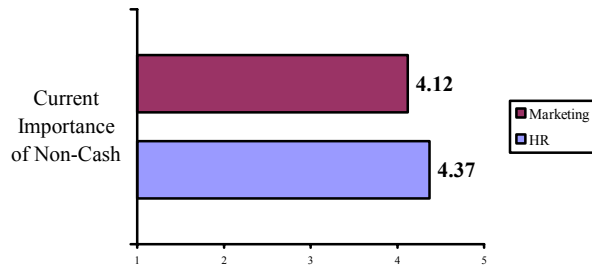
Motivational Tactics Used: Respondents with HR-related positions indicated greater organizational usage of Recognition tools (96.2% vs. 85.5%), Special events (81.9% vs. 49.5%), Email/print communications (67.6% vs. 36.8%), Merchandise awards (64.8% vs. 50.5%), Training programs (57.1% vs. 37.9%), and Worklife benefits (49.5% vs. 27.4%). In contrast, Marketing-related personnel reported greater utilization of Group travel (12.4% vs. 34.7%). As noted, HR personnel are likely involved more in Reward/recognition options due to cross-functional decision making.

Motivational Tactics	<i>Job Classification</i>		P-Value
	HR	Marketing	
Recognition	96.2%	85.5%	.000
Special Events	81.9%	49.5%	.000
Email/Print Communications	67.6%	36.8%	.000
Merchandise Awards	64.8%	50.5%	.042
Training Programs	57.1%	37.9%	.007
Worklife Benefits	49.5%	27.4%	.001
Group Travel	12.4%	34.7%	.000

Current Importance of Cash/Non-Cash Programs: HR respondents rated Non-Cash programs as being more important in today’s business environment (4.37 to 4.12).

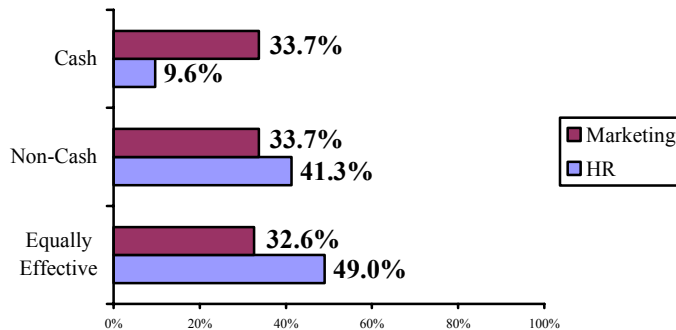
Importance of Cash/Non-Cash	<i>Job Classification</i>		P-Value
	HR	Marketing	
Current Importance of Non-Cash programs	4.37	4.12	.050

Current Importance of Non-Cash



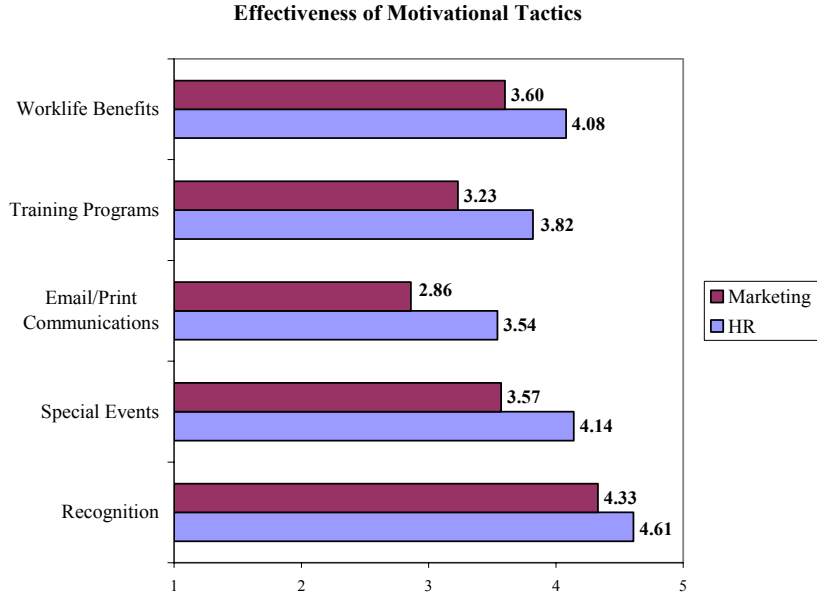
Current Effectiveness of Cash/Non-Cash: Only 9.6% of HR personnel selected Cash-Based programs as being most effective compared to 33.7% for Marketing. A total of 41.3% of HR personnel selected Non-Cash as being most effective compared to 33.7% for Marketing. Marketing personnel were essentially split in their preferences across the three motivational categories (p<.001).

Most Effective Reward/Recognition Program Currently



Effectiveness of Motivational Tactics: Individuals in HR positions rated the following motivational tactics significantly higher than their Marketing counterparts: Recognition (4.61 vs. 4.33), Special events (4.14 vs. 3.57), Worklife benefits (4.08 vs. 3.60), Training programs (3.82 vs. 3.23), and Email/print communications (3.54 vs. 2.86).

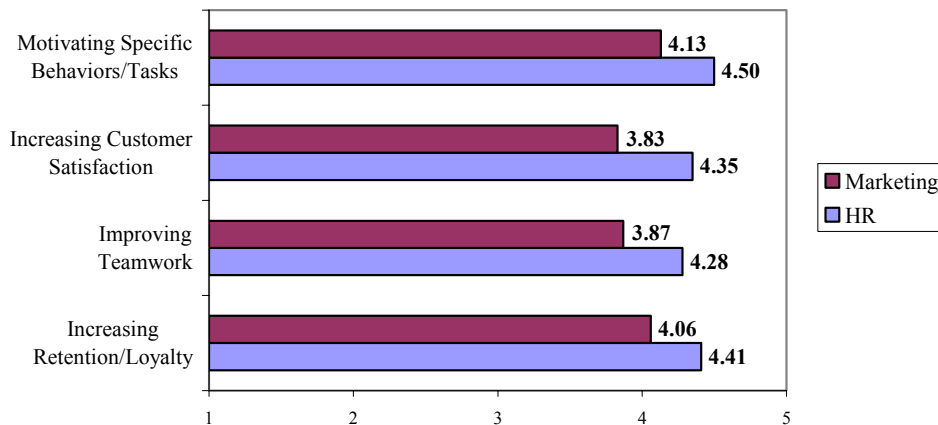
Effectiveness of Motivational Tactics	<i>Job Classification</i>		P-Value
	HR	Marketing	
Recognition	4.61	4.33	.001
Special events	4.14	3.57	.000
Worklife benefits	4.08	3.60	.001
Training programs	3.82	3.23	.000
Email/Print communications	3.54	2.86	.000



Effectiveness of Achieving Organizational Objectives: Individuals with an HR-related position rated the effectiveness of the Reward/recognition programs higher in achieving the following objectives: Motivating specific behaviors/tasks (4.50 vs. 4.13), Increasing retention/loyalty (4.41 vs. 4.06), Increasing customer satisfaction (4.35 vs. 3.83), and Improving teamwork (4.28 vs. 3.87).

Reward/Recognition Tactics Effectiveness of Achieving Organizational Objectives	<i>Job Classification</i>		P-Value
	HR	Marketing	
Motivating specific behaviors/tasks	4.50	4.13	.000
Increasing retention/loyalty	4.41	4.06	.001
Increasing customer satisfaction	4.35	3.83	.000
Improving teamwork	4.28	3.87	.000

Effectiveness of Achieving Organizational Objectives



Best Motivational Tactics:

- **Motivating Specific Behaviors/Tasks:** People in HR-related positions more often selected Recognition communications and events as the best tactic (53.8% to 34.4%).
- **Improving Product Quality:** HR-related individuals selected Recognition communications and events as the best tactic (46.9% to 31.5%).
- **Improving Customer Acquisition/Referral:** Those with HR-related positions selected Recognition communications and events as the best tactic (46.8% to 28.7%); People in Marketing-related positions selected Cash and variable pay (33.3% to 16.0%).
- **Increasing Sales:** People in Marketing-related positions significantly selected Cash and variable pay (58.1% to 48.4%) more than HR-related people.
- **Increasing Retention/Loyalty:** Individuals in HR-related positions preferred Recognition communications and events as the best tactic (46.6% to 21.1%). Those in Marketing-related positions selected Benefit packages (33.3% to 16.5%).

Best Tactic for Specific Organizational Objective		Tactic Selected					P-Value
		Cash & Variable Pay	Travel	Merchandise/ Gift Certificates	Recognition Communications & Events	Benefit Packages	
Motivating specific behaviors/tasks	HR	23.1%	0%	19.2%	53.8%	3.8%	.009
	Marketing	31.2%	6.5%	25.8%	34.4%	2.2%	
Improving product quality	HR	29.2%	2.1%	20.8%	46.9%	1.0%	.004
	Marketing	23.6%	6.7%	25.8%	31.5%	12.4%	
Improving customer acquisition/referral	HR	16.0%	3.2%	34.0%	46.8%	0%	.010
	Marketing	33.3%	4.6%	29.9%	28.7%	3.4%	
Increasing sales	HR	48.4%	9.5%	17.9%	21.1%	3.2%	.006
	Marketing	58.1%	17.2%	3.2%	15.1%	6.5%	
Increasing Retention/Loyalty	HR	20.4%	2.9%	13.6%	46.6%	16.5%	.003
	Marketing	23.3%	5.6%	16.7%	21.1%	33.3%	

Cash vs. Non-Cash by Organizational Objective: There were no significant differences between HR- and Marketing-related respondents when Cash and Non-Cash programs were compared by specific organizational objectives.

Cash vs. Non-Cash by Job Category: Only one significant difference in the comparison of Cash and Non-Cash programs on job categories exists between HR- and Marketing-related positions. HR-related positions rated Cash Based programs better for *Sales* personnel. (1.68 to 2.02).

Cash v. Non-Cash: Job Categories	<i>Job Classification</i>		P-Value
	HR	Marketing	
Sales	1.68	2.02	.029

Perceptual Statements: Three significant differences emerged in levels of agreement with the perceptual statements between individuals with HR- and Marketing-related positions.

Individuals in HR-related positions are in stronger agreement that (1) Non-Cash programs become expected by employees and (2) Their organization has been successful in utilizing Non-Cash reward/recognition programs.

People in Marketing-related positions are in stronger agreement that their organization has been successful in utilizing Cash reward/recognition programs. However, the mean of 3.00 would seem to indicate they have not had great success with these types of programs.

Perceptual Statements	<i>Job Classification</i>		P-Value
	HR	Marketing	
Earned once, NON-CASH rewards become <i>expected</i> by employees	3.07	2.58	.003
My organization has been very successful in utilizing CASH reward/recognition programs to motivate employees	2.64	3.00	.025
My organization has been very successful in utilizing NON-CASH reward/recognition programs to motivate employees	3.84	3.53	.047

Selection Responsibility: Not surprisingly, people in HR-related positions are more likely to indicate HR Management is involved in the selection of programs (64.8% to 30.5%). Individuals with Marketing-related positions indicated that Marketing Management (36.8% to 5.7%) and Sales Management (43.2% to 12.4%) were more involved in the selection process.

