

# Nonfinancial recognition: exploring employees' preferences in a South African information technology organisation

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## Abstract

*The pressures of tighter labour market conditions in the information technology (IT) industry in particular and the resultant challenge of recruiting, retaining and motivating valuable staff without substantially increasing pay levels have led to a renewed interest in nonfinancial recognition initiatives. This research investigated employees' preferences regarding a formal company nonfinancial recognition scheme in an IT organisational context. A sample of 758 employees from a large South African IT company participated. The Nonfinancial Initiatives Inventory was applied to achieve the objectives of the study. The findings revealed that participants from various sociodemographic groups differ significantly regarding the value they attach to the criteria associated with an effective formal company recognition scheme and the types of recognition incentives they prefer. The practical value of the results of this study lies in the design of a more effective reward and recognition incentive strategy for IT personnel and the possible retention of valuable staff within the IT environment.*

## 1 Introduction

Labour market trends in the information technology (IT) field have continued to present globally increased career opportunities from the perspective of IT professionals, and recruitment and retention challenges from the perspective of the organisation that employs these workers. As a result, research on the retention of employees in the IT environment has received considerable attention in the past 20 years (Gqubule 2006; Ramakrishna & Potosky 2002; Van der Merwe 2008). Given the emphasis on people as a key resource of competitive advantage, there has been an increasing trend for companies (and in particular the IT industry, which relies heavily on human skills) to implement more creative forms of corporate initiatives to attract and retain valuable employees and to "buy" their commitment (Fong & Shaffer 2003; Hall & Fourie 2007; Marchington & Wilkinson 2008). In this regard, organisational reward and recognition systems - both financial and nonfinancial - are acknowledged as key elements in a company's strategic approach to human resource management as these can influence

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a number of human resource processes and practices aimed at attracting and retaining high performing staff (Guthrie 2007; Rubino 2006). More specifically, research has shown that the types of reward offered to employees influence the recruitment and retention of high performers and reduce labour turnover (Guthrie 2007). Reward and recognition systems appear to have a motivational impact and positively influence the company's organisational culture and bottom line (Marchington & Wilkinson 2008; Nelson & Spitzer 2003). However, few studies have specifically examined employees' perceptions of the value they attach to various types of nonfinancial recognition awards and what they regard as an effective recognition scheme, particularly in the South African IT organisational context (Van der Merwe 2008).

According to Thompson (2002) and Gratton (2004), employers should acknowledge the importance of both monetary and nonmonetary reward and recognition initiatives in the motivation and retention of their employees. Employee motivation, levels of satisfaction and work performance are determined by the comparative strength of needs and expectations of various sociodemographic groups and the extent to which they are met (Aamodt 2007; Robinson 2006). Employees' needs and expectations can be related to certain aspects of extrinsic and intrinsic motivation. Extrinsic motivation relates to valued outcomes, which are external and provided by others, such as compensation, promotion, opportunities for learning and growth, praise and tangible forms of recognition. Intrinsic motivation is related to valued outcomes or benefits that come from individuals themselves, such as feelings of satisfaction, wellbeing, quality of work life, supervisor support, competence, self-esteem, accomplishment, respect, fair treatment, being kept informed and social recognition (Buchanan & Huczynski 2004; Kotze 2004; Luthans 2005; Robinson 2006). Research by Döckel, Basson and Coetzee (2006) indicates extrinsic and intrinsic factors such as compensation, supervisor support and work/life balance policies as significant factors in retaining high technology employees. Training and development and career opportunities were also found to be significant retention factors (Kochanski & Ledford 2001; McElroy 2001). However, Hall and Fourie (2007) and Parus (2002) emphasise that companies need to decrease their dependence on cash compensation and find creative (financial and nonfinancial) ways to recognise and reward employees in times of increasing wage gaps and skills shortages (such as those currently being experienced by the IT industry). Given the significance of reward and recognition in the motivation of employees, it seems vital to understand the value employees attach to non-financial recognition initiatives, particularly in the IT organisational context.

## **2 Aims of the study**

This research set out to investigate employees' preferences regarding the criteria associated with an effective company non-financial recognition scheme and types of recognition incentives in an IT organisational context. More specifically, the study aimed to explore whether there were differences regarding these preferences among various staff levels, job functions and sociodemographic groups.

There is substantial research to be found in the literature with regard to the elements or design principles that need to be taken into consideration when designing and implementing a nonfinancial recognition scheme, particularly with regard to incentive schemes for executives, middle managers, sales employees and lower level employees in the manufacturing and retailing industries (Arnolds & Venter 2007; Grigoiades & Bussin 2007; Scott, McMullen, Wallace & Morajda 2004). However, there appears to

be a paucity regarding South African research focusing on the IT industry (Van der Merwe 2008).

This research will firstly add theoretical value, as it will provide a perspective on the criteria associated with a nonfinancial recognition scheme, and will build towards a framework for types of nonfinancial recognition incentives for IT personnel. Secondly, this research will have practical value in that the results of this study will highlight elements to be considered in the design of a more effective reward and recognition incentive strategy for IT personnel and the possible retention of valuable staff within the IT environment.

