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HOW TO RECOGNIZE & REWARD EMPLOYEES

Donna Deeprise

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GUIDELINE 4

RECOGNIZE BEHAVIORS AS WELL AS OUTCOMES

What gets rewarded in your organization—outcomes or behaviors?

EXERCISE 7 YOUR ORGANIZATION'S REWARD SYSTEM

To determine the answer to this question, make a list of all the forms of recognition and rewards you can recall presenting, receiving, or observing during the past several months. Your list should range from pats on the back to raises, bonuses, and promotions on to big awards like Employee of the Year.

Next to each item, describe what the recipient did to earn it.

Finally, in the third column, classify each winning performance as behavior or outcome. For example, arriving on time every day falls under behavior. A 10 percent improvement in productivity is an outcome. Responding calmly and politely to irate customers is behavior. A 20 percent decrease in the number of complaint letters from customers is an outcome.

Behavior
or Outcome?

Recognition/Reward

What Earned It

If your organization is like most, it probably recognizes and rewards outcomes more than behaviors. Maybe that's a fallout from our long-term romance with management by objectives, or maybe it's a by-product of the empowerment movement. From either point of view, rewarding employees for specific behaviors may give the impression of trying to

Several years ago, an IBM junior executive lost more than \$10 million in a risky venture for the company. When the contractor young man offered his resignation, Tom Watson, the company's founder, replied, "You can't be serious. We've just spent \$10 million educating you."

control their behavior rather than allowing them the right to choose their own methods for accomplishing their goals. Or concentrating on outcomes could be the inevitable result of our focus on the bottom line.

There's nothing wrong with rewarding outcomes. If you've classified all your rewards as outcome-based, every one of them was probably worthwhile. But if your organization skimps on recognizing desirable behavior, you are missing opportunities to improve employees' perceptions of the equity equations, to motivate them to improve their skills, work habits, and processes, and to clarify for them what behaviors the organization values.

By recognizing and rewarding employees' behavior, you can:

- Support a culture change in the organization. If you want people in your organization to find it natural to cooperate rather than compete with coworkers, to take prudent risks rather than stick to the tried and true, and to take responsibility, you must recognize such changes when you see them, not wait for an outcome to occur.
- Sustain workers' interest in and excitement about a project that has a long time frame before results occur.
- Reward employees fairly if the outcome of their efforts is negative through no fault of their own—if, for example, someone else falls down on the job or a project gets canceled because company priorities change.
- Reinforce behavior changes made by unsatisfactory or borderline performers.

MOTIVATING NONSUPERSTARS

The chapter on "Motivation" in Part I recommended using recognition and rewards to encourage performance improvement by unsatisfactory workers. If you wait for a significant change in outcome, you may never get a chance to recognize

or reward the employee you want to motivate. Without reinforcement, a poor performer is unlikely to sustain a behavior change long enough to accomplish an improved outcome.

A small gift for an employee who works through lunch one day (however reluctantly), praise for correcting mistakes without being told, a nonsarcastic thank-you for arriving on time for a change—all these are rewards for small behavior shifts. An employee who receives reinforcement for one change may try another, and then another, until all of them add up to the performance improvement you are looking for. Eventually you may get an outcome worthy of celebration.

A BAKER'S DOZEN OF BEHAVIORS WORTH RECOGNIZING

- Learning new skills
- Pitching in to help a coworker
- Mediating a conflict
- Volunteering for grunge work
- Giving a customer extra attention
- Mentoring a new employee
- Tackling a problem in a fresh way
- Making people laugh in a stressful situation
- Sharing information
- Taking notes in a meeting
- Perfect attendance
- Adapting willingly to change
- Cross-training another employee

... and all the other behaviors mentioned throughout this book.

EXERCISE 8 RECOGNIZING YOUR EMPLOYEES' EFFORTS

What have your employees done recently that deserves recognition even if they don't yet have outstanding outcomes to show for their efforts? If you think about it, you can probably come up with at least one situation for each employee in which the person put forth more effort than usual. How did you reward that effort? If you didn't recognize it at the time, what could you do now?

Employee	Behavior	Recognition or Reward

GUIDELINE 8

FOSTER INTRINSIC REWARDS

When we talk about rewards employees can earn for their work, we are usually referring to things provided by the organization, by the manager, or by others in recognition of the job done. These are *extrinsic* rewards.

