INTRODUCTION

In today’s fast-paced business world, companies are faced with the challenge of motivating and retaining employees. Through this challenge a variety of practices have been created to aid in employee motivation and retention; however, some of these practices are proven more effective than others.

FINDINGS

METHODS OF MOTIVATION

Two types of employee motivation techniques that commonly occur in companies today are monetary and non-monetary The goal of each of these methods is to reward employees for a job well done, encourage productivity and satisfaction, increase employee retention, and reduce employee turnover.

Monetary

Monetary awards are often given as a means of rewarding or recognizing an employee’s accomplishments. Some types of monetary recognition include

Cash bonuses

Incentive pay

Profit sharing

Stock rewards/options

These methods of employee motivation, although quick and easy, have little impact on employee performance and retention. This type of motivation often answers an employee’s financial need rather than contributing to his or her emotional fulfillment. Monetary means of motivation eat away at the company’s bottom line and may have a negative impact by promoting ill-will among co-workers, departments, and/or teams, continued expectation of monetary compensation, and individuals becoming less effectiveness over time. It is important to consider all factors when implementing an employee motivation program.

If monetary awards are to be used as a method of employee motivation, then the following criteria should be met.

Objectives of compensation are clearly communicated

Supports individual and company objectives via performance management systems

Provides incentive compensation to maximize results

Provides appropriate mix of cash and other awards

Monetary means of motivation have always played a role in the business world. However, motivation of this type over time will become a de-motivating factor and result in decreased employee retention and performance.

Non-Monetary

Non-monetary methods of recognition are often times a more effective means of motivation than monetary awards of recognition. Non-monetary rewards should form one important part of a complete [employee recognition program](http://www.101rewards.com/employee-recognition-program.html) along with monetary rewards.  Each motivates employees differently.  Non-monetary rewards can be used for either individual or [team rewards](http://www.101rewards.com/index.html). Mary Kay Ash of Mary Kay Cosmetics states, “There are two things people want more than money… recognition and praise” Motivating without money takes the right combination of management and leadership skills.

Communication

Communication ultimately increases satisfaction, reduces turnover, and improves productivity.

“Communication is the glue that connects the organization and its members. Communicating with employees through newsletters, email, presentations, and branding increases an employee’s feeling of empowerment”

Recognition

Whether through a formal recognition program or by simply taking an opportunity to recognize an individual, team, or department success, some type of recognition program sets the tone for the entire organization. Some recognition programs include

Peer-to-peer recognition

Attendance awards

Outstanding employee award

A-C-T-I-O-N award

Growth

The goal of most organizations is to give employees the opportunity to grow themselves and their career in a way the supports the organizations objectives. However, despite good intentions a study shows that only 55% of employees feel that their company cares about their long-term growth Companies use some of the following growth techniques to aid in the motivation of employees:

Respect

Companies who strive to treat employees with respect understand the basic idea of employees is the key to our success–we had better treat them with respect if we want to keep them and keep them doing their best. A survey of companies revealed that 44% of employees felt that their company shows a genuine care and concerns for them, and only 24% of employees view themselves as truly loyal. Some types of employee respect extend to (1) respecting employees abilities, (2) earning trust, (3) understanding balance between work and life, and (4) encouraging diversity in the workplace.

Leadership

Leaders within a company set the tone for the organization and have the main responsibility to recognize, grow, respect, and communicate with employees. Studies have shown that the primary reason employees leave their jobs is because of relationship with their direct supervisor. A 1997 survey by The Gallup Group reports that one in four employees if given the opportunity would fire their boss due to lack of leadership Some effective ways to provide company leadership and motivate employees are through communication, recognize and recognition, and dealing with difficult issues.

SUMMARY

Throughout business a variety of employee motivation and retention practices are used. Although monetary methods seem to be the most widely used, often times they are not the most successful. However, through a blend of communication, recognition, growth, respect, and leadership coupled with some monetary motivation practices, companies can realize full success with employee motivation programs. Motivated employees do their jobs better and have a higher-rate of longevity with the organization than unmotivated employees.