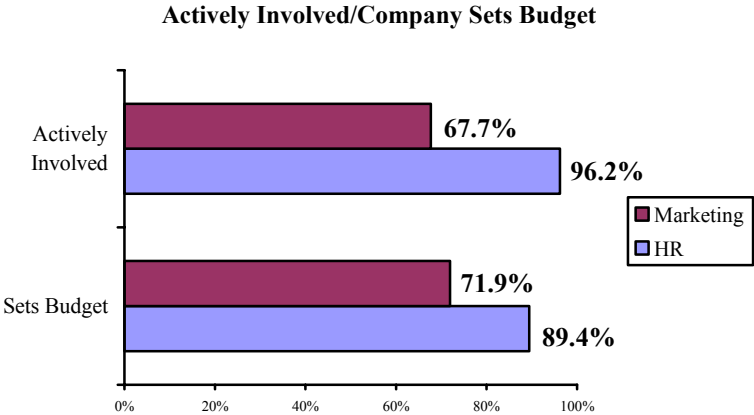
Responsible for Selecting	<i>Job Classification</i>		P-Value
	HR	Marketing	
Sales Management	12.4%	43.2%	.000
Marketing Management	5.7%	36.8%	.000
HR Management	64.8%	30.5%	.000

Assessment Tools Used: Individuals in HR-related positions indicated greater use of the following measurement tools in gauging the success of Reward/recognition programs: Employee surveys (78.1% vs. 36.8%), Employee turnover (55.2% vs. 38.9%), Employee attendance (47.6% vs. 25.3%), and Customer surveys (41.0% vs. 27.4%). People in Marketing-related positions said their organization utilize Sales growth as a measurement tool (27.6% vs. 54.7%).

Measurement Tools Used	<i>Job Classification</i>		P-Value
	HR	Marketing	
Employee Surveys	78.1%	36.8%	.000
Employee Turnover	55.2%	38.9%	.021
Employee Attendance	47.6%	25.3%	.001
Customer Surveys	41.0%	27.4%	.044
Sales Growth	27.6%	54.7%	.000

Involvement and Budget Setting: Individuals in HR-related positions are significantly more likely to indicate (1) They are actively involved in the selection process at their organization (96.2% vs. 67.7%), and (2) Their company sets a budget for reward/recognition programs each year (89.4% vs. 71.9%).

Actively Involved & Sets Budget	<i>Job Classification</i>		P-Value
	HR	Marketing	
Actively Involved in Selection Process	96.2%	67.7%	.000
Company Sets Budget Each Year	89.4%	71.9%	.002



2. Involvement in Selection of Reward/Recognition Programs:

This section, “Involvement in Selection,” compares the results based on respondents who are or are not involved in the selection of Reward/recognition programs. Importantly, because of their perceived and/or actual influence in the selection process, responses from this group of individuals likely carry the most weight in the decision as to which types of reward and recognition programs are implemented in their organizations. In total, 189 (82.5%) of the respondents are involved in the selection of Reward/recognition programs, 40 (17.5%) are not.

Summary of Findings: Overall, individuals actively involved in the selection process have a more favorable opinion and/or preference for Non-Cash programs compared to those who do not have decision authority.

- Respondents who are actively involved indicated significantly greater usage and gave higher effectiveness ratings for four of the Non-Cash motivational tactics.
- Individuals actively involved gave significantly higher importance and effectiveness ratings to Non-Cash programs today and expected them to be more important in the future. Conversely, individuals not actively involved in the selection process rated the current and future importance of Cash programs higher.
- Individuals actively involved rated the effectiveness of the Reward/recognition programs higher in terms of Motivating specific behaviors/tasks, Increasing customer satisfaction, Improving teamwork, Increasing profitability/ROI, and Increasing retention/loyalty.
- When directly comparing Cash and Non-Cash programs, those with decision authority rated Non-Cash programs superior to Cash-Based programs on eight of the ten objectives; those not actively involved were somewhat more favorable toward Cash programs.
- Actively involved respondents placed greater value on Recognition Communications and Events as the best tactic for achieving the following organizational objectives: Motivating specific behaviors/tasks, Improving product quality, and Improving customer acquisition/referral. Cash and Variable Pay was selected by non-decision makers as the best tactic for Motivating specific behaviors/tasks and Improving customer acquisition/referral.
- Individuals actively involved in the selection/decision process are in significantly greater agreement that their organization has been very successful in implementing Non-Cash programs. Those not involved in the process believe their organization has been more successful in implementing Cash programs.
- Individuals actively involved in the selection process indicate much greater usage of tools designed to assess the effectiveness of their Reward and recognition programs, including the utilization of Customer surveys, Employee attendance, Employee turnover, Employee surveys, Customer retention, and ROI.

Summary Tables and Comments: Actively Involved vs. Not Involved

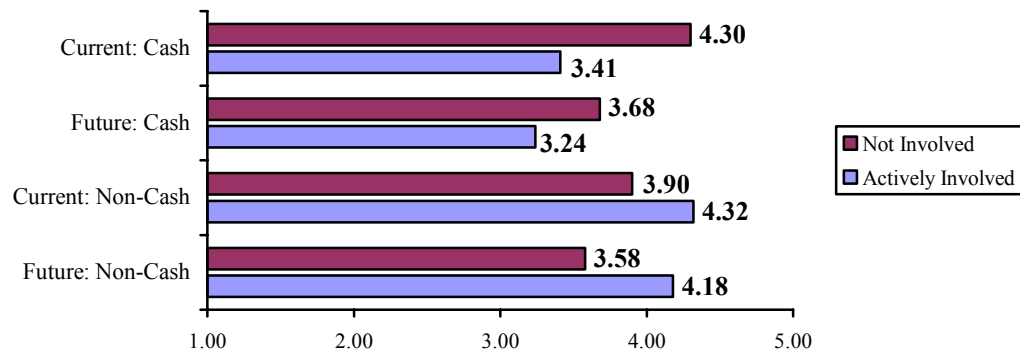
Motivational Tactics Used: Respondents who are actively involved in the selection process were more likely to indicate their organization uses one of the following motivational tactics: Gift certificates (68.3% vs. 52.5%), Email/print communications (55.6% vs. 30.0%), Recognition (86.8% vs. 70.0%), and Merchandise awards (61.9% vs. 37.5%).

Motivational Tactics	<i>Actively Involved</i>		P-Value
	Yes	No	
Gift Certificates	68.3%	52.5%	.05
Email/Print Communications	55.6%	30.0%	.003
Recognition	86.8%	70.0%	.009
Merchandise Awards	61.9%	37.5%	.005

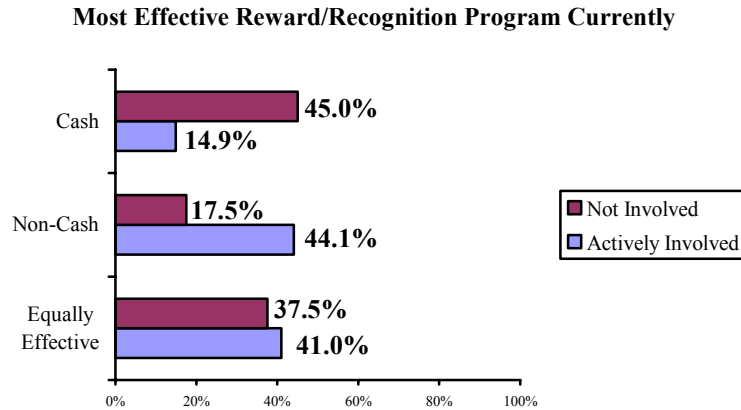
Importance of Cash/Non-Cash: Individuals who are not actively involved in the selection process rated the current (4.30 vs. 3.41) and future (3.68 vs. 3.24) importance of Cash programs significantly higher than individuals actively involved in the process. Conversely, Non-Cash programs are rated significantly higher in importance both currently (4.32 vs. 3.90) and in the future (4.18 vs. 3.58) by individuals actively involved in the selection of Reward/recognition programs.

Importance of Cash/Non-Cash	<i>Actively Involved</i>		P-Value
	Yes	No	
Current Importance of Cash programs	3.41	4.30	.000
Future Importance of Cash programs	3.24	3.68	.038
Current Importance of Non-Cash programs	4.32	3.90	.008
Future Importance of Non-Cash programs	4.18	3.58	.000

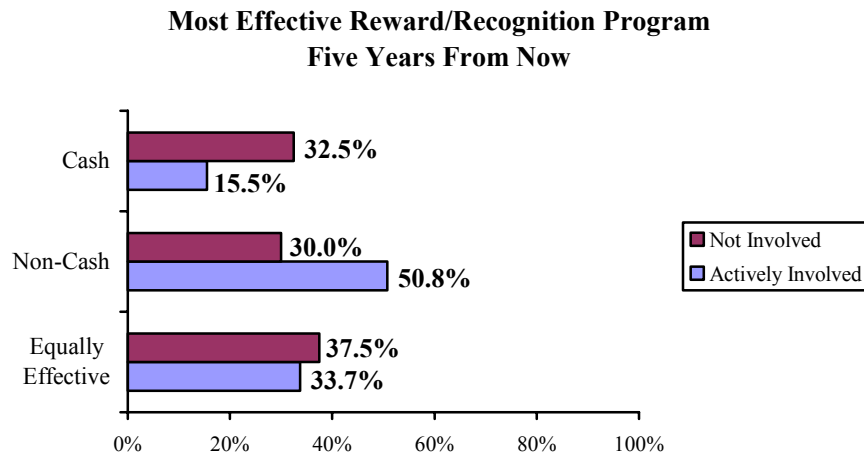
**Importance of Reward/Recognition Programs:
Currently and Five Years From Now**



Current Effectiveness of Cash/Non-Cash: Only 14.9% of “decision makers” identified Cash-Based programs as currently being their most effective program compared to 45.0% of those not involved in the selection process. In contrast, 44.1% of those actively involved selected Non-Cash as being most effective compared to 17.5% for those not involved ($p < .000$).

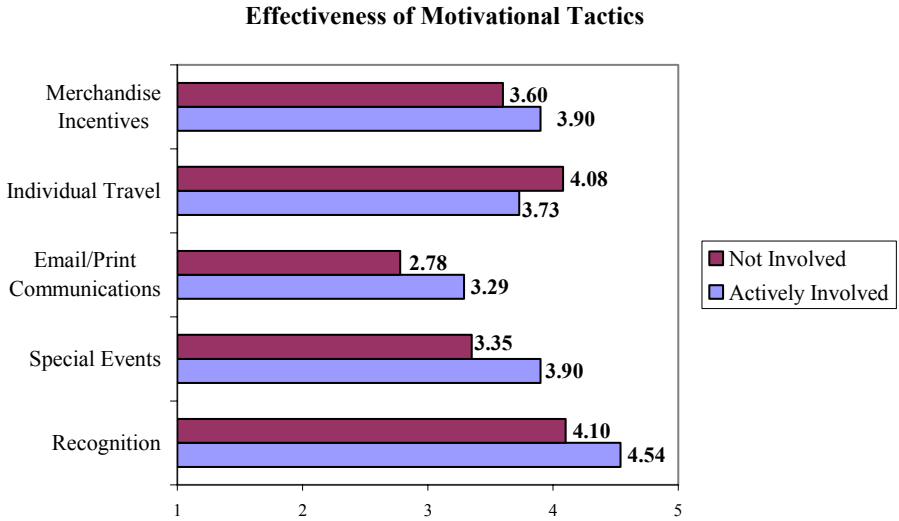


Future Effectiveness of Cash/Non-Cash: Only 15.5% of those actively involved believe that Cash-Based programs will be the most effective form of motivation for them five years in the future compared to 32.5% for those not who are not involved. On the other hand, 50.8% of those with decision authority believed Non-Cash programs would be the most effective method five years in the future compared to only 30.0% of those who are not directly involved in the process ($p < .016$).