But there are other kinds of rewards, which many consider much more powerful. These are *intrinsic* rewards, and they come from within the individual. Intrinsic rewards are the good feelings people get from the work itself, feelings like enjoyment from the very act of performing the tasks involved, excitement about confronting and overcoming challenges, satisfaction in helping others or accomplishing something worthwhile, and pride in doing a job well. These are the rewards that inspire missionaries and artists and theoretical scientists. And they are the rewards that keep an employee working late on a project even when there is no expectation of overtime pay.

You can pinpoint the difference between extrinsic and intrinsic rewards if you think about what you get from your own job. What tasks do you do primarily because of the money, other tangible paybacks, or praise from others for doing them? List three such tasks here:

1. _____
2. _____
3. _____

What tasks do you do primarily because of the good feelings you get from doing them? List three such tasks here:

1. _____
2. _____
3. _____

Your job, like most, probably provides you with some of both kinds of reward. Without the first, you couldn't afford to stay on the job. Without the second, you'd hate it.

WHAT CAN A MANAGER DO?

If intrinsic rewards come from within the individual, does this let the organization and the manager off the hook? Hardly. You can't hand out intrinsic rewards on Awards Night or put them in a paycheck. But, as a manager, you can do a number of things to create an environment in your work unit where:

- Work is more fun. Yes, fun. It's not a dirty word.
- Employees know that the work they do is meaningful and worthwhile.
- Problems are viewed as challenges, not restraints.
- It's OK for employees to try new ways of doing tasks and to do new tasks that interest them.
- Employees know when they've done a good job.

In this kind of environment, workers will experience intrinsic motivation!

EXERCISE 13 PAVING THE WAY TO INTRINSIC REWARDS

For each question below, pick the answer or answers that offer opportunities for employees to experience intrinsic rewards.

1. To make a task more fun, would you:
 - a. Start a regular Friday pizza lunch for the entire work unit?
 - b. Encourage people doing the task to work in small teams and to identify and implement creative new ways of accomplishing the task more effectively?
 - c. Have a monthly drawing for two tickets to an evening's entertainment?
2. To ensure that employees know that the work they do is important, would you:
 - a. Give a monthly bonus to the individual or team that saves the organization the most money?
 - b. Trace the outcome of their efforts beyond their own tasks, emphasizing the impact of their contributions? Fill them in on the outcomes of the letters they typed, the reports they helped write, the products they made parts for?
 - c. Treat employees who do routine tasks with the same dignity and respect you show those who do high-profile, creative work?
3. To encourage employees to view problems as challenges, not as restraints, would you:
 - a. Respond with interest and enthusiasm rather than with dismay and discouragement when employees come to you with problems and potential solutions?
 - b. Give a reward to the person who comes up with the best solution to a problem?
 - c. Discourage people from telling you about problems until after they are solved?
4. To demonstrate to employees that you welcome their innovations, would you:
 - a. Support their ideas with resources and time

- and by running interference with upper management and other work units if necessary?
- b. When new ideas don't work, look for lessons the employee can apply to his next innovation rather than punishing the person for failure?
 - c. Give bonuses to employees who develop innovative approaches for doing their work better?
5. So that employees know when they've done a good job, would you:
 - a. Hold periodic progress review sessions in which they do most of the talking?
 - b. Give them high grades at performance appraisal time?
 - c. Give them the tools with which to do their own quality control?

Answers and Analysis

The best suggestions for creating an environment in which work is intrinsically rewarding are: 1. *b*; 2. *b*, *c*; 3. *a*; 4. *a*, *b*; 5. *a*, *c*. Most of the other answers are not all "bad." Some of them are effective ways to recognize and reward employees, but they involve extrinsic, not intrinsic, rewards. You'll see this as we analyze each question individually.

Question 1: Answer *a*, recommending Friday pizza lunches, is a good example of an idea that might well boost morale in the work unit. But, although it may make Fridays on the job more fun, it won't change the nature of the work one bit. Nor would *c*, the monthly drawing, although that might be a nice way to show your appreciation of the whole group's efforts.

Only *b*, giving employees an opportunity to work together, which is often more fun than working alone, and to be creative, which is why many people enjoy hobbies, has the potential to make work more fun.

