

Incentive schemes or cash?

Employers often don't know whether to offer **incentive schemes** (such as travel, trips, excursions, social events, merchandise) or cash to help their company achieve its goals. When you ask employees what they want, they generally say 'more money' – but salary increases or **annual bonuses** are not always the best way to **motivate staff**. **Non-cash rewards** such as merchandise and travel can be a far more effective way to **improve performance**, **boost staff morale** and **foster company loyalty**.

Why do non-cash incentive schemes work better?

- They provide a lasting reminder of the **achievement** and the positive feelings that go with it.
- They offer rewards that can be shown to others or talked about – and it is socially acceptable to 'boast' about the achievement. The same certainly cannot be said for cash.
- They provide a guilt-free form of reward, often something employees would not otherwise do or buy, whereas they may feel guilty for not spending cash on necessities.
- They have a higher perceived value. The actual cash value is secondary to the **recognition**.
- The employee's family is often involved in the reward selection and the reward chosen may **benefit** the whole family.
- Extra cash in the monthly pay packet disappears into the bank account or wallet. In fact, 72% of people receiving cash rewards use it to pay bills, can't remember what they spent it on, or don't even know they received it!

3 Read the text again and answer questions 1–4.

- 1 What are the advantages of incentive schemes for employers?
- 2 What are the advantages of non-cash incentives for employees?
- 3 What are the disadvantages of cash rewards?
- 4 Do *you* think incentive schemes are better than cash rewards? Why or why not?

4 Match the phrases in **bold** in the text to these definitions.

- 1 encourage employees to want to work harder: _____
- 2 something done well by your own effort or skill: _____
- 3 make employees feel better about themselves and their work: _____
- 4 praise and reward for something you have done: _____
- 5 make people work more efficiently: _____
- 6 programmes that provide extra rewards for good work: _____
- 7 be useful to someone or improve their life in some way: _____
- 8 bonuses that do not involve money: _____
- 9 encourage commitment to the company: _____
- 10 extra money for good work – added to salary once a year: _____

*profit-sharing scheme fulfilment company car autonomy feel valued
 be acknowledged commission staff discount attendance reward appreciation
 on-time bonus compensation plan positive feedback (personal) development
 praise satisfaction private medical insurance non-contributory pension plan*

Material benefits	Non-material benefits

Which material benefits are standard in Ukraine? Which are additional benefits?

How do they vary according to the profession?

How important are non-material; benefits?