

## **Cash Incentives Not Always the Best Employee Motivator**

**Incentive Research Foundation/Incentive Federation Study Finds Tangible Awards Often More Effective**

St. Louis – Sept. 26, 2011 – The widely held belief that cash incentive awards are always the most effective employee motivator has been questioned in a new research review conducted by the [Incentive Research Foundation](#) (IRF) and the [Incentive Federation](#). Examining a wide variety of studies in various industries, the audit found that non-cash awards can actually capture an employee's imagination better than cash – thereby motivating them to increase performance. For business executives focused on the bottom line this study proves extremely valuable and forces the question, "Does your company have the right award mix in place?"

"When used properly non-cash awards, like merchandise and travel, have indeed proven to be more effective and therefore more efficient than traditional forms of compensation when used properly in a total-rewards mix," said IRF President Melissa Van Dyke. "Our research review showed that non-cash's influence over people can often be more powerful—and as such more profitable—than cash alternatives."

Van Dyke said non-cash incentives such as travel, entertainment and merchandise, are being increasingly used by smart businesses as a way to control spending and motivate employees. "It is a real competitive tool in an economy defined by growing austerity," says Van Dyke.

According to Incentive Federation Chairman Karen Renk, it is incumbent on the incentive and recognition community to teach the nuts and bolts of non-cash strategies to business leaders and demonstrate how they can serve in a game-changing way.

"The current business economy is challenging everyone," said Renk. "Like any other business expense, the funding of reward programs attracts intense scrutiny from business leaders looking to slash costs. For that reason the importance of these findings cannot be over stressed: travel and merchandise awards often produce greater bottom-line benefits than other incentive alternatives. It is nothing short of a game changer."

Jeff Broudy, chairman of the IRF board of trustees, concurs. He said such measurable outcomes include increased sales, decreased waste and reduced absenteeism.

"Tangible awards capture employee attention," Broudy said. "That attention yields better performance and drives several practical business outcomes. The old notion that cash is preferred by employees and is therefore always more impactful is not true. Businesses need to change with the times and their awards strategies must as well."

The full findings outlined in [\*The State of Tangible Incentive Research: the Use of Tangible Incentives\*](#) are available at the IRF's website ([www.theirf.org](http://www.theirf.org)) or by visiting <http://theirf.org/6079184.html>.

### **About the IRF**

The Incentive Research Foundation ([www.TheIRF.org](http://www.TheIRF.org)) funds and promotes research to advance the science and enhance the awareness and appropriate application of motivation and incentives in business and industry globally. The goal is to increase the understanding, effective use, and resultant benefits of incentives to businesses that currently use incentives and others interested in improved performance.

### **About The Incentive Federation**

Founded in 1984, the Incentive Federation is the umbrella legislative organization for the incentive field representing national trade associations, trade publications, and national trade shows. It is the only organization whose membership includes all of the industry's national trade associations and individual companies. The Incentive Marketing Association, the Promotional Products Association International, Recognition Professionals International, The Incentive Research Foundation, and SITE International Foundation are active members. More information can be found at: <http://www.incentivefederation.org/>

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