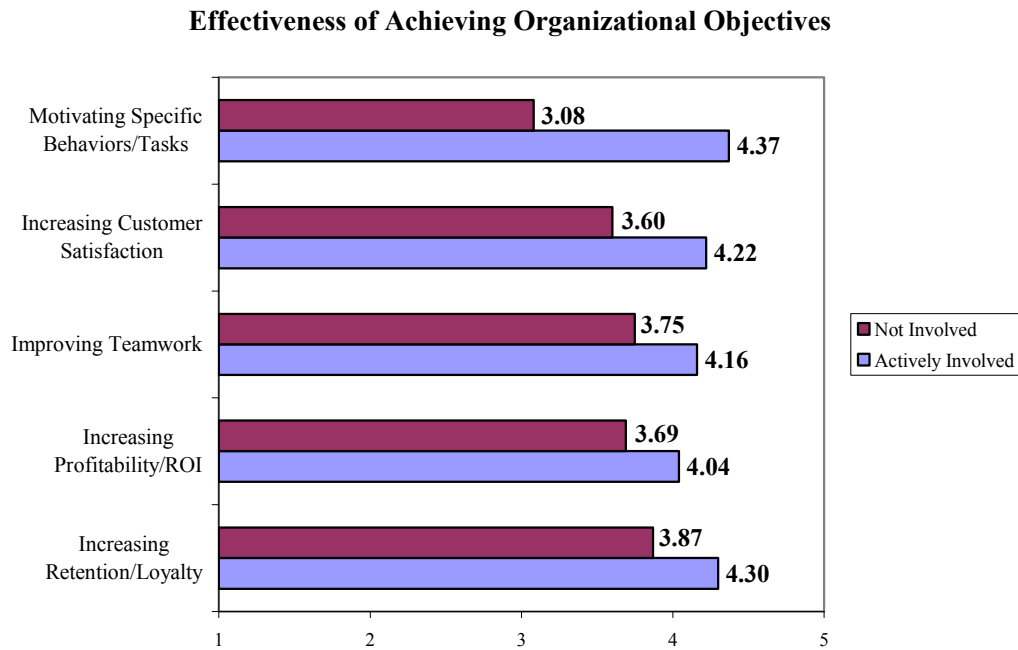
Effectiveness of Motivational Tactics: Individuals who are actively involved in the selection process rated the effectiveness of the following motivational tactics significantly higher than their non-involved counterparts: Merchandise awards (3.90 vs. 3.60), Email/print communications (3.29 vs. 2.78), Special events (3.90 vs. 3.35), and Recognition (4.54 vs. 4.10). Individuals not actively involved in the selection process rated the effectiveness of Individual travel significantly higher (4.08 vs. 3.73).

Effectiveness of Motivational Tactics	<i>Actively Involved</i>		P-Value
	Yes	No	
Merchandise Awards	3.90	3.60	.034
Individual Travel	3.73	4.08	.037
Email/Print Communications	3.29	2.78	.006
Special Events	3.90	3.35	.001
Recognition	4.54	4.10	.000



Effectiveness of Achieving Organizational Objectives: Individuals actively involved in the motivation selection process rated the effectiveness of Reward/recognition programs significantly higher than individuals not involved achieving the following specific organizational objectives: Motivating specific behaviors/tasks (4.37 vs. 3.08), Increasing customer satisfaction (4.22 vs. 3.60), Improving teamwork (4.16 vs. 3.75), Increasing profitability/ROI (4.04 vs. 3.69), and Increasing retention/loyalty (4.30 vs. 3.87).

Reward/Recognition Tactics Effectiveness of Achieving Organizational Objectives	<i>Actively Involved</i>		P-Value
	Yes	No	
Motivating specific behaviors/tasks	4.37	3.08	.021
Increasing customer satisfaction	4.22	3.60	.000
Improving teamwork	4.16	3.75	.003
Increasing profitability/ROI	4.04	3.69	.015
Increasing retention/loyalty	4.30	3.87	.001



Best Motivational Tactic:

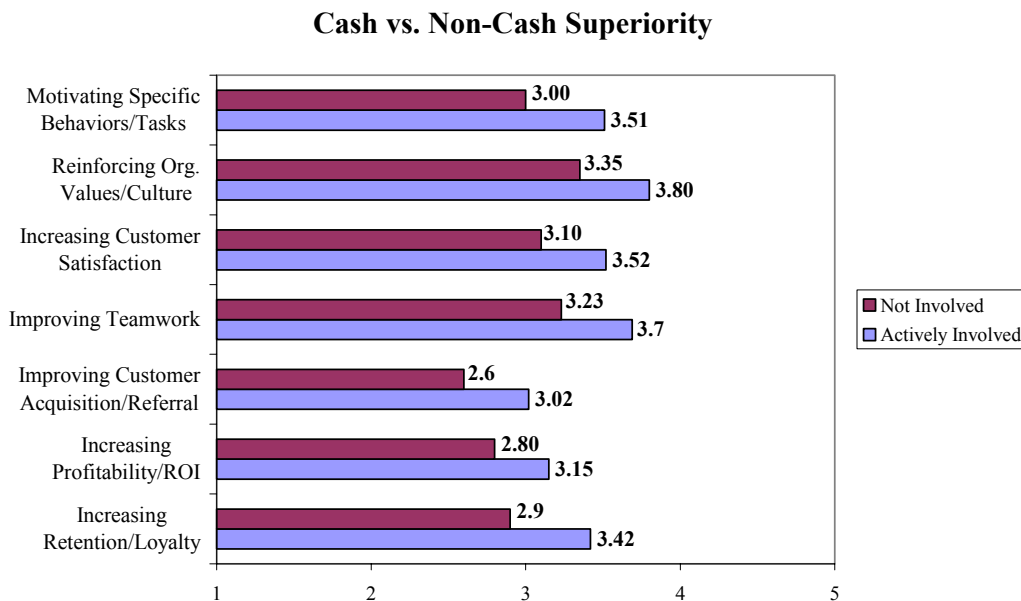
- **Motivating Specific Behaviors/Tasks:** Individuals actively engaged in the selection process chose Recognition communications and events as the best tactic for motivating specific behaviors and tasks (49.5% to 27.5%). In contrast, those not involved selected Cash and variable pay as the best tactic (47.5% to 22.8%).
- **Improving Product Quality:** Individuals actively involved in the selection process identified Recognition communications and Events as the best motivational tactics for Improving product quality (43.6% to 20.5%).
- **Improving Customer Acquisition/Referral:** Individuals actively involved selected in selection chose Recognition communications and events as the best motivational tactic for Improving customer acquisition and referrals (41.1% to 17.9%). Conversely, those not involved selected Cash and variable pay (46.2% to 21.4%).

Best Tactic for Specific Organizational Objective		Tactic Selected					P-Value
		Cash & Variable Pay	Travel	Merchandise/ Gift Certificates	Recognition Communications & Events	Benefit Packages	
Motivating specific behaviors/tasks	Actively Involved	22.8%	3.3%	20.7%	49.5%	3.8%	.015
	Not Involved	47.5%	0%	22.5%	27.5%	2.5%	
Improving product quality	Actively Involved	29.1%	2.9%	20.9%	43.6%	3.5%	.002
	Not Involved	25.6%	10.3%	28.2%	20.5%	15.4%	
Improving customer acquisition/referral	Actively Involved	21.4%	4.8%	31.5%	41.1%	1.2%	.012
	Not Involved	46.2%	2.6%	30.8%	17.9%	2.6%	

Cash vs. Non-Cash by Organizational Objective: Individuals who are actively involved in the selection process rated Non-Cash programs as being significantly superior in achieving eight of the ten organizational objectives offered (Note: a score greater than 3.0 suggests superiority for Non-Cash programs, less than 3.0 supports Non-Cash programs): Positive internal communications/buzz (3.70 vs. 3.20), Motivating specific behaviors/tasks (3.51 vs. 3.00), Reinforcing organizational values/culture (3.80 vs. 3.35), Increasing customer satisfaction (3.52 vs. 3.10), Improving teamwork (3.69 vs. 3.23), Improving customer acquisition/referral (3.02 vs. 2.60), Increasing profitability/ROI (3.15 vs. 2.80), and Increasing retention/loyalty (3.42 vs. 2.90).

Based on a comparison of means, individuals not actively involved in program selection felt three organizational objectives were best met by Cash-Based programs: Improving customer acquisition/referral, Increasing profitability/ROI, and Increasing retention/loyalty.

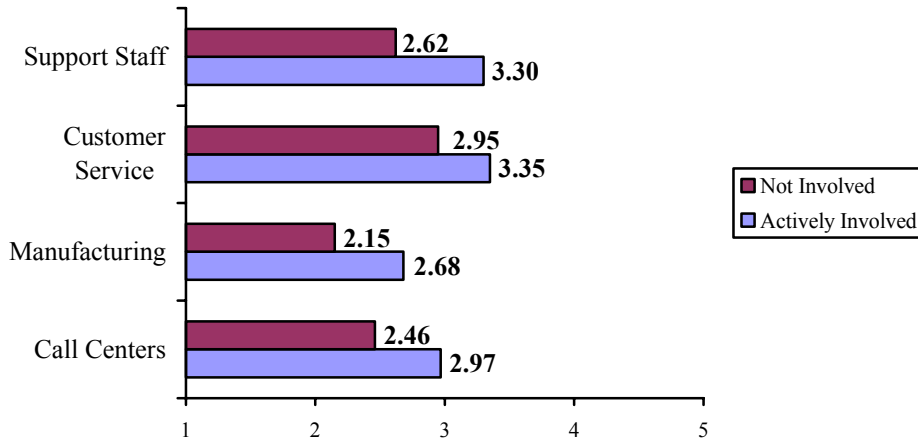
Cash vs. Non-Cash Superiority	<i>Actively Involved</i>		P-Value
	Yes	No	
Positive internal communications/buzz	3.70	3.20	.014
Motivating specific behaviors/tasks	3.51	3.00	.014
Reinforcing organizational values/culture	3.80	3.35	.008
Increasing customer satisfaction	3.52	3.10	.019
Improving teamwork	3.69	3.23	.009
Improving customer acquisition/referral	3.02	2.60	.019
Increasing profitability/ROI	3.15	2.80	.024
Increasing retention/loyalty	3.42	2.90	.010



Cash vs. Non-Cash by Job Category: Individuals actively involved in the selection process have a higher regard for Non-Cash programs in terms of being better/superior for specific job categories. These include: Support staff (3.30 vs. 2.62) and Customer service (3.35 vs. 2.95). For call centers, those actively involved essentially rated Cash and Non-Cash programs equally (2.97), though non-active respondents gave the edge to Cash-Based programs.