### **3 Nonfinancial recognition**

Researchers generally regard both financial and nonfinancial rewards as incentives for motivating employees to accomplish the goals set by an organisation (Aamodt 2007; Marchington & Wilkinson 2008). The basis for incentive systems is operant conditioning principles, which state that employees will engage in behaviours for which they are rewarded and avoid behaviours for which they are punished (Aamodt 2007). Advocates of expectancy theory argue that individual employees will alter their behaviour (eg by working harder or prioritising their actions differently) if they believe that in doing so they will be rewarded with something they value. According to Torrington, Hall, Taylor and Atkinson (2009), employees perform better in the presence of incentive schemes.

Recognition is one of several types of nontangible or nonfinancial incentives that form an integral part of the total reward system of a company (Dessler 2009). The term "recognition scheme" usually refers to formal recognition programmes and initiatives aimed at strengthening employee loyalty and increasing employee intrinsic motivation and productivity by formally recognising employees' accomplishments in a personalised manner (Aamodt 2007; Dessler 2009; Marchington & Wilkinson 2008). Nonfinancial recognition rewards consists of both intrinsic and extrinsic motivation incentives (Armstrong & Murlis 1994). Studies conducted by Peterson and Luthans (2006) show that nonfinancial recognition initiatives aimed at strengthening employees' intrinsic motivation (by fulfilling their need for challenge, responsibility, decision-making, variety, social recognition and career opportunities either alone or in conjunction with financial rewards) have a positive impact on performance (Armstrong & Murlis 1994; Luthans 2005; Odendaal 2009). Research by Arnolds and Venter (2007) also suggests that whereas financial and other tangible incentives such as pay, benefits and praise may be more motivating in the short term, in the long run, nonfinancial incentives such as challenging and interesting tasks and various forms of genuine social reinforcers in the form of formal and informal organisational rewards (contingently administered for performance of the target behaviour), are more motivating. Moreover, receiving extrinsic rewards only may even result in a decrease in intrinsic motivation on future tasks (Luthans 2005).

When forming an integral part of the company's total reward strategy, a well-implemented recognition scheme is generally regarded as one of the best tools to change employee behaviour in order to drive business results as recognition incentives communicate to employees the role they play in making the organisation successful (Armstrong & Brown 2006; Cilmi 2005; Schuster & Zingheim, 2000). At a broad level, an organisational reward system includes anything an employee values and desires that an employer is able and willing to offer in exchange for employees' contributions. Rewards may take the form of direct and indirect compensation (for example a salary

and benefits). On the other hand, nonfinancial recognition rewards include everything in a work environment that enhances an employee's sense of self-respect and sense of being esteemed by others (Cascio 2003). Extrinsic motivators such as compensation may be the prime motivator for some employees and these motivators may also motivate most employees for a limited period before losing their appeal and coming to be seen as the norm or as a right. Intrinsic motivators such as a variety of nonfinancial recognition incentives appear to be more enduring and to distinguish between organisations from the perspective of the employees (Robinson 2006).

#### **4 Recognition scheme effectiveness criteria and types of recognition incentives**

Formal organisational recognition schemes are generally designed in a manner that aligns the overall objectives of a company (such as increased productivity, reduced costs, better quality products and customer service, and even higher profitability) and employee performance behaviours (Luthans 2005). According to Luthans (2005), effective formal recognition schemes have two things in common. Firstly, they are designed to reward effective employee performance behaviour and enhance employees' satisfaction and commitment, leading to improved performance and retention. Secondly, they are designed to meet the specific and changing needs of the employees. Recognition schemes therefore often vary widely from company to company and they are continually modified to address the current needs of employees in a unique and creative manner.

Since the rationale for the present study was to explore employees' preferences regarding the criteria associated with an effective nonfinancial recognition scheme and various types of recognition incentives, the framework proposed by Van der Merwe (2008) was adopted. Based on an extensive literature review, Van der Merwe (2008) identified five broad dimensions according to which criteria associated with effective formal company nonfinancial recognition schemes could be categorised. The five dimensions identified are labelled: (1) business perspective; (2) organisational perspective; (3) individual perspective; (4) process and communication perspective; and (5) recognition received.

##### *Business perspective*

The term business perspective refers to top management support. According to Bussin (2004), it is imperative for senior management to be perceived as competent in driving the recognition programme in order to lend credibility to the process. Furthermore, line managers need to be capable of understanding the significance of the total reward and recognition strategy and the role they play in its effective implementation. As a support function, the human resources division must be prepared to provide advice and guidance to managers (Van der Merwe 2008). Researchers have reported that the common difficulties often experienced by an incentive scheme could be attributed to failure of managers to understand the scheme or managers being regarded as incompetent by employees (Arnolds & Venter 2007; Grigoiades & Bussin 2007).

