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What non-financial rewards are successful motivators?

Leading industry experts answer your strategic queries

Most employers recognize that employees need to be managed holistically to ensure they are productive, motivated and loyal. This involves ensuring their work is appropriate and satisfying, recognizing exceptional performance or hard work, motivating employees to work productively, encouraging loyalty and fostering a positive culture in the workplace. Employers often choose a combination of financial and non-financial rewards and incentives. This is known as the “total reward” approach.

What are non-financial rewards?

Non-financial rewards are benefits given to employees for good performance or loyalty. They are not to be confused with incentives, which encourage good performance and loyalty by way of retention, although there is clearly scope for overlap between the two. Examples of non-financial rewards include team events, subsidized meals or services, non-work training or education, additional holiday and reduced hours.

Show me the money

Most employers recognize that paying at or above market-levels is not sufficient to encourage and motivate staff. Moreover, focusing solely on pay and remuneration may encourage disaffection in the workplace as employees feel they are made to work harder in a less happy environment. Employers may also find that the initial beneficial effects of giving a pay rise or a cash bonus are lost fairly quickly. Conversely, employees will be quick to spot the use of non-financial rewards as compensation for poor pay. Employers will lose out on the motivational element of non-financial rewards if they justify below market-levels of pay with non-financial benefits.

What non-financial rewards to offer

Employees can be motivated in many different non-financial ways and employers should tailor rewards to their workforce. It may be difficult to choose which rewards are the best motivators as this is likely to be subjective. Consulting staff about particular rewards they would like to receive is a useful option. The better approach may be to offer employees a choice of rewards, similar to offering flexible benefits.

Rewarding exceptional performance and hard work can be as obvious as thanking employees and acknowledging publicly their efforts. It can also include granting promotions, increasing insurance cover, holding team events such as quiz nights or team lunches/dinners, granting paid days out such as trips to sporting events or concerts, providing good career management and ensuring employees are given clear career paths,

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offering training to assist with promotion applications and offering courses to learn new skills or languages.

Employees should be given incentives, as well as rewards. This helps keep them motivated for future performance. Having in place incentive arrangements, such as additional holidays or shorter working hours on Fridays, will also serve to keep employees motivated by rewarding them for exceeding targets or providing exceptional performance.

Employers are increasingly considering offering flexible working to enable employees to accommodate commitments to their children or undertake outside hobbies and to promote good work-life balances. These structures could be ad hoc, such as allowing employees to leave work early to attend school plays or other school functions.

Alternatively, they may be more formal reduced working hours arrangements, such as allowing employees to work part-time to study or teach a course or undertake a hobby. The latter will normally also involve a reduction in pay, which may also serve the employer's interests. The former is likely to be a genuine reward.

Devising a reward system

Non-financial reward systems should be easy to understand, transparent and objective. Employees should be treated equally when it comes to receiving perks such as additional holidays or shorter working hours on Friday. Showing overt favoritism could negate the motivational intent of these systems. For example, in a target-based environment, giving employees a free day's holiday or a half-day on Friday when they exceed their monthly targets acts as both a reward and an incentive. All employees are able to strive for the reward and are treated equally if they are successful. There is no discretionary element to this type of reward system.

In conclusion, there are numerous ways to consider motivating employees in non-financial ways. It may be worthwhile asking staff what rewards are important to them. Implementing reward systems should be straightforward. They are likely to reap benefits fairly quickly and the benefits of a well-motivated workforce should not be underestimated.

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