Cash v. Non-Cash: Job Categories	<i>Actively Involved</i>		P-Value
	Yes	No	
Support Staff	3.30	2.62	.001
Customer Service	3.35	2.95	.054
Manufacturing	2.68	2.15	.011
Call Centers	2.97	2.46	.009

Cash vs. Non-Cash Superiority



Perceptual Statements: Individuals actively involved in the decision process more strongly agree that their organizations have been successful in utilizing Non-Cash Reward/recognition programs (3.76 vs. 3.16). Conversely, those not involved significantly agree that their organizations have been successful in utilizing Cash Reward/recognition programs (3.21 vs. 2.77).

Perceptual Statements	<i>Actively Involved</i>		P-Value
	Yes	No	
My organization has been very successful in utilizing NON-CASH reward/recognition programs to motivate employees	3.76	3.16	.002
My organization has been very successful in utilizing CASH reward/recognition programs to motivate employees	2.77	3.21	.026

Selection Responsibility: Individuals actively involved in the selection process are significantly more likely to indicate that individuals from Operations (17.5% vs. 5.0%), HR Management (49.7% vs. 30.0%), and Department Heads (32.8% vs. 15.0%) are responsible for selecting programs at their organization.

Responsible for Selecting	<i>Actively Involved</i>		P-Value
	Yes	No	
Operations	17.5%	5.0%	.047
HR Management	49.7%	30.0%	.023
Department Heads	32.8%	15.0%	.025

Measurement Tools Used: Individuals actively involved in the process are significantly more likely to use the following measurement tools in gauging the success of Reward/recognition programs: Customer surveys (37.0% vs. 12.5%), Employee attendance (39.7% vs. 15.0%), Employee turnover (48.1% vs. 27.5%), Employee surveys (58.2% vs. 40.0%), Customer retention (38.3% vs. 15.0%), and ROI (34.4% vs. 17.5%).

Measurement Tools Used	<i>Actively Involved</i>		P-Value
	Yes	No	
Customer Surveys	37.0%	12.5%	.003
Employee Attendance	39.7%	15.0%	.003
Employee Turnover	48.1%	27.5%	.017
Employee Surveys	58.2%	40.0%	.036
Customer Retention	38.3%	15.0%	.005
ROI	34.4%	17.5%	.037

Individuals actively involved in selecting Reward/recognition programs are significantly more likely to indicate their company sets a budget for programs each year (83.1% vs. 55.9%) than those who are not involved.

Sets Budget	<i>Actively Involved</i>		P-Value
	Yes	No	
Company Sets Budget Each Year	83.1%	55.9%	.000

3. Organization Sets Yearly Budget:

In this section, "Organization Sets Yearly Budget", we compare responses from those working for organizations that set a yearly Reward/recognition budget to those who work at an organization without a budget. In total, 177 of the respondents (79%) are from organizations that set a yearly Reward and recognition budget and 47 (21%) are not.

Prior to analyzing these interrelationships, a cross-tabulation was conducted with "Sets Budget" and "Involvement in Selection." The cross-tabulation results showed that 89.2% of those who work in an organization with a Reward/recognition budget also have decision authority. Based on this finding, and as would be expected, the comparison findings for Organization Sets Yearly Budget and Involvement in Selection of Reward/Recognition Programs were very similar. Thus, only those findings that offer insight different from the involvement findings are shown below.

Summary of Findings

As found for those involved in the selection process, individuals working for an organization with a Reward/recognition budget have a more favorable opinion and/or preference for Non-Cash programs. Other selected findings include:

- Respondents with a budget indicated greater usage of training programs and special events.
- Individuals with a budget gave higher effectiveness ratings for three different non-cash tactics. Those included: Worklife benefits, Training programs, and Group travel.
- Individuals with a budget rated the effectiveness of Reward/recognition programs higher in terms of Positive internal communications/buzz, Reinforcing organizational values/culture, and Increasing sales.
- Individuals with a budget have a higher opinion of Non-Cash for management positions.
- Individuals with a budget are in significantly more agreement that Cash rewards become expected by employees after they are earned.

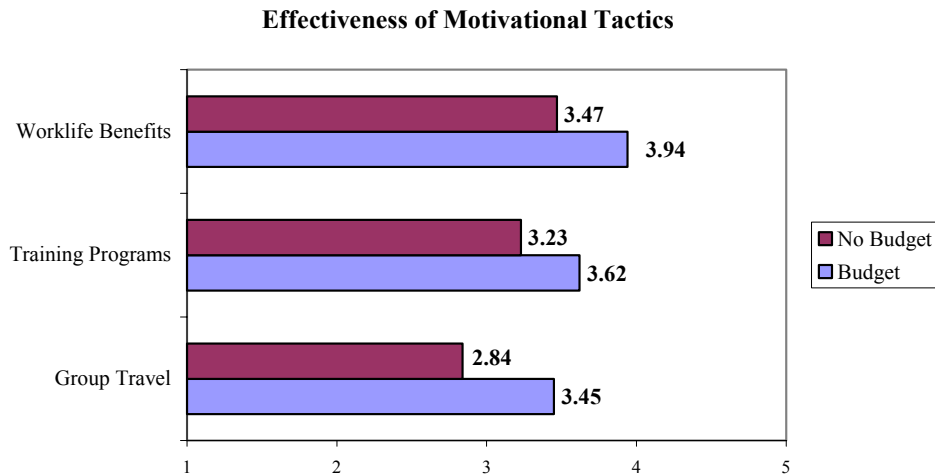
Summary Tables and Comments: Sets Budget vs. No Budget

Motivational Tactics Used: Respondents in an organization with a budget tended to use one of the following motivational tactics: Training programs (52.0% vs. 31.9%) and Special events (67.2% vs. 46.8%).

Motivational Tactics	<i>Sets Yearly Budget</i>		P-Value
	Yes	No	
Training Programs	52.0%	31.9%	.014
Special Events	67.2%	46.8%	.010

Effectiveness of Motivational Tactics: Individuals with a Reward/recognition budget rated the effectiveness of the following motivational tactics significantly higher than those without budgets: Worklife benefits (3.94 vs. 3.47), Training programs (3.62 vs. 3.23), and Group travel (3.45 vs. 2.84).

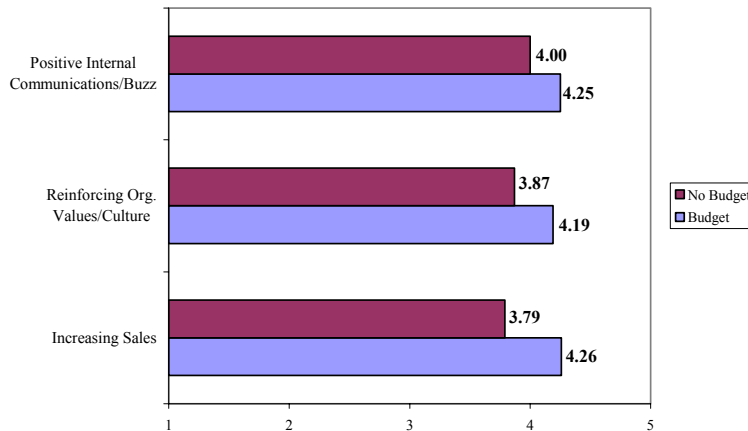
Effectiveness of Motivational Tactics	<i>Sets Yearly Budget</i>		P-Value
	Yes	No	
Worklife Benefits	3.94	3.47	.005
Training Programs	3.62	3.23	.017
Group Travel	3.45	2.84	.001



Effectiveness of Achieving Organizational Objectives: Individuals with a budget for Reward/recognition programs rated the effectiveness of their programs significantly higher on achieving the following specific objectives: Creating positive internal communications/buzz (4.25 vs. 4.00), Reinforcing organizational values/culture (4.19 vs. 3.87), and Increasing sales (4.26 vs. 3.79).

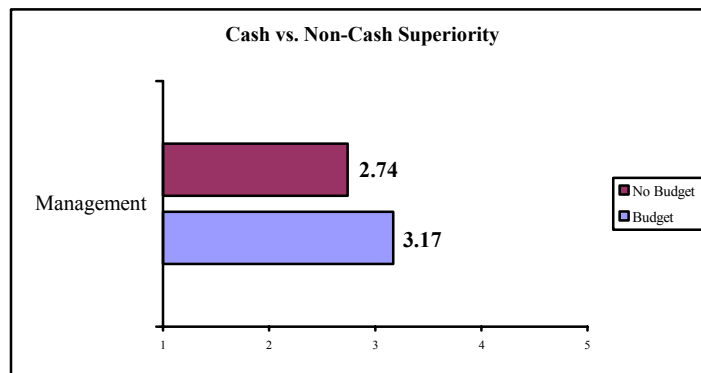
Reward/Recognition Tactics Effectiveness of Achieving Organizational Objectives	<i>Sets Yearly Budget</i>		P-Value
	Yes	No	
Positive internal communications/buzz	4.25	4.00	.041
Reinforcing organizational values/culture	4.19	3.87	.010
Increasing sales	4.26	3.79	.000

Effectiveness of Achieving Organizational Objectives



Cash vs. Non-Cash by Job Category: Individuals with a budget rate NON-CASH programs as better/superior for Management positions (3.17 vs. 2.74).

Cash v. Non-Cash: Job Categories	<i>Sets Yearly Budget</i>		P-Value
	Yes	No	
Management	3.17	2.74	.023



Best Motivational Tactic:

- **Positive Internal Communications/Buzz:** Individuals with a budget are significantly more likely to select Recognition communications and events as the best tactic (67.8% vs. 48.9%) than those without budgets.
- **Reinforcing Organizational Values/Culture:** Individuals with a budget are more likely to select Recognition communications and events as the best tactic (65.9% vs. 43.2%), while those without a budget are more likely to select Benefit packages (20.5% vs. 6.6%).
- **Increasing Profitability/ROI:** Individuals with a budget are more likely to select Recognition communications and events as the best tactic (46.0% vs. 19.5%), while those without a budget are more likely to select Cash and variable pay (43.9% vs. 26.4%).
- **Increasing Sales:** Individuals with a budget are significantly more likely to select Recognition communications & events (19.4% vs. 7.0%) than those without set budgets. While Cash and Variable pay was the top choice of both those with and without a budget, those without a budget were slightly more likely to select this as the best tactic (62.8% vs. 50.3%).

Best Tactic for Specific Organizational Objective		Tactic Selected					P-Value
		Cash & Variable Pay	Travel	Merchandise/ Gift Certificates	Recognition Communications & Events	Benefit Packages	
Positive internal communications/buzz	Budget	9.9%	7.0%	10.5%	67.8%	4.7%	.038
	No Budget	17.0%	4.3%	25.5%	48.9%	4.3%	
Reinforcing Org. Values/Culture	Budget	8.4%	2.4%	16.8%	65.9%	6.6%	.007
	No Budget	15.9%	6.8%	13.6%	43.2%	20.5%	
Increasing Profitability/ROI	Budget	26.4%	8.0%	14.7%	46.0%	4.9%	.020
	No Budget	43.9%	4.9%	24.4%	19.5%	7.3%	
Increasing Sales	Budget	50.3%	12.7%	13.3%	19.4%	4.2%	.041
	No Budget	62.8%	20.9%	2.3%	7.0%	7.0%	

Perceptual Statements: Individuals with a Reward/recognition budget are in significantly stronger agreement that Cash rewards become expected by employees (3.23 vs. 2.64) than those without a set budget.