##### *Organisational perspective*

Before any recognition scheme can be implemented, a well-articulated business strategy needs to be in place. The scheme should form part of an integrated total reward strategy and be aligned with other human resource policies and practices. It should also meet the needs of the organisation. The recognition scheme should also fit

in with the culture, structure and work processes of the organisation (Van der Merwe 2008). An ethos of acknowledging people as a key source of sustainable competitive advantage should be visibly present (Armstrong 2002). Research by Van Dyk and Herholdt (2004) highlights the importance of customising incentive schemes to fit a company's individual business needs and points out that large companies often adopt this practice as part of their strategy of becoming one of the best companies to work for.

#### *Individual perspective*

Employees' lifestyle preferences must be taken into account when giving tangible rewards. Arnolds and Venter (2007) found for example that lower-level employees find flexible working hours motivational and to the extent that this policy is applied in jobs via teamwork strategies, it generally increases motivational levels. Further, their findings show that time off from work, albeit in the form of paid holidays or sick leave, satisfies employees' need to spend more time with their families and attend to important personal matters.

Arnolds and Venter (2007) further report findings showing direct financial rewards (pay, incentives and other direct benefits) along with social rewards (appreciation for work done, social interaction with colleagues) and recognition in particular to be the best motivators for general level staff. Empirical research stretching over thirty years has consistently shown that one of the needs employees expressed the most frequently was the need for social interaction with colleagues. Further, feeling accepted and appreciated by one's colleagues and managers is an important determinant of employee productivity (Alfred 1991; Stajkovic & Luthans 2001). When employees feel appreciated, they will be more positive not only about themselves but also about the contribution they can make to the company's success (Ford & Fina 2006). The recognition should be personalised to suit the individual or team and, when given, should be sincere. The recognition received should match the achievement, in other words be appropriate to the "size" of the achievement. There should be a fun element built into the programmes, allowing for creative, customised and varied programmes. The selection process and evaluation methodology applied in awarding recognition must be perceived as fair by the employees. The award should be perceived as attractive and exclusive. Where possible, the recognition should cater for different needs and tastes (Van der Merwe 2008).

#### *Process and communication perspective*

One of the major obstacles to overcome when designing an overall reward strategy is resistance from employees who might claim that it is just another human resources programme (Starzmann & Baca 2004). The best-designed reward strategy will be unsuccessful if it is not clearly and effectively communicated and implemented. A thorough understanding of employees' values and the rewards that motivate different employees to deliver results is required prior to implementation. Line managers need to be trained in the skills they have to acquire to carry out their new responsibilities, and employees often also need training (Cook & Hunsaker 2001). To enhance "buy-in" from employees, direct involvement in the development and implementation should be encouraged as far as possible. Employees should easily be able to understand the criteria for awarding recognition; therefore, the recognition should be specific to a behaviour or predetermined result required (Van der Merwe 2008). Research has shown that managers tend to neglect involving eligible employees in the development and design of the scheme. This lack of involvement may lead to a lack of trust between

management and employees (Grigoiades & Bussin 2007). Further, Gerhardt and Rynes (2003) indicate that incentive schemes may well be undermined as a result of lack of trust.

### *Recognition received*

The recognition received (the actual reward item) should inspire pride of ownership and should be something the individual aspires to having. To have a positive impact, it should be something the employee finds useful and practical. The reward should suit the personal taste of the individual and have lasting value. Ideally, it should be presented in a public forum (Luthans 2005; Van der Merwe 2008).

As illustrated by the Premack Principle (Premack 1963), reinforcement of employee behaviour (by means of recognition incentives, for example) is relative and a supervisor can reinforce an employee with something that on the surface does not appear to be a reinforcer. This could include money, time off from work, lunch time or supervisor praise. Individuals tend to have a hierarchy of reinforcers that they regard as motivational and that ranges from reward initiatives they most desire to those they least desire. Luthans (1992, cited in Aamodt 2007) found that the use of the Premack Principle resulted in a decrease in employee errors and higher productivity.

For the purposes of this study, Schuster and Zingheim (2000) provide a useful framework of various types of recognition which an employee could receive or which could form part of a recognition programme. These include the following:

- *Verbal* - for example an expression such as "Well done!"
- *Written* - for example a personal thank you note or email.
- *Work-related* - for example special equipment such as the latest computer, career opportunities and time off.
- *Social* - for example team dinners or outings and articles in a company newsletter.
- *Symbolic* - for example a coffee mug with the logo of the performance initiative and a T-shirt.
- *Tangible* - for example theatre tickets, gift certificates, merchandise.
- *Financial* - for example a once-off cash payment or stock options.

Research cited by Bussin (2004) and Arnolds and Venter (2007) shows that managers and employees tend to differ regarding their perceptions of a company's incentive scheme and their preferences for types of nonfinancial recognition rewards. In a study conducted by Arnolds and Venter (2007), frontline employees ranked paid holidays, retirement plans, cash incentives, wage increases and job security as the highest individual motivators. On the other hand, Grigoiades and Bussin (2007) found bonus schemes to be mostly preferred by middle managers. Armstrong (2002) and Grigoiades and Bussin (2007) further recommend that organisations have the effectiveness of their incentive schemes evaluated by the people participating in the scheme.

