

Spending Cash Rewards

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Which motivates better, cash or non-cash rewards? This has been a heated debate among the users of incentives for decades or longer. While many believe cash to be the superior employee reward, yet another survey illustrates that non-cash is the better of the two.

The Fenton, M.O. based *American Express Incentives Services (AEIS)* recently surveyed more than 1,000 Americans, asking them what they did with their last cash award, incentive, or bonus.

Many respondents couldn't even remember, thus defeating the purpose of the award to begin with. These results should prove troubling for proponents of cash awards. "The cash reward gets lost whether its spent on bills, household items, or even deposited into the savings account," says David Carrithers, cio of *AEIS*.

Cash becomes *shadow compensation*, according to Carrithers. "It gets commingled with the rest of the funds, even for those with the best intentions. They say, 'I'm going to use this for a trip or a nice dinner,' but it ends up being piled together with the rest of their money and goes to the bills. Then there's nothing left of the reward and it's forgotten."

"I've been at companies where they had cash programs and they didn't work well."

Experienced incentive users find other awards such as incentive travel to be a far more successful method of motivation. "On the recognition side, trips and other awards go further than money," says Harold Owens, coo of the Greenville, S.C. based *World Acceptance Corp.*, a consumer finance company. "A thousand dollars can only go so far because often the employees will have nothing to show for it. With a trip there are memories."

Those who have tried cash and failed have seen it all before. "I've been at companies where they had cash programs and they didn't work well," says Owens. ♦

- 29%** Paid bills
- 18%** Could not remember
- 11%** Bought a gift for a family member
- 11%** Deposited into savings account
- 11%** Purchased a household item
- 5%** Took a vacation