Perceptual Statements	Set Yearly Budget		P-Value
	Yes	No	
Earned once, CASH rewards become expected by employees	3.23	2.64	.007

4. Size of Organization:

In this section, “Size of Organization”, we compare results based on the number of employees in the respondents’ organizations: <1,000 employees (n = 105, 46.1%) vs. 1,000+ employees (n = 123, 53.9%). A number of different combinations were analyzed. Thus, this comparison provides one of the clearest and most meaningful differences made in this report.

Summary of Findings: Individuals employed by a large organization are more likely to have a set Reward/recognition budget (94.0%) and to have decision authority (90.0%) than those in smaller companies. As such, many of the findings are similar to the previous interrelationships previously discussed, that is, respondents from larger organizations have a favorable view and preference for Non-Cash programs.

- Respondents from large organizations indicated significantly greater usage of eight of the Non-Cash motivational tactics: worklife benefits, Training programs, Sweepstakes, Special events, Gift certificates, Email/print communications, Recognition, and Merchandise awards.
- Large organizations rated the effectiveness of the following Non-Cash tactics significantly higher than individuals from smaller organizations: Worklife benefits, Training programs, Sweepstakes, Email/print communications, Special events, and Recognition.
- Individuals from large organizations gave significantly higher importance ratings to Non-Cash programs both today and into the future.
- Individuals from large organizations rated the effectiveness of the Reward/recognition programs higher for Reinforcing organizational values/culture, Increasing customer satisfaction, Improving teamwork, Increasing profitability/ROI, Increasing sales, and Increasing retention/loyalty than did their small firm counterparts.
- When directly comparing Cash and Non-Cash programs, those from large organizations rated Non-Cash programs superior to Cash-Based programs for the following specific organizational objectives: Reinforcing organizational values/culture, Improving teamwork, Improving product quality, Increasing profitability/ROI, and Increasing retention/loyalty.
- Respondents from large organizations also placed greater value on Recognition Communications and Events as the best tactic for achieving the following organizational objectives: Positive internal communications/buzz, Reinforcing organizational values/culture, Improving product quality, Improving customer acquisition/referral, and Increasing profitability/ROI. In contrast, Cash and Variable Pay were more likely to be selected by small organization respondents as the best tactic for Increasing sales and Increasing profitability/ROI.
- Individuals from large organizations were in greater agreement that their organization has been very successful in implementing Non-Cash programs while small organization respondents believe their organization has been more successful in implementing Cash programs.
- Individuals from large organizations indicated much greater use of tools designed to assess the effectiveness of their Reward and recognition programs, including the Utilization of ROI, Customer surveys, Employee attendance, Employee turnover, and Employee surveys.
- Individuals from large organizations indicated their firm was more likely to involve individuals from Operations, HR management, and Department heads in the selection of reward/recognition programs than were those from smaller firms.

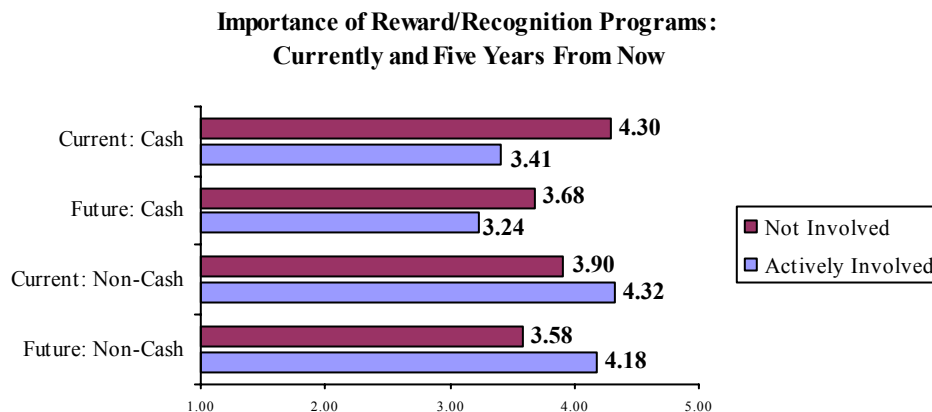
Summary Tables and Comments: <1,000 vs. 1,000+ Employees

Motivational Tactics Used: Respondents from larger organizations indicated they were more likely to use one of the following motivational tactics than were smaller firms: Worklife benefits (50.4% vs. 24.8%), Training programs (56.9% vs. 36.2%), Sweepstakes (14.6% vs. 4.8%), Special events (80.5% vs. 44.8%), Gift certificates (73.2% vs. 56.2%), Email/print communications (73.2% vs. 25.7%), Recognition (95.1% vs. 71.4%), and Merchandise awards (63.4% vs. 50.5%).

Motivational Tactics	Number of Employees		P-Value
	<1,000	1,000+	
Worklife Benefits	24.8%	50.4%	.000
Training Programs	36.2%	56.9%	.002
Sweepstakes	4.8%	14.6%	.014
Special Events	44.8%	80.5%	.000
Gift Certificates	56.2%	73.2%	.007
Email/Print Communications	25.7%	73.2%	.000
Recognition	71.4%	95.1%	.000
Merchandise Awards	50.5%	63.4%	.049

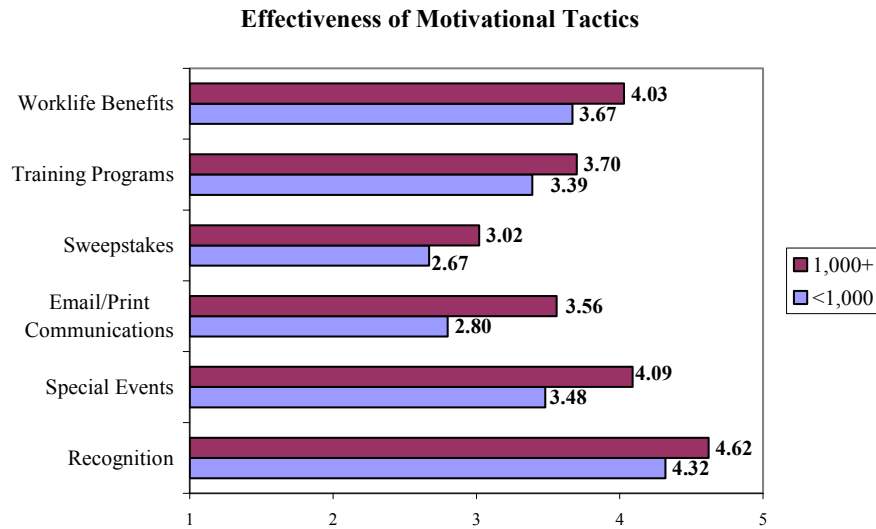
Importance of Cash/Non-Cash: Individuals from large organizations rated the current (4.39 vs. 4.11) and future (4.20 vs. 3.94) importance of Non-Cash programs significantly higher than those from smaller organizations. No differences existed in terms of the importance ratings of Cash programs.

Importance of Cash/Non-Cash	Number of Employees		P-Value
	<1,000	1,000+	
Current Importance of Non-Cash programs	4.11	4.39	.021
Future Importance of Non-Cash programs	3.94	4.20	.051



Effectiveness of Motivational Tactics: Individuals from large organizations rated the effectiveness of the following motivational tactics significantly higher than their counterparts from small companies: Worklife benefits (4.03 vs. 3.67), Training programs (3.70 vs. 3.39), Sweepstakes (3.02 vs. 2.67), Email/print communications (3.56 vs. 2.80), Special events (4.09 vs. 3.48), and Recognition (4.62 vs. 4.32).

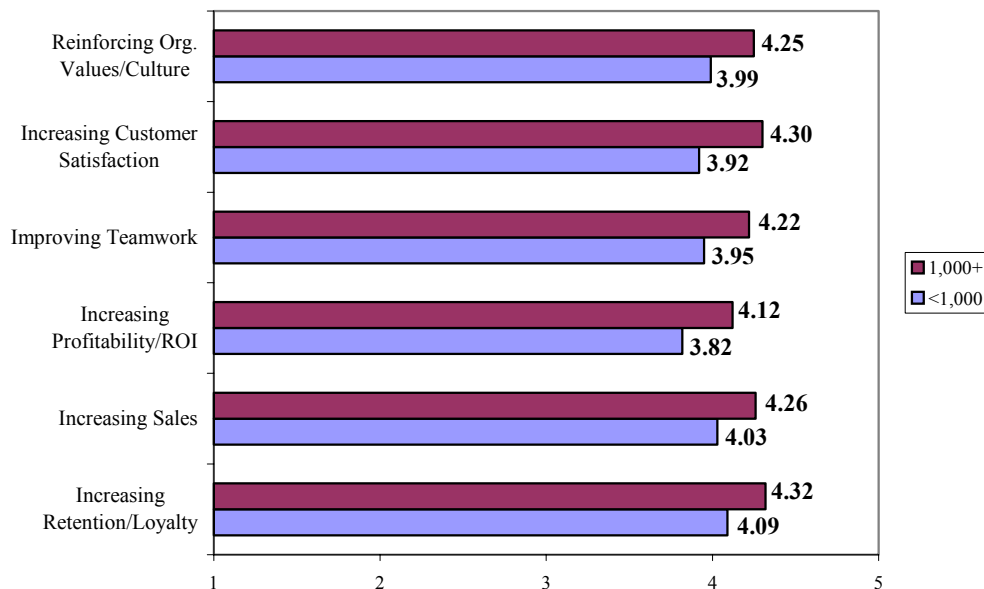
Effectiveness of Motivational Tactics	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Worklife Benefits	3.67	4.03	.007
Training Programs	3.39	3.70	.020
Sweepstakes	2.67	3.02	.012
Email/Print Communications	2.80	3.56	.000
Special Events	3.48	4.09	.000
Recognition	4.32	4.62	.000



Effectiveness of Achieving Organizational Objectives: Individuals from large organizations rated the effectiveness of Reward/recognition programs significantly higher in terms of achieving the following specific organizational objectives: Reinforcing organizational values/culture (4.25 vs. 3.99), Increasing customer satisfaction (4.30 vs. 3.92), Improving teamwork (4.22 vs. 3.95), Increasing profitability/ROI (4.12 vs. 3.82), Increasing sales (4.26 vs. 4.03), and Increasing retention/loyalty (4.32 vs. 4.09).