In view of the foregoing, it was expected in the context of this study that employees from different ethnic, gender and age groups, job levels and positions would differ in terms of the value they attach to the criteria associated with an effective formal company recognition scheme and the types of nonfinancial recognition initiatives they would prefer. However, because of the exploratory nature of this research, no specific hypotheses or propositions were formulated for empirical testing.

## **5 Research design**

### **5.1 Research approach**

For this exploratory pilot study, a survey design was used to achieve the research objective (Shaughnessy & Zechmeister 2003). The advantages of the survey research approach include savings of time and money, a lack of interviewer bias, accurate results, more privacy for participants, and the fact that samples need not be very large in relation to the population (Salkind 1997). The major disadvantage of this design is that findings can only be generalised to the sampled population at the time of the survey (Dooley 1995).

### **5.2 Participants**

The participants were a sample of 758 employees in a large South African IT company who randomly and voluntarily opted to participate in the research. Regarding socio-demographic variables, the total sample constituted 38% females and 62% males. Blacks represented 19% and whites 81% of the sample. In terms of age, most participants were in the early adulthood life stage (20-30 years - 16%; 30-40 years - 30%) and midlife stage (40-50 years - 33%; >50 years - 21%).

The various divisions of the company were represented as follows: Corporate Office (13%); Sales Office (17%); Technology (12%); Business Office (11%); Consulting (24%); Professional Service (21%) and Telecoms (2%). Primary job functions were represented as follows: support services (18%); sales (13%); software development (9%); consulting (13%); administrative support (23%); telecoms & networks (4%); customer/systems support (14%); and project management (6%). Staff levels (regarded as present position by the participants) were represented by the sample as follows: general staff (including predominantly technical and professional staff - 55%); management (including executive level, senior management, middle management and supervisory level - 42%) and entrant levels (3%). 85% of the sample participants had a permanent employment contract, while 15% had a temporary employment contract.

### **5.3 Measuring instrument**

The *Nonfinancial Initiatives Inventory (NFII)* developed by Van der Merwe (2008) was used to measure the variables of concern to this study.

#### *Nonfinancial Initiatives Inventory (NFII),*

The NFII (Van der Merwe 2008) is a self-rated multifactorial measure which contains 38 items and 5 subscales (business perspective - 11 items; individual perspective - 8 items; process and communication - 7 items; organisational perspective - 6 items; recognition received - 6 items). Each of the subscales measures specific criteria associated with an effective formal company recognition scheme. A 5-point Likert-type scale was used for subject responses to each of the 37 items (DeVellis 2003). The response options have equal intervals with regard to agreement of the item statements (Kruger & Welman 2001). This means that the questionnaire response scale ensures that the difference in agreement between adjacent pairs of responses is the same as for any other adjacent pair of response options (DeVellis 2003). The questionnaire also contains an additional question requesting participants to rank their preference of six nonfinancial recognition types on a six-point scale (work-related; tangible; social; written; symbolic; and verbal). In addition, the last question in the questionnaire is

open-ended, requesting respondents to give examples of the specific nonfinancial recognition initiatives they would like to receive under each of the six nonfinancial recognition types.

Results of an exploratory factor analysis conducted by Van der Merwe (2008) reveal that the NFII items satisfy the psychometric criteria of item validity and that their content is commensurate with the theoretical constructs being measured. The reliability of the NFII was determined by means of the Cronbach alpha coefficient. According to Anastasi (1976), a desirable reliability coefficient would fall in the range of 0.80 to 0.90. Nunnally and Bernstein (1994) use 0.70 as a directive, while Bartholomew, Antonia, and Marcia (2000) argue that between 0.60 and 0.80 is acceptable. Van der Mewe (2008) reports Cronbach alpha scores ranging from 0.64 to 0.88, which clearly falls within the range of directives.

Since the purpose of this study was not to make individual predictions based on the NFII, but rather to investigate broad trends and certain relations between variables, the instrument was considered to be psychometrically acceptable.

#### **5.4 Procedure**

Once permission was granted by management, questionnaires were mailed electronically to the total population (N=4 500) of employees in the particular company. Each questionnaire included a covering letter inviting subjects to participate voluntarily in the study and assuring them that their individual responses would remain confidential and anonymous. Participants were requested to complete the questionnaires and return them by e-mail, facsimile or in a sealed envelope to the researchers within ten working days. Reminders were also sent to the employees. A sample of 758 usable questionnaires were returned, yielding a response rate of 16.8%. The questionnaires were scored electronically according to the author's instructions.

#### **5.5 Statistical analysis**

The statistical procedures chosen for this research were based on their applicability to the exploratory nature of the research design. The statistical analysis was carried out with the help of the SAS System, Version 9.1, statistical package (SAS Institute 2003). Descriptive and inferential statistics were used to analyse the data. Since the tests for normality revealed that none of the variables could be assumed to be normally distributed, non-parametric tests (Kruskal-Wallis) were performed to test for significant differences between the sociodemographic variables and the five nonfinancial subscale dimensions (Tredoux & Durrheim 2002). A cut-off point of  $p \leq 0.05$  was set for determining the significance of the findings.