Question 2: Answer *a* has two strikes against it in this exercise. First, it's an extrinsic, not an intrinsic, reward. Second, since it's a prize for a competition, it does nothing to show the nonwinners that their work too is important. In fact, it may do just the opposite; after losing a few times, very able workers doing significant work may begin to get the idea that their efforts don't count.

Answers *b* and *c* are particularly important for people in support roles, who rarely get credit for the work unit's output and who too often are treated as pairs of hands rather than as thinking people with a stake in the organization's success.

Question 3: Managers who take approach *a* set an example for their employees. By their actions they give the impression that, sure this problem changes things, but it makes the project all the more interesting.

Answer *b*, like *2a*, above, is both extrinsic and exclusive. Answer *c* is just plain bad management. It's an approach that encourages employees to hide their problems, often until it's too late to solve them.

Question 4: Answer *a* involves some management tasks that pave the way for employee success as well as intrinsic rewards. These are tasks that involve "serving" the employee. If that sounds like a twist, heed the words of Max DePree, chairman of the highly admired Fortune 500 company Herman Miller, Inc., and author of an equally admired book on management, *Leadership Is an Art*. "The first responsibility of a leader is to define reality," writes DePree. "The last is to say thank you. In between, the leader is a servant."

Answer *b* reminds managers that asking for innovation but punishing people when it doesn't work sends an immobilizing mixed message. To enjoy trying new things, employees must be free of fear about outcomes.

If you have the resources to give bonuses (answer *c*), they may be an effective extrinsic reward, but they won't improve the intrinsic rewards inherent in the work itself.

Question 5: Why does answer *a* specify that employees should do most of the talking at progress review meetings? Because, by inviting employees to tell you about specific things they are doing right, you are encouraging them to draw upon their own good feelings about their work and thus reinforcing their convictions that they are doing well. To help them retain these convictions you do need to confirm them and to add your own positive feedback, as well as to help employees work out any problems that come up in the review sessions.

Answer *b*, like *4c* above, is an extrinsic, not an intrinsic, reward, although it is an important one that got attention in an earlier chapter.

Companies that do the best job of quality control make it the responsibility of the person performing the task. When you give people the tools to control the quality of their own work (answer *c*), you are also giving them the tools to confirm for themselves that they are doing their job well.

UNLEASHING INTRINSIC REWARDS THROUGH EMPOWERMENT

With power to pursue their innovative ideas, use their best skills, and make important contributions to the organization, employees also have an increased potential for experiencing intrinsic rewards—feelings of satisfaction about their work. For many employees, power itself is an intrinsic reward.

But what's in all this for managers? Doesn't empowering employees diminish their own power? Not at all. Power is not a zero sum game. Empowered employees working creatively produce a more powerful work unit, thus increasing the power of the manager.

You can expand the power of your employees, your work unit, and yourself by:

- Giving them authority to set goals, make decisions, and solve problems.

- Helping them to obtain necessary resources.
- Facilitating their access to people (including yourself, upper management, people in other parts of the company) whose help and cooperation they need to accomplish their work.
- Providing information. If your organization is in a state of continuous change, both you and your employees may feel powerless because you don't know what is going on. You can empower yourself and your employees if you relentlessly pursue information about your company's mission, plans, financial status, and progress toward meeting its goals.

ENRICHING A JOB TO INCREASE INTRINSIC MOTIVATION

You've read advice about making mundane jobs more interesting through job enrichment—that is, increasing the scope of the job and providing more opportunities for challenging work. All that advice is in line with this chapter's call to create an environment in which work is intrinsically rewarding. But you must be careful to distinguish between job enrichment and job loading, which merely enlarges the perceived meaninglessness of a job.

Be sure that, in the name of job enrichment, you don't just:

- Add another routine task to the existing ones. An employee who is bored with filing probably won't get satisfaction out of an additional assignment to distribute the department mail twice a day.
- Increase the amount of production expected. Don't reward an employee who can write 100 orders a day by expecting that person to write 150.
- Rotate the person to another equally boring job.

Instead, you can enrich an employee's job—and increase the likelihood that the person will find it intrinsically rewarding—by providing:

- An opportunity to handle a project from beginning to end, producing an output the employee can point to with pride and say, "I did that."
- A chance to develop new skills and demonstrate new competencies.
- Rotation to a project with high visibility in the organization.