Reward/Recognition Tactics Effectiveness of Achieving Organizational Objectives	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Reinforcing organizational values/culture	3.99	4.25	.010
Increasing customer satisfaction	3.92	4.30	.001
Improving teamwork	3.95	4.22	.014
Increasing profitability/ROI	3.82	4.12	.005
Increasing sales	4.03	4.26	.037
Increasing retention/loyalty	4.09	4.32	.028

Effectiveness of Achieving Organizational Objectives



Best Motivational Tactic:

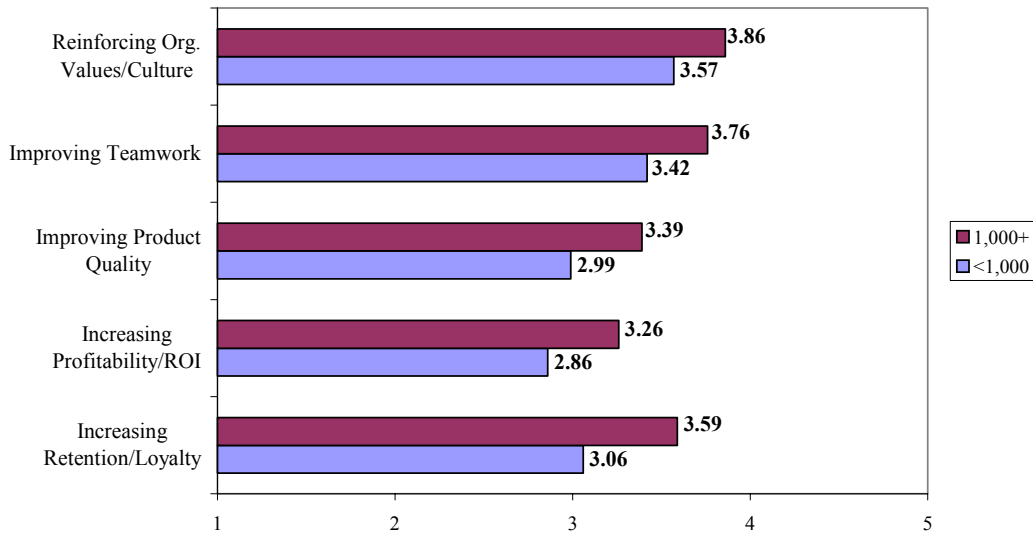
- **Recognition Communications and Events:** Individuals from large organizations were significantly more likely to select Recognition Communications and Events to achieve the following objectives than were respondents from smaller organizations: Positive internal communications/buzz (73.6% vs. 53.5%), Reinforcing organizational values/culture (74.1% vs. 47.5%), Improving product quality (48.2% vs. 30.6%), Improving customer acquisition/referral (47.7% vs. 25.8%), and Increasing profitability/ROI (49.6% vs. 27.2%).
- **Cash & Variable Pay:** Individuals from small organizations were more likely to select Cash and Variable Pay as the best tactic for achieving the following objectives: Increasing sales (57.3% vs. 50.9%) and Increasing profitability/ROI (35.9% vs. 26.1%).

Best Tactic for Specific Organizational Objective		Tactic Selected					P-Value
		Cash & Variable Pay	Travel	Merchandise/ Gift Certificates	Recognition Communications & Events	Benefit Packages	
Positive Internal Communications/ Buzz	<1,000	14.9%	7.9%	17.8%	53.5%	5.9%	.045
	1,000+	8.3%	5.0%	9.9%	73.6%	3.3%	
Reinforcing Org. Values/Culture	<1,000	12.1%	6.1%	18.2%	47.5%	16.2%	.001
	1,000+	6.9%	0.9%	12.9%	74.1%	5.2%	
Improving Product Quality	<1,000	29.6%	7.1%	21.4%	30.6%	11.2%	.001
	1,000+	26.3%	1.8%	22.8%	48.2%	0.9%	
Improving Customer Acq./ Referral	<1,000	29.9%	6.2%	35.1%	25.8%	3.1%	.009
	1,000+	21.1%	2.8%	28.4%	47.7%	0%	
Increasing Profitability/ROI	<1,000	35.9%	10.9%	20.7%	27.2%	5.4%	.017
	1,000+	26.1%	4.3%	14.8%	49.6%	5.2%	
Increasing Sales	<1,000	57.3%	18.8%	6.3%	10.4%	7.3%	.012
	1,000+	50.9%	10.3%	15.5%	20.7%	2.6%	

Cash vs. Non-Cash by Organizational Objective: Individuals from large organizations rated Non-Cash programs superior for achieving half of the ten organizational objectives than did respondents from smaller firms (Note: a score greater than 3.0 suggests superiority for Non-Cash programs, less than 3.0 supports Cash programs): Reinforcing organizational values/culture (3.86 vs. 3.57), Improving teamwork (3.76 vs. 3.42), Improving product quality (3.39 vs. 2.99), Increasing profitability/ROI (3.26 vs. 2.86), and Increasing retention/loyalty (3.59 vs. 3.06).

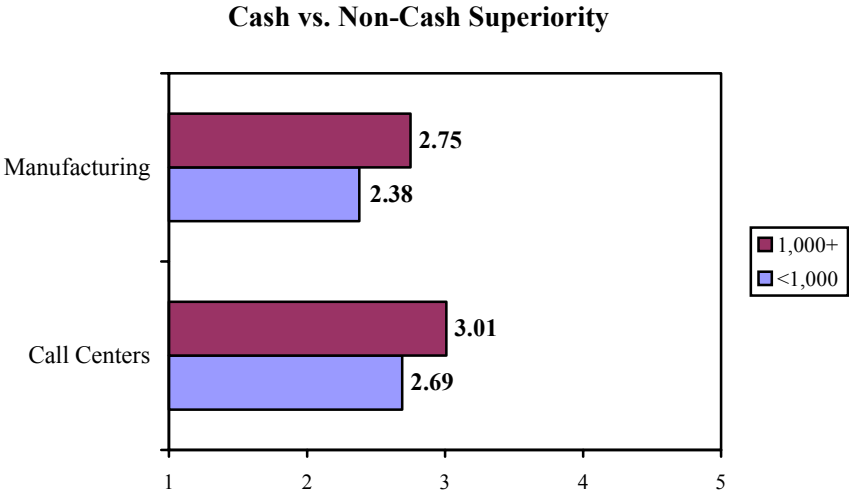
Cash vs. Non-Cash Superiority	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Reinforcing organizational values/culture	3.57	3.86	.027
Improving teamwork	3.42	3.76	.012
Improving product quality	2.99	3.39	.002
Increasing profitability/ROI	2.86	3.26	.001
Increasing retention/loyalty	3.06	3.59	.000

Cash vs. Non-Cash Superiority



Cash vs. Non-Cash by Job Category: Individuals from small organizations have a higher opinion of Cash programs in terms of being better/superior for Manufacturing jobs (2.38 vs. 2.75). For Call centers, those from large organizations essentially rated Cash and Non-Cash programs as being equally effective (3.01), while respondents from small organizations gave the edge to Cash-Based programs.

Cash v. Non-Cash: Job Categories	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Manufacturing	2.38	2.75	.025
Call Centers	2.69	3.01	.036



Perceptual Statements: Individuals from large organizations were in significantly stronger in their belief that their organization has been successful in utilizing Non-Cash Reward/recognition programs (3.83 vs. 3.48). Conversely, those from small organizations were more strongly believed that their organization has been successful in utilizing Cash Reward/recognition programs (3.05 vs. 2.69).

Individuals from small organizations disagreed with the (1) it is hard to determine the ROI for Cash programs (2.61 vs. 2.93), and (2) Earned once, Non-Cash rewards become expected statements. Respondents from large organizations were generally neutral in their level of agreement with both these statements.

Perceptual Statements	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Earned once, NON-CASH rewards become expected by employees	2.67	3.03	.021
It is hard to determine the ROI for CASH programs	2.61	2.93	.018
My organization has been very successful in utilizing NON-CASH reward/recognition programs to motivate employees	3.05	2.69	.017
My organization has been very successful in utilizing CASH reward/recognition programs to motivate employees	3.48	3.83	.014

Selection Responsibility: Individuals from large organizations were significantly more likely to say that individuals from Operations (20.3% vs. 8.6%), HR Management (54.5% vs. 37.1%), and Department Heads (37.4% vs. 18.1%) were responsible for selecting programs at their organization than were those from smaller organizations.

Responsible for Selecting	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Operations	8.6%	20.3%	.013
HR Management	37.1%	54.5%	.009
Department Heads	18.1%	37.4%	.001

Assessment Tools Used: Individuals from large organizations were significantly more likely to use the following measurement tools in gauging the success of Reward/recognition programs: ROI (38.25 vs. 23.8%), Customer surveys (43.1 vs. 18.1%), Employee attendance (43.1% vs. 27.6%), Employee turnover (56.9% vs. 29.5%), and Employee surveys (74.8% vs. 29.5%).

Measurement Tools Used	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
ROI	23.8%	38.2%	.020
Customer Surveys	18.1%	43.1%	.000
Employee Attendance	27.6%	43.1%	.015
Employee Turnover	29.5%	56.9%	.000
Employee Surveys	29.5%	74.8%	.000

Involvement and Budget Setting: Individuals from large organizations were significantly more likely to indicate they have decision authority over (90.0% vs. 75.0%) and that their company sets a budget for programs each year (94.0% vs. 61.8%) than were those from smaller companies.

Sets Budget	<i>Number of Employees</i>		P-Value
	<1,000	1,000+	
Actively Involved	75.0%	90.0%	.003
Company Sets Budget Each Year	61.8%	94.0%	.000

KEY SUMMARY FINDINGS

The study reported here provides a solid foundation for assessing the utilization and effectiveness of Cash and Non-Cash Award Programs, and under which situations they are most effective. A summary of key findings are.

➤ **Non-Cash Award Programs Are More Common and Are Seen as Being More Effective for Motivating Employees.**

The five most common Non-Cash employee Reward/recognition programs are: Employee Recognition (used by 83.8%), Gift Certificates (65.5%), Special Events (63.4%), Merchandise Awards (57.0%), and Email/Print Communications (50.6%). Cash Rewards was the fourth most used motivation tactic at 59.1%; Variable Pay was used by only 29.8% of the respondents.

Non-Cash Reward and recognition programs were found to be much important than Cash for motivating employees. Non-Cash reward programs scored a 4.25 on a five-point importance scale compared to 3.56 for Cash-Based programs. Similarly, compared to Cash-Based programs, there is also an expectation that Non-Cash programs will likely grow to be even more important in the future (4.07 vs. 3.31 on a five-point importance change scale).

The value of Non-Cash programs over Cash programs was further substantiated when respondents were given a forced choice task and were asked which type of reward/recognition program, Cash Based or Non-Cash, they thought was most effective for motivating employees. Overall, 39.3% selected Non-Cash programs compared to only 20.5% for Cash programs; 40.2% indicated that they are about the same. When asked to estimate the value five years from now, 46.8% selected Non-Cash compared to only 18.5% for Cash programs.

➤ **Most Effective Award Tactics for Motivating Employees**

Respondents said the most effective motivational tactics were: Employee Recognition (4.46), Gift Certificates (4.09), and Cash Rewards (4.00). Four more had mean effective ratings of 3.75 or higher: Merchandise Awards (3.85), Worklife Benefits (3.83), Special Events (3.81), and Individual Travel (3.75). In terms of measurement, Employee Surveys was the most commonly selected measurement tool (54.5%), followed by Employee Turnover (44.2%), and Sales Growth (41.2%).

➤ **Effectiveness of Tactics at Achieving Specific Organizational Objectives**

All but three of the organizational objectives had a mean score above 4.00, indicating that Reward/recognition programs in general are seen as being quite effective in achieving key organizational objectives. Respondents say Reward/recognition programs are most effective at Motivating Specific Behaviors/Tasks (mean=4.30), Increasing Retention / Loyalty (4.20), Creating Positive Internal Communications/Buzz (4.19), Increasing Sales (4.15), Reinforcing Organizational Values/Culture (4.11), Increasing Customer Satisfaction (4.10), and Improving Teamwork (4.08).