Initially, open coding was used to analyse the open-ended question. Open coding is a method of identifying themes and categories in respondents' answers. Categories or themes were intentionally not preestablished to allow for any possible themes that might emerge from the research. This meant that no codes were developed in advance. During the open-coding process, specific recurring themes were identified under each of the headings provided after being examined, compared and categorised (De Vos, Strydom, Fouche & Delport 2002:345). After identifying these themes, a process called "focused coding" was used to analyse the data in more detail. The process of focused coding entails manually going through the qualitative data line by line, but focusing on the key themes identified during the open-coding process (Esterberg 2002).



## 6 Results

As shown in Table 1, the descriptive statistics summarise the frequencies obtained for participants' actual responses on the NFII per item measuring the characteristics associated with an effective formal company recognition scheme. Mean averages between 3 and 4 indicate a positive evaluation while mean averages between 4 and 5 indicate an exceptional positive evaluation. The following inferences on inspection from table 1 are made in terms of each of the five criteria dimensions:

### *Criteria preferences for company recognition scheme effectiveness*

In terms of the *business perspective* criteria, table 1 shows that all the items obtained an exceptionally high evaluation, indicating general consensus among the participants regarding the importance of the criteria related to this subscale. Items V18 ("The company management must be sincere when recognising employees"), V45 ("Recognition programmes in the company should be open to all levels of employees") and V24 ("The recognition programme methodology must be perceived as fair") were given the highest ratings by most of the participants.

The majority of participants responded positively to all of the items associated with the *organisational perspective* dimension. Item V14 ("Company management should be held accountable for effectively recognising employees") received the highest rating from most of the participants.

It is relatively obvious from table 1 that significantly more participants selected "agree" as the option for the items related to the *individual perspective* dimension, with item V43 ("Different communication tools must be used to communicate the recognition") receiving the highest rating.

Table 1 further shows that the seven items grouped under the *process and communication perspective* dimension were mostly answered positively, implying general consensus among the participants regarding the importance of the criteria measured by this subscale. Item V36 ("The recognition criteria must be communicated clearly") received positive to exceptionally positive ratings from most of the participants, indicating that this item is regarded as being very important to them.

Although the six items under the *recognition received* dimension appear to be answered mostly positively, relatively positive to exceptionally positive ratings were also recorded for item V17 ("Recognition should be personalised to the individual or team in the company"). Item V47 ("There should be a degree of subjectivity in determining who will receive recognition") obtained the most negative and neutral ratings relative to the other items grouped under this subscale.

**Table 1**  
**Criteria preferences for company recognition scheme effectiveness: Response frequency per dimension item**

Statement	Item No.	SD	D	N	A	SA	AVG	Sample N
<b>Dimension: Business Perspective</b>								
Company management must be sincere when recognising employees	V18	08	02	15	222	509	4,6	756
The recognition received should match the achievement	V19	08	09	31	304	404	4,4	756
The recognition programme methodology must be perceived as fair	V24	07	01	24	270	452	4,5	754
The recognition received should be perceived as appealing	V25	05	03	56	359	330	4,3	753
The recognition programme must be easy to understand	V28	03	03	25	366	358	4,4	755
The recognition process needs to be easy to explain	V29	03	04	41	367	338	4,4	753
Recognition programmes in the company should be timely	V30	06	11	61	341	333	4,3	752
The reward received as recognition should inspire pride of ownership	V38	05	06	39	309	398	4,4	757
The reward received as recognition must be useful to the person receiving it	V39	04	05	58	300	389	4,4	756
Recognition programmes in the company should be open to all levels of employees	V45	06	04	19	237	488	4,6	754
Recognition programmes in the company should be objective	V46	04	06	54	340	352	4,4	756
<b>Dimension: Organisational perspective</b>								
The recognition given must be able to emphasise what is important to the company	V12	13	29	87	408	220	4,0	757
Recognition should be linked to a specific purpose	V13	08	44	78	433	191	4,0	754
Company management should be held accountable for effectively recognising employees.	V14	10	14	27	319	385	4,4	755
The recognition initiatives should reflect the company values	V15	07	14	62	387	285	4,2	755
The recognition initiatives should reflect business strategy of the company	V16	13	39	131	377	197	3,9	757
<b>Dimension: Individual perspective</b>								
The recognition initiatives in the company must be fun	V20	09	39	228	317	165	3,8	755
The recognition initiatives in the company must be creative	V21	03	19	183	374	177	3,9	756
Recognition programmes must be customised to suit the company	V22	11	38	190	352	166	3,8	757
The recognition initiatives must be varied	V23	11	27	172	396	150	3,8	756
The reward received as recognition should be perceived as exclusive	V26	13	40	153	336	212	3,9	754
Recognition in the company must be given in a public forum	V42	11	49	269	287	140	3,6	756
Different communication tools must be used to communicate the recognition process	V43	03	20	131	433	168	4,0	755
The ceremony at which the recognition is presented, should reflect the significance of recognition	V48	06	35	181	380	154	3,8	756
<b>Dimension: Process and communication</b>								
Recognition programmes should be consistent in the company	V31	06	11	42	326	371	4,4	756
Recognition programmes should be run on a regular basis in the company	V32	03	12	35	381	325	4,0	756

