

DO YOUR FINANCIAL INCENTIVES EVEN WORK?

Impactful Non-Monetary Motivational Techniques

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Gone are the days when monetary incentives alone motivated employees or boosted their productivity. With the changing work culture it has become increasingly important for companies to come up with new and innovative ways to attract and retain employees. Career analyst and author, Dan Pink advocated that there is a mismatch between what social sciences know and what business does, with regard to motivating employees. Financial incentives are known to be effective only in case of routine, mechanical and focus driven tasks with a clear set of rules. But for tasks that require creativity and critical thinking, financial incentives alone are not effective.

In his study of 51 Pay for Performance plans of companies, Dr. Bernd Irlenbusch of London School of Economics said “We find that financial incentives can result in a negative impact on overall performance”. They narrow our perspectives and lead to constrictions which adversely affect productivity and overall satisfaction. Hence this mechanistic reward and punishment approach often does not work for high thinking and creative tasks of the 21st century.

Two American consultants came up with a concept called ROWE (Result Only Work Environment) according to which employees are given flexibility to work from anywhere. This resulted in an increase in employees’ productivity and satisfaction and reduced employee turnover. Similarly, an Australian Software Company allowed its engineers to work in open environment on a project of their choice and present it to the company. This led to a lot of innovative hacks and debugs which would have never been discovered otherwise.

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Based on the study of employee retention and motivation, here are some powerful and applicable Non-Monetary motivational techniques:

1. Tailored Motivational Programs

Every employee at the work place has difference aspirations and personalities. An incentive might work well with a specific employee but for another it might hinder creativity. Hence, it's important that the manager analyses each employee's needs and motivates them accordingly.

2. Cross Training

Two employees who are in the same department might have different skills and talents. Through cross training, they can boost each other's abilities. This leads to increased productivity and creates a work friendly environment.

3. Flexibility to work

Google adopted a 20% time scheme where the employees are allowed to work on any idea or task that requires critical thinking and creative freedom. This proved to be a remarkably successful scheme as it led to the invention of many of the Google's successful products such as Gmail, Google News and Orkut.

4. Career Growth Planning

Career growth planning not only proves to be a boon to employees but employers as well. It meets the employees' need for growth and development and improves their performance towards the company's goals. A career growth plan involves assessment of the employee, individual career mapping and exploring opportunities within the company.

5. Redesign a job

This is an extension to career planning. Once the employee is assessed by the HR manager and his/

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her strengths and weakness have been identified, the manager can then redesign the employees' jobs in a way that empowers them to work efficiently towards their career goals.

6. Employee Recognition

In most companies, managers focus on getting work done without acknowledging or recognizing the employees who have worked hard. Studies have shown that when an employee is recognized and his work is valued, his performance and satisfaction increases. Some ways to recognize employees are conducting quarterly award events and offering rewards based on specific interests e.g. Gym membership, travel packages or tickets to theatre shows.

7. Productive leisure

Creative brainstorming sessions, outdoor team building activities or an indoor game of snooker can be great stress busters and allow engagement among the team members leading to overall satisfaction and boost of morale.

8. Creating a sense of belongingness

Lastly, there is nothing that retains an employee other than the feeling that he/she is a part of the company. This can be done by promoting shared team visions and encouraging employees to contribute their ideas and aspirations for the company.

‘We have three innate psychological needs – competence, autonomy, and relatedness. When those needs are satisfied, we’re motivated, productive, and happy.’ Daniel H. Pink, Drive: The Surprising Truth About What Motivates Us **BIG**

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