➤ **Non-Cash More Effective for Achieving Organizational Objectives**

On a comparison scale (1 = Cash Superior to 5 = Non-Cash Superior), Non-Cash programs are believed to be more effective for nearly all of the organizational objectives assessed in the study. In contrast, Cash-Based programs were seen as being more effective for Increasing sales and to some extent for Improving customer acquisition/referrals.

These findings suggest that Non-Cash programs are seen as being considerably more effective for activities designed to positively impact “internal” operations and those designed to improve customer relations. Clearly, all of these findings support the hypothesis that certain tactics are more appropriate for certain situations.

These findings should be very helpful in developing the management calculus tool which is one of the main objectives of this research.

➤ **Best Tactic for Achieving Specific Organizational Objectives**

The value of Non-Cash programs were further supported by responses as to which of five combined Reward/program types were best for achieving various organizational objectives. Specifically, Recognition Communications/Events/Programs was clearly the most favored tactic, receiving a majority of the votes for nine of the ten tactical areas. Recognition Communications/Events/Programs received at least 50% of the selections for: Generating Positive Internal Communications/Buzz Four (64.0%), Reinforcing Organizational Values/Culture (60.6%), Improving Teamwork (57.5%), and Increasing Customer Satisfaction (50.2%). Cash/Variable Pay received a plurality with regard to Increasing Sales (53.7%) and received at least 20% of the vote for five additional objectives. Merchandise/Gift Certificates also received at least 20% of the vote for five objectives, and Benefit packages was the second most popular choice if the goal is to Increase Retention/Loyalty (24.2%). Again, these findings support the hypothesis that certain tactics are more appropriate for certain situations. Importantly, these findings will help formulate the management calculus tool identified as a main objective of this research project.

➤ **Non-Cash and Cash Programs Differ in Superiority by Job Category**

In selecting the superior tactic (Cash versus Non-Cash) for certain job categories, each was believed to be the best in three job categories. Non-Cash programs are believed to be superior for Customer Service, Support Staff, and to a lesser extent Management jobs. All tend to have goals that are less tangible when compared to the three other categories. Cash programs appear to be superior for Sales, Manufacturing, and Call Centers. These areas tend to have easily identifiable and tangible goals that can be set (i.e. increase in sales, number of pieces/products per hour, and number of calls made/handled per hour, etc.).

Again, these findings support the hypothesis that certain tactics are more appropriate for certain situations and that differences in terms of effectiveness and superiority exist between Cash and Non-Cash programs. Importantly, these findings will help formulate the management calculus tool identified as a main objective of this research project.

➤ **Cash Programs Are More Short-Term, Non-Cash Long-Term**

The findings from the agreement statements showed that Cash programs have a shorter-term orientation when compared to Non-Cash programs. Moreover, there was some agreement that Cash rewards are perceived to be part of base pay (3.10) compared to Non-Cash programs (2.86).

➤ **Better at Using Non-Cash Programs Than Cash programs**

Among respondents, there was relatively strong agreement that their organization has been very successful in utilizing Non-Cash Reward/recognition programs to motivate employees (3.66). In contrast, there was slight disagreement that their organization was good at using Cash to motivate employees (2.83).

➤ **Preference for Non-Cash Programs**

The analysis of the interrelationships shows a preference for Non-Cash programs by HR individuals and those who are actively involved in the selection process. Overall, the results show Non-Cash programs are viewed as more important, more effective, and generally superior for achieving a majority of specific organizational objectives. Future research should compare management (those selecting and implementing) programs to the individuals receiving the rewards/recognition to identify any differences and similarities between the groups. While this research seems to show Non-Cash programs are favored by management, feedback from those receiving the rewards/recognition will be important to confirm whether or not Non-Cash programs are more effective than Cash programs.

CONCLUSIONS

Historically, most reports on the use of cash or non-cash awards to accomplish various goals with employees and other related personnel have been conducted either from (a) a specific industry perspective, i.e., manufacturing or services in either a consumer product or business-to-business setting, or (b) by specific industry such as insurance, financial services, retailing or other or (c) by type of employee task, i.e., customer-facing, plant floor, back office, customer service or the like. Thus, while these studies have often been useful for understanding specific applications, the industry is lacking an overall view of what type of award program works best in accomplishing key organizational goals. This managerial wisdom has been assembled based on a study of a broad array of managers from a wide variety of organizations gathered in a consistent manner in a relatively short period of time. Thus, we believe the results of this study are truly representative of the best thinking on the subject at this point in time.

In this final chapter, we summarize what we have learned from the *qualitative and quantitative* research project about awards and their use in modern U.S. organizations. This chapter is organized around three subject areas (a) How awards work, (b) Requisites for the successful use of awards and (c) Applications of how awards should be used. We close the chapter with a brief view of Next Steps.

I. How Awards Work

Clearly, awards work in the modern organization. Managers believe in them and use them. There is substantial anecdotal evidence of their success but in most cases, these reports are time, situation and organization specific. While this is useful information, it is not terribly relevant to a manager who does not face exactly the same situation reported nor seek to apply it in a similar organizational setting. Thus, we believe the following guidelines can and should be useful to all levels of managers in all types of situations in all types of organizational settings.

A. Long-term vs. Short-term Effects

In general, non-cash awards tend to be more successful in situations where managers are attempting to generate non-tangible outcomes, that is, such things as support for organizational objectives, positive internal “buzz”, reinforcing organizational values and culture, improving teamwork and the like. Cash awards tend to be more relevant and successful in situations where short-term tangible results are the goal. For example, cash awards tend to work best in increasing sales, improving customer acquisition/referrals and the like.

B. No “Magic Bullet”

While this study reports on managerial views on the effectiveness of employee awards in achieving organizational objectives and reports the mean ranking of ten specific organizational goals, we must caution that there are no absolutes in this study. All uses and results should be used as comparatives, not as “fail-safe” approaches. Clearly, all uses of awards, whether cash or non-cash, are and should be comparative and depend on the situation faced by the individual manager in his or her organization. We did find that both cash and non-cash awards are widely

used, i.e., three of each five reporting managers say they use cash awards and four of five report using non-cash awards.

C. Employee Recognition – The Most Common Solution

While it is generally known that employee recognition is a key tool in the award managers arsenal, this is the one award that seems to be universal. Managers report employee recognition almost always works and it works in almost all situations and within almost all corporate cultures. Thus, it would seem that employee recognition should be a key element in every employee award program going forward.

D. Organizational Culture and Values Are Influenced by Award Programs

The culture and values of the organization can be impacted by employee award programs. In fact, most managers report great success in impacting or reinforcing organizational cultures or supporting corporate values with award programs. Given that most programs of this sort are longer term, for the most part, non-cash awards tend to be most successful.

E. Results Vary by Job Categories

As reflected above, there is no “magic bullet” for award success. From this study, it is clear that the success of award programs differs by job category. Thus, it would seem that specific, targeted award programs should be considered rather than broad-scale, total organization programs. Further, it is evident from the study results that organizational size has much to do with award success. Big companies require different award programs than smaller ones. Thus, from this study, it is evident that “one size award programs don’t fit all companies”. Generalizations are fine but to achieve success, it is clear that employee targeted, organizationally structured award programs work best.

We look next at requisites for award success.

II. Requisites for Award Success

While there are a number of basic factors that determine the success of all types of awards, whether they be cash or non-cash, some general rules emerged that contribute to the potential for success.

A. Measurable Organizational Objectives Required

The qualitative research underscores that one of the most critical element in the success of any type of award program is for the manager to set clearly defined, measurable objectives to be achieved. Without clear objectives, programs tend to flounder as employees become discouraged or even worse, simply ignore the initiative. In this study, it is clear that even non-tangible programs designed for goals such as employee retention, create organizational “buzz”, increase sales, build customer satisfaction, increase teamwork and others can be achieved if the program is properly planned and measurable goals established.

B. Award Budgets Are Critical

In this study, managers who set an award budget, whether they were using cash or cash or non-cash, reported greater success than those who operated on an ad hoc basis. By creating a specific award budget, organizations build employee focus into the fabric of the organization and force senior management attention and involvement.

C. Assign Responsibility

The qualitative research highlighted the fact that award programs succeed when there are specific managers assigned to the task. As with budgeting, having managers responsible for development, implementation and measurement of award programs would appear to be mandatory for on-going success. In this study, sales and human relations managers were the most common job titles for employee award programs with sales focused more on cash awards and HR more on non-cash.

In the final section, we look at applications that emerged from the study.

III. Applications for Management

A large number of applications can be gleaned from this study since it was so widely applied and so broadly inclusive of all types of award managers. Some of the highlights found are listed below.

A. Sales Management and Human Relations Dominate

Job titles of sales and human relations management dominate the responses as to who develops, implements, manages and measures award programs. While this may be a function of the sample, it is clear that most award programs are directly under the control of middle managers. While these people are clearly more closely related to the employees being incented, there is some evidence of insufficient senior management involvement. One thing that is clear from the study: sales managers and human resource managers have widely varying goals. Thus, the award programs developed by these managers reflect the differing objectives which each of them bring to the situation.

B. Measurement

One of the weak points of employee award programs still appears to be the development of relevant measures of success. While measurement appears to be growing, it is still not a major priority for most managers. When measurement is done, it commonly is through various types of employee surveys. The most commonly measured areas are employee turnover and sales growth.

C. Individual vs. Team Award Programs

In this study, more award programs focused on teams rather than on individuals. This may well reflect an increasing attempt by managers to create cross-functional approaches within the organization with awards being used to encourage individual employees to participate in horizontal programs to meet organizational goals.

D. Specific Tactics for Specific Organizational Goals

Managers in this study reflected the important finding that specific organizational objectives are being met by developing increasingly specific award tactics. Broad, generalized programs, while still being used appear to be giving way to more refined approaches that reflect the specific goals that managers and organizations hope to achieve. This is particularly true when consideration is given to cash versus non-cash award programs.

In the final section, we look at what next steps should be taken by the award industry to improve and enhance the effectiveness and efficiency of award programs.

IV. Next Steps for the Award Industry

While this study is unique and focused on the direct comparison of cash and non-cash award programs, the results clearly indicate some relevant next steps. These are briefly identified below.

A. A Managerial Matrix Is Needed

A critical need is for the creation of a managerial matrix or calculus based on the findings of this study. Such a tool would provide an easy-to-use format enabling managers to match up their needs and requirements with commonly used award tactics. The information in this study IS intended to be an initial step in building such a managerial tool which will provide a quick reference guide for managers as they start to plan and implement award programs based on clearly stated organizational needs or requirements. A preliminary matrix based on the management perceptions is presented at the end of this section.

It is critical at this juncture to understand that this matrix is preliminary in nature and only focuses on the views of middle and upper managers. Although the perceptions of managers are real and greatly impact which awards are used within an organization, our matrix doesn't include the perceptions of other managerial categories, employees and other internal stakeholder groups. Moreover, because the focus is on generating "perceptual data," the results are not cross-validated using empirical organizational such as turnover, ROI and other profitability measures, budgets available, the monetary value of different awards etc. Clearly, future research should attempt to merge and cross-validate these perceptions.