*continued*

Statement	Item No.	SD	D	N	A	SA	AVG	Sample N
Employees should be able to provide input when a recognition programme is developed	V33	07	11	79	383	274	4,2	754
Employees should be involved in implementing the recognition programme	V34	07	38	169	355	185	3,9	754
Company recognition programmes should be refreshed periodically to keep interest high	V35	02	11	49	426	269	4,3	757
The recognition criteria must be communicated clearly	V36	02	24	13	328	409	4,0	756
Recognition programmes in the company must be publicised widely	V37	05	11	88	332	321	4,3	757
<b>Dimension: Recognition received</b>								
Recognition should be personalised to the individual or team in the company	V17	06	22	56	334	336	4,3	754
The recognition initiatives in the company should cater for different needs and tastes	V27	15	27	124	368	222	4,0	756
The reward received as recognition should take the personal taste of the individual into account	V40	13	44	196	284	218	3,9	755
The reward received as recognition must have lasting value	V41	06	36	194	310	211	3,9	757
Recognition programmes should be customised according to job function in the company	V44	13	55	131	334	223	3,9	756
There should be a degree of subjectivity in determining who will receive recognition	V47	59	79	169	328	122	3,5	757

SD: Strongly Disagree/ D: Disagree  
N: Neither Agree nor Disagree  
A: Agree/ SA: Strongly Agree  
AVG: Mean average

In terms of determining whether there were any differences between the various sociodemographic groups regarding their preferences for the criteria associated with each of the five dimensions, table 2 shows that statistically significant differences were obtained between only the primary job functions, present positions and age groups on the five NFII subscales. Only the findings of significance are reported in the table below.

**Table 2**  
**Kruskall-Wallis: Significant differences between staff levels, job functions and age on nonfinancial recognition scheme criteria dimensions (N=758)**

Comparisons		Z Stat	Dif	SE
<b>Staff level - Business perspective</b>				
Senior management	General staff	3.69*	104.41	28.28
Management	General staff	3.64*	72.95	20.06
<b>Primary job function - Organisation perspective</b>				
Client engagement (sales)	Software development	4.14*	142.84	34.47
Client engagement (sales)	Consulting	3.15*	97.37	30.88
<b>Staff level - Organisation perspective</b>				
Senior management	Management	3.37*	104.67	31.06
Senior management	Head/Supervisor	3.89*	141.05	36.22
Senior management	General staff	4.54*	127.56	28.13
<b>Primary job function - Individual perspective</b>				
Client engagement (sales)	Software development	3.60*	124.93	34.67
Client engagement (sales)	Consulting	3.43*	106.40	31.06
Software development	Administration & support	3.32*	-103.84	31.32
Consulting	Administration & Support	3.13*	-85.30	27.27

*continued*

Comparisons		Z Stat	Dif	SE
<b>Staff level - Process and communication</b>				
Management	General staff	2.97*	59.31	20.00
General staff	Entrant	2.72*	-132.07	48.55
<b>Staff level - Recognition received</b>				
Senior management	General staff	3.01*	-85.04	28.25
Senior management	Entrant	3.98*	-215.61	54.18
Management	General staff	3.34*	-66.94	20.03
Management	Entrant	3.92*	-197.52	50.38
<b>Age - Recognition received</b>				
20- <30yrs	≥50yrs	3.28*	83.55	25.45

Primary job function-Critical z values: 3.12 for overall alpha of 0.05\*

Staff level-Critical z values: 2.94 for overall alpha of 0.05\*

Age-Critical z values: 2.64 for an overall alpha of 0.05\*

#### *Significant differences: Business perspective*

Significant differences were found only between the participants at *general staff* levels and *senior management* level ( $z = 3.69$ ;  $p \leq 0.05$ ) and *management* level ( $z = 3.64$ ;  $p \leq 0.05$ ), with participants from the general staff levels showing a significantly lower preference than those from senior management and management levels for the criteria associated with this dimension.

#### *Significant differences: Organisational perspective*

Significant differences were found only between the participants engaged in the primary job functions *sales* and *software development* ( $z = 4.14$ ;  $p \leq 0.05$ ) and *consulting* ( $z = 3.15$ ;  $p \leq 0.05$ ), with those engaged in sales showing a significantly higher preference than those in software development and consulting for the criteria associated with this dimension.

Significant differences were also found between the participants at senior management level and *management* level ( $z = 3.37$ ;  $p \leq 0.05$ ), *head/supervisor* level ( $z = 3.89$ ;  $p \leq 0.05$ ) and *general staff* level ( $z = 4.54$ ;  $p \leq 0.05$ ), with senior management showing a significantly higher preference than participants from the management, head/supervisor and general staff levels for the criteria associated with this dimension.

