

## WHEN IT PAYS TO USE INCENTIVE PROGRAMS

Non-cash incentive programs and fringe benefits can have a powerful influence on attitudes, which should in turn improve results. You can give employees the greatest incentive program, but by impairing a sense of ownership in the organization.

If you don't know what kind of incentive programs to employ so as to motivate your people to work and increase productivity, here are some tips that you can use:

### 1. Sharing the shares.

Use share schemes as an incentive program to reward people for contributing to team success.

An employee who sees his or her efforts rewarded in company shares will, in theory, identify with the company, be committed to its success, and perform more effectively.

In reality, it may be hard to tell whether the company's success is due to employees owning shares, or whether the success itself has led the company to issue shares. It is also difficult to know whether employees would have performed less effectively if no shares had changed hands.

Nevertheless, by giving people a stake in the company as an incentive program, you are making a highly positive statement about them, which encourages them to feel positive in return.

### 2. Gifts are not just for Christmas.

Surprise people with gifts they do not expect. Expected remuneration has less impact than the unexpected. Even generous pay rises are taken for granted after a while, as salary wishes increase accordingly.

Incentive programs like a far smaller "payment," in the form of a gift, have an unequal worth in the eyes of the recipient. An employee could use a cash award to buy a gift, perhaps a weekend vacation, but that would provide less satisfaction than an incentive program in kind from the management as a reward for work well done.

Consider this, which incentive program is better: A company called for a special meeting for all of the employees that had achieved the sales quota for the month. In the meeting, the company announced that the incentive is a gift certificate. They went to the Accounting Department, as instructed, signed their name, and off they go.

Or: The company gave them a specialized mug embossed with the word "Congratulations," plus a special card with a special message personally written by the manager.

Between the two incentive programs, the latter is more appreciative. Gift certificates could be a good incentive program but it is sometimes taxable, so they get only a fraction of what was written on it. Plus, the first incentive program is more rigid, lacks personalization and appreciation.

On the other hand, the second incentive program is far more favourable. A more specialized and personalized gift idea as incentive program can be more appreciated. It makes your employee feel that they are individually valued especially if it comes with a "thank you" note.

Best of all, presents are also a better incentive program and a cost-effective method of motivating staff when cash is short or when competition does not allow an increased pay.

### 3. Optimizing benefits.

Fringe benefits have become a much less effective incentive program financially in many countries because of tax charges, as mentioned earlier.

Good pension schemes, however, have become more attractive as an incentive program wherever state-funded provision falls. The same applies to medical insurance. The knowledge that the company cares for its people in sickness, health, and old age is a basic yet a powerful factor.

Other benefits, such as company cars, paternity leave, vacations, and help with children's education and care as incentive programs can improve the quality of people's lives. Electronic devices, from mobile phones to computers, directly benefit the company, but as an incentive program, the individual also gains personally from their availability.

Ultimately, loyal and happy employees tend to work harder, leading to increased overall productivity.

### 4. Bequeath status.

The modern company, with its flat structure, horizontal management, and open style, avoids status symbols that are divisive and counter-productive. Reserve parking places and separate dining rooms are rightly avoided.

However, important-sounding job titles are easy and economical forms of incentive program at the same time a better way of providing recognition and psychological satisfaction.

So, now you know that incentive programs don't necessarily mean it has to be in the monetary form. Do remember that giving people incentive programs of any kind sends a very positive signal. As they say, it's the thought that counts.