B. Better Outcome Measures

One of the weaknesses identified in this study is the lack of development in outcome measures for award programs. The development and implementation of employee award programs appears to be quite extensive but measurement or outcomes are not. There appear to be few financial measures being applied to award programs, particularly those designed to achieve long-term corporate goals and those of a more intangible nature. This is a key area of development if employee motivation and award programs are to generate the senior management support they deserve.

C. Synergy

We believe synergy clearly exists among and between the tools and tactics employed in award programs. Awards are not an either-or situation, they are commonly a combination of efforts, goals and activities. We did not attempt to determine the synergy between broad areas such as cash/non-cash nor even between the various tactics used. Clearly, one plus one activities in employee awards may well add up to more than two. But, that was not considered in this study. That should be a major next step in building our understanding of the field.

D. No Employee View

This study focused entirely on the views, experience and opinions of employee award managers. There is no employee input. While we are sure that managers views are critical since the have a better overall view of the goals of the organization, clearly employee input is need to supplement the management views. If the workers aren't happy with the award programs, the managers clearly won't be happy with the outcomes. We need to include the balancing view of employees in future studies.

E. More Situation Specific

One of the key findings of this study is that employee award programs are rapidly moving to more situation specific applications. This first, initial study was necessarily quite general. But, it did demonstrate that when specific organizational goals are identified, such as increasing customer satisfaction, or improving product quality or increasing employee retention and loyalty, specific motivational tools are viewed to be more effective. We have only scratched the surface of this important issue of matching specific employee motivation tools to specific organizational goals. This is a rich area for future research.

F. Travel Versus Events

A post hoc review of the results suggests that awards related to events and awards related to travel could have overlap. For example, sales meetings in exotic locations could be viewed as an event by some managers and/or as a travel award by others. However, our qualitative research found that “special events” were specific to reward and recognition programs such as award ceremonies, group parties/outings, and any of a variety of special activities to reward employees for their efforts.

Moreover, the effectiveness of events and travel as rewards could differ based on whether the views of managers or recipients are taken into consideration. Similarly, those organizations with higher budgets for travel could differ in their perceptions and use of these programs due to budget availability. What is thus needed is additional research that better taps the benefits of travel separate from and related to special events.

In summary, this omnibus study of employee awards with a specific focus on the importance, value and differentiation between cash and non-cash awards has added much to our knowledge of how managers might best employ increasingly important award tools to gain employee support for organizational goals. While we have learned much from this study, there is still much to be learned. We encourage the award industry to continue to pursue knowledge in the area. It would and will be to the benefit of all.

Management-Based Matrices

Comparing Cash Vs. Non-Cash Superiority on Organizational Objectives Based on Management Perceptions

Organizational Objectives Ranked by Effectiveness	Mean Effectiveness	Cash Superior	Equally Effective	Non-Cash Superior
Motivating Specific Behaviors/Tasks	4.30			X
Increasing Employee Retention/Loyalty	4.20			X
Generating Positive Internal Communications/Buzz	4.19			X
Increasing Sales	4.15	X		
Reinforcing Organizational Values/Culture	4.11			X
Increasing Customer Satisfaction	4.10			X
Improving Teamwork	4.08			X
Increasing Profitability/ROI	3.95		X	
Improving Customer Acquisition/Referral	3.87		X	
Improving Product Quality	3.86		X	

**Best Tactics for Achieving Organizational Objectives
Based on Management Perceptions**

Organizational Objectives Ranked by Effectiveness	Most Effective		Medium Effectiveness		Least Effective
Motivating Specific Behaviors/Tasks	Recognition Communication Events	Cash/Variable Pay	Merchandise/ Gift Certificates	Benefit Packages	Travel
Increasing Employee Retention/Loyalty	Recognition Communication Events	Benefit Packages	Cash/Variable Pay	Merchandise/ Gift Certificates	Travel
Positive Internal Communications/Buzz	Recognition Communication Events	Merchandise/ Gift Certificates	Cash/Variable Pay	Travel	Benefit Packages
Increasing Sales	Cash/Variable Pay	Recognition Communications Events	Travel	Merchandise/ Gift Certificates	Benefit Packages
Reinforcing Organizational Values/Culture	Recognition Communication Events	Merchandise/ Gift Certificates	Cash/Variable Pay	Benefit Packages	Travel
Increasing Customer Satisfaction	Recognition Communication Events	Merchandise/ Gift Certificates	Cash/Variable Pay	Travel	Benefit Packages
Improving Teamwork	Recognition Communication Events	Merchandise/ Gift Certificates	Cash/Variable Pay	Travel	Benefit Packages
Increasing Profitability/ROI	Recognition Communication Events	Cash/Variable Pay	Merchandise/ Gift Certificates	Travel	Benefit Packages
Improving Customer Acquisition/Referral	Recognition Communication Events	Merchandise/ Gift Certificates	Cash/Variable Pay	Travel	Benefit Packages
Improving Product Quality	Recognition Communication Events	Cash/Variable Pay	Merchandise/ Gift Certificates	Benefit Packages	Travel

**APPENDIX A:
SURVEY VERSION A**

CASH AND NON-CASH EMPLOYEE MOTIVATION PROGRAMS

SPONSORED BY: FORUM FOR PEOPLE PERFORMANCE MANAGEMENT & MEASUREMENT

The primary goal of this survey is to assess the value of Cash and Non-Cash reward/recognition programs for motivating employees. Please think in terms of what works well for motivating your own employees and not those types of programs targeted toward consumers.

1. Which best describes your organization?
 User of reward/recognition services Provider/vendor of reward/recognition services Both
2. What **TACTICS** does your organization use to motivate employees? **CHECK ALL THAT APPLY**

<input type="checkbox"/> Cash Rewards	<input type="checkbox"/> Merchandise Awards	<input type="checkbox"/> Employee Recognition	<input type="checkbox"/> Special Events
<input type="checkbox"/> Email/Print Communications	<input type="checkbox"/> Group Travel	<input type="checkbox"/> Individual Travel	<input type="checkbox"/> Gift Certificates
<input type="checkbox"/> Sweepstakes	<input type="checkbox"/> Training Programs	<input type="checkbox"/> Worklife Benefits	<input type="checkbox"/> Variable Pay

Importance/Selection/Effectiveness of Cash and Non-Cash Employee Reward/Recognition Programs

3. In your opinion, how important are **CASH BASED** reward/recognition programs for motivating employees?
 Not Important Very Important
4. Regarding your organization, in *five years* would you expect **CASH BASED** reward/recognition programs to be:
 Much Less Important Much More Important
5. In your opinion, how important are **NON-CASH** reward/recognition programs for motivating employees?
 Not Important Very Important
6. Regarding your organization, in *five years* would you expect **NON-CASH** reward/recognition programs to be:
 Much Less Important Much More Important
7. Currently, which type of reward/recognition program do you think is **MOST** effective for motivating employees?
 Cash Based Programs Non-Cash programs Both Are Equally Effective
8. In five years, which reward/recognition program do you think will be **MOST** effective?
 Cash Based Programs Non-Cash programs Both Will Be Equally Effective
9. Who is responsible for **SELECTING** your reward/recognition programs? **CHECK ALL THAT APPLY**

<input type="checkbox"/> CEO	<input type="checkbox"/> Upper Management/VP's	<input type="checkbox"/> Sales Management	<input type="checkbox"/> Operations
<input type="checkbox"/> Customer Service	<input type="checkbox"/> Marketing Management	<input type="checkbox"/> HR Management	<input type="checkbox"/> Department Heads
10. In your opinion, how effective are each of the following reward/recognition tactics for motivating employees?

Motivational Tactics	Very Ineffective	Ineffective	Neutral	Effective	Very Effective
Cash Rewards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Variable Pay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee Recognition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email/Print Communications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Group Travel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Travel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gift Certificates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sweepstakes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training Programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Worklife Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merchandise Awards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. How effective do you feel reward/recognition programs are for achieving the following organizational objectives?

Organizational Objectives	Very Ineffective	Ineffective	Neutral	Effective	Very Effective
Increasing Retention/Loyalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Profitability/ROI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Acquisition/Referral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving Product Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving Teamwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Customer Satisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reinforcing Org. Values/Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motivating Specific Behaviors/Tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Positive Internal Communications/Buzz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Please compare CASH and NON-CASH reward/recognition programs on how effective they are for meeting each of the following organizational objectives. The scale ranges from Cash is superior to Non-Cash is superior.

Organizational Objectives	Cash Superior	Cash Better	Equally Effective	Non-Cash Better	Non-Cash Superior
Increasing Retention/Loyalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Profitability/ROI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Acquisition/Referral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving Product Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving Teamwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Customer Satisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reinforcing Org. Values/Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motivating Specific Behaviors/Tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Positive Internal Communications/Buzz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. For each of the below organizational objectives **Check the One** reward/recognition tactic that is BEST for achieving that objective. **PLEASE CHECK ONLY ONE FOR EACH OBJECTIVE.**

Organizational Objectives	Cash/ Variable Pay	Travel	Merchandise/ Gift Certificates	Recognition Communications Events/Programs	Benefit Packages
Increasing Retention/Loyalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Profitability/ROI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Acquisition/Referral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving Product Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving Teamwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Customer Satisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reinforcing Org. Values/Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motivating Specific Behaviors/Tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Positive Internal Communications/Buzz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE TURN PAGE

14. Please compare CASH and NON-CASH reward/recognition programs on how effective they are for motivating employees in each of the following job categories. The scale ranges from Cash is superior to Non-Cash is superior.

Job Categories	Cash Superior	Cash Better	Equally Effective	Non-Cash Better	Non-Cash Superior
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support Staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manufacturing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Call Centers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Once earned by employees, which type of reward/recognition program

Perceptual Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Earned once, CASH rewards become <i>expected</i> by employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earned once, NON-CASH rewards become <i>expected</i> by employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is hard to determine the ROI for NON-Cash programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is hard to determine the ROI for CASH programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash programs are short- rather than long-term in nature	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NON-Cash programs are short- rather than long-term in nature	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My organization has been very successful in utilizing CASH reward/recognition programs to motivate employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My organization has been very successful in utilizing NON-CASH reward/recognition programs to motivate employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. How does your organization measure the success of reward/recognition programs? **CHECK ALL THAT APPLY**

- Sales growth Employee turnover Tasks completed Employee surveys
 ROI Productivity Customer surveys Employee Attendance
 Customer acquisition Customer retention Market share Other _____

17. How many employees are there in your organization?

- < 100 100-499 500-999 1,000-2,499 2,500-4,999 5,000-9,999 10,000+

18. Which of the following BEST describes the type of reward/recognition programs you use?

- Individual-based Programs Team-based Programs Both Individual- and Team-based

19. What industry is your organization in?

- Manufacturing Finance/Insurance Retail Trade
 Healthcare/Social Assistance Utilities Public Administration Education
 Hospitality/Tourism Automotive Wholesale Trade
 Transportation/Warehousing Professional Services Other _____

20. What is your job title? _____

21. Are you actively involved in selecting reward/recognition programs at your company? Yes No

22. Does your company set a budget each year for reward/recognition programs? Yes No

If you are willing, please provide your name, phone, and email if we conduct follow-up surveys. **OPTIONAL**

Name: _____ Phone: _____ E-mail Address: _____

THANK YOU! PLEASE PUT COMPLETED SURVEY IN THE DROP BOX