#### *Significant differences: Individual perspective*

Significant differences were found between the participants engaged in the primary job functions *sales* and *software development* ( $z = 3.60$ ;  $p \leq 0.05$ ) and *consulting* ( $z = 3.43$ ;  $p \leq 0.05$ ), with participants engaged in the sales function indicating a significantly higher preference for the characteristics associated with the individual perspective dimension. Participants engaged in administration and support functions also appear to differ significantly from those engaged in software development ( $z = 3.32$ ;  $p \leq 0.05$ ) and consulting ( $z = 3.13$ ;  $p \leq 0.05$ ), showing a significantly higher preference than those engaged in consulting and software development for the characteristics associated with this dimension.

#### *Significant differences: Process and communication*

Significant differences were found only between the participants at *general staff* levels and *management* level ( $z = 2.97$ ;  $p \leq 0.05$ ) and *entrant* level ( $z = 2.72$ ;  $p \leq 0.05$ ), with participants from the management level showing a significantly higher preference than those from the general staff level for the criteria associated with the process and communication dimension. Participants from the general staff level also show a

significantly lower preference than those at entrant level for the criteria associated with this dimension.

*Significant differences: Recognition received*

Significant differences were found between the participants at *senior management* level and *general staff* level ( $z = 3.01$ ;  $p \leq 0.05$ ) and *entrant* level ( $z = 3.98$ ;  $p \leq 0.05$ ). Participants at *management* level also appear to differ significantly from those at *general staff* level ( $z = 3.34$ ;  $p \leq 0.05$ ) and *entrant* level ( $z = 3.92$ ;  $p \leq 0.05$ ). The results show that participants from the senior management and management levels have a significantly lower preference than those from the general staff and entrant levels for the criteria associated with the recognition received dimension.

Participants between the ages of 20 and 30 years appear to differ significantly from those older than 50 years on this nonfinancial initiative dimension, with those younger than 50 years showing a higher preference for the criteria associated with this dimension.

*Preferred nonfinancial recognition type*

The results with regard to participants' preferences for the six nonfinancial recognition types are reported in tables 3, 4 and 5. Table 3 reports the mean ranked preference of the nonfinancial recognition types and the dominant themes of specific nonfinancial recognition initiatives associated with each recognition type, while table 4 reveals the mean ranked preferences for nonfinancial recognition type preferences in terms of the participants' primary job function and staff level. Table 5 reveals the mean ranked preference for the various sociodemographic groups.

**Table 3**  
**Mean ranked preference of nonfinancial recognition types: Total sample (N= 758)**

Non-financial recognition type	Mean	Preference ranking	Open-ended questions: Focused coding dominant themes	Percentage frequency of dominant themes
Work-related	2,57	1	<ul style="list-style-type: none"> <li>• Career advancement/promotion opportunities</li> <li>• Time off during working hours</li> <li>• Technological equipment at home, eg internet access at home paid by company, more powerful computer, printer on desk</li> </ul>	31% 32% 22%
Tangible	2,57	2	<ul style="list-style-type: none"> <li>• Individualised gift, eg gift voucher relevant to employee's preferences such as for a hobby; shopping vouchers; family weekend at Sun City</li> <li>• Vacation (local or international)</li> <li>• Financial, eg large performance bonus</li> </ul>	67% 11% 10%
Social	3,35	3	<ul style="list-style-type: none"> <li>• Fun events with immediate team or colleagues in department, eg go-carting</li> <li>• Family time, eg fun events with family, such as weekend away with family at employee's choice of venue</li> <li>• Meals with immediate team or colleagues in department, including breakfast, lunch or supper (type of meal not important)</li> <li>• Company newsletter reporting on team events and prizes received in company</li> </ul>	47% 18% 17% 12%
Written	3,52	4	<ul style="list-style-type: none"> <li>• Company stationery, eg an official letter or handwritten card on company stationery (with company letterhead printed on document) which can be filed in personnel file or be added to employee's CV</li> </ul>	57%

*continued*

Non-financial recognition type	Mean	Preference ranking	Open-ended questions: Focused coding dominant themes	Percentage frequency of dominant themes
			<ul style="list-style-type: none"> <li>An e-mail from the manager, copied to colleagues expressing recognition</li> <li>Framed certificate with details of the event or project which can be displayed in employee's office</li> </ul>	<p>24%</p> <p>17%</p>
Symbolic	4,12	5	<ul style="list-style-type: none"> <li>General corporate gifts</li> <li>Specific corporate gifts, eg an expensive pen with project name engraved on it, or clip or badge that can be worn like a name tag</li> <li>A framed certificate to be displayed in a "hall of fame" where colleagues and clients can see it</li> </ul>	<p>49%</p> <p>29%</p> <p>12%</p>
Verbal	4,17	6	<ul style="list-style-type: none"> <li>"Thank you" in public forum, where line manager acknowledges the employee's contribution at branch meeting (colleagues present)</li> <li>"Thank you" from line manager in a private session with employee</li> </ul>	<p>54%</p> <p>44%</p>

