

# The Case Against Cash

## The Employee Reward Strategy that is NOT Rewarding for Your Business

If your company is looking into or currently has a motivation or incentives strategy for your employees, it can be assumed that you either practice or have considered practicing cash rewards for employees. You may have even polled them or

surveyed them to see what it is that would motivate them or be the best reward they can receive. The answer in most cases would be that they would prefer cash over merchandise or travel. You can never have too much money can you? (This question is not relevant to Bill Gates, Oprah, Warren Buffet, etc.) While this may be what the employee SAYS will motivate them the most or give them the greatest satisfaction, vast amounts of studies have shown that this is an ineffective way to motivate and reward them.



Giving employees cash in addition to their base pay or commission is an ineffective way to motivate. Ultimately, the employee lumps it in with the rest of their money, pays a bill or



### Reward with Merchandise

The apparent value of a gift must be high when rewarding and incentivizing your employees. If they do not perceive the value of their reward to be worthwhile they will not be motivated, feel recognized, or appreciate the meaning behind the gift. Bukoo Gifts gives them the opportunity to choose their gift from the price you select without letting them know the actual cost. They can then choose the gift from that selection that has the highest value to them.



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goes to the grocery with it and has nothing to show for it. He/she is not reminded much past getting the money in his hand of what was accomplished to get that reward.

When rewarding employees with merchandise, then they will forever be reminded when they see these items or see these items of how they did great in a sales contest, or lost the most weight in the company competition, or how they went 1 month, 2 months, etc. without an injury on the job. When they know why they got it before, those behaviors and motivation will be instilled for much longer, having a stronger effect on your business practices.

As a business, you want the employee to value their rewards, but it also must be worthwhile to the business, advancing your mission and accomplishing company goals. When receiving money as a reward, eventually they will come to expect it, appreciate it less, and value the purpose of the award or incentive even less. Take the NBA or NFL for example. Many people agree they already receive ridiculous sums of money to play sports, yet now both associations are dealing with lock-outs and

hold-outs for more money. When you open the door for monetary incentives and rewards, there is always room for more to be expected. They begin to see it as what should be an increase in pay instead of a one time reward or bonus.

There is also the fact of being able to show your peers your trophy. When people get cash bonuses they don't typically walk around the office holding up their check or showing the envelope of cash. Most people would see that as tacky in a lot of situations. However, it is much less of a faux pas to walk around the office showing off your new iPad or tell people about the awesome camping gear you won and are going to use this weekend. Much of the motivation from rewards comes from being able to show the others the trophy be it a plaque or a nice stereo. This not only encourages the person who received it to keep earning that item with strong work ethic and good behaviors because they see that reward continuously, but it also encourages the other employees to say "Hey I want what he's got".

## Cash and monetary rewards are typically taxed much more than a gift of merchandise.

Money also has other negative effects on the employee. Cash and monetary rewards are typically taxed much more than a gift of merchandise. You do not want the employee to feel like they have to pay for their reward. It lowers the value and their desire to even receive the gift if they have to pay higher taxes for it.

There is also the situation that may arise in which an employee thinks that the amount a company gives is not enough. He or she may believe they deserved a larger bonus or reward for their extended effort or accomplishment and may actually resent the reward. With merchandise rewards, they may be able to find the approximate value of the gift, but there is less of a chance of the backlash that may come from telling them exactly how much their service is valued.

Be sure to consider what's best for the employee AND for the business when discussing recognition and rewards. Get them something they may not normally treat themselves to and treat your business to longer lasting motivation in your employees. This will go a long way in accomplishing business goals, perpetuating your company mission, and increasing employee retention.



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