1= Highest preference/ 6= Lowest preference

**Table 4**  
**Mean ranked preferences: Nonfinancial recognition type preferences in terms of primary job function and staff level**

Variable	Work-related	Tangible	Social	Written	Symbolic	Verbal
<b>Primary job function</b>						
Support services (n=129)	1	2	3	5	4	6
Sales (n=93)	2	1	3	4	5	6
Software development (n=65)	2	1	3	4	5	6
Consulting (n=96)	1	2	4	3	6	5
Telecoms & networks (n=27)	2	1	3	4	6	5
Administration & support (n=165)	2	1	3	4	6	5
Customer or systems support (n=128)	1	2	4	3	5	6
Project management (n=44)	2	1	4	3	2	5
<b>Staff level</b>						
Executive (n=10)	3	1	2	4	6	5
Senior management (n=67)	2	1	3	4	5	6
Management (n=158)	2	1	3	4	5	6
Head/Supervisor (n=74)	1	2	4	3	6	5
General staff (n=402)	1	2	3	4	5	6
Entrant (n=18)	1	2	6	3	5	4

**Table 5**  
**Mean ranked preferences: Nonfinancial recognition type preferences in**  
**terms of sociodemographic variables**

<b>Demographic variable</b>	<b>Work-related</b>	<b>Tangible</b>	<b>Social</b>	<b>Written</b>	<b>Symbolic</b>	<b>Verbal</b>
<b>Gender</b>						
Female (n=277)	1	2	3	4	6	5
Male (n=453)	1	2	3	4	5	6
<b>Race</b>						
African (n=58)	1	3	6	2	4	5
Indian (n=46)	1	3	2	4	5	6
Coloured (n=29)	1	2	3	4	5	6
White (n=590)	1	2	3	4	5	6
<b>Age</b>						
20-<30yrs (n=149)	1	2	3	4	5	6
30-<40yrs (n=218)	2	1	3	4	5	6
40-<50yrs (n=203)	2	1	3	4	6	5
≥50yrs (n=93)	2	1	3	4	5	6
<b>Years in company</b>						
0-<2yrs (n=187)	1	2	4	3	5	6
2-<4yrs (n=92)	2	1	3	4	5	6
4-<6yrs (n=96)	2	1	3	4	6	5
6-<8yrs (n=114)	2	1	3	4	6	5
8-<12yrs (n=95)	2	1	3	4	5	6
>12yrs (n=90)	2	1	3	4	6	5
<b>Employment contract</b>						
Permanent	2	1	3	4	5	6
Temporary	4	5	1	3	2	6

The overall results summarised in table 3 indicate that “work-related” and “tangible” were the first and second preferences of participants. The option “verbal” was generally regarded as the least preferred nonfinancial recognition type. It should be noted that the mean scores of these variables were very close. Because they work in a technical organisation, the employees could be expected to select these options.

Table 4 shows that in terms of the primary job functions, in all instances participants selected either “work-related” or “tangible” as first or second, while “verbal” was either last or second last. Participants from the executive, senior and management levels selected “tangible” as the first option and “work-related” as the second. Participants from the general and entrant staff levels selected “work-related” as the first option and “tangible” as the second.

As shown in table 5, both the male and the female participants had the same order of selected recognition type preferences, except for the last and second-last preferences. The female participants selected “symbolic” as least preferred and the male participants selected “verbal” as their least preferred recognition type option. With the exception of the white participants (who selected “tangible” as their first recognition type option), the most preferred option was consistently “work-related”.

All participants aged 30 and older selected “tangible” as their first recognition type option and “work-related” as their second. Participants younger than 30 years selected “work-related” as their first option and “tangible” as their second. All participants

employed for more than two years in the company selected “tangible” as their first recognition type option, “work-related” as their second and “social” as their third. With regard to participants who are permanently or temporarily employed by the company, both groups selected “verbal” as their least preferred recognition type option. On the other hand, participants employed as temporary employees selected “social” as their first recognition type option and participants employed as permanent employees selected “tangible” as their first option.

*Open-ended question: Examples of nonfinancial recognition initiatives*

It appears from the examples listed in table 3 that participants prefer items that could enhance their productivity at work while at the same time allowing for more flexible working arrangements. These included technical products, such as wireless internet connectivity, more powerful computers or a printer on their desk. Recognition of the contribution made by the employees’ families allowing employees to spend time with their families in lieu of overtime worked was listed as a preferred form of recognition. It should be noted that the examples of recognition initiatives under “work-related” included examples such as computer gadgets and the latest technology, and also technology that could make it easier to work from various locations (eg wireless internet connectivity so that employees could work from anywhere, which would allow more flexible working hours). Flexible working hours in this context appeared not to be in the “traditional” sense of flexible working hours. Rather, participants wanted to be able to structure their jobs and day around issues such as peak hour traffic and time off in lieu of overtime worked. The need for access to work-related training and attendance of courses and seminars was highlighted.

Under the recognition type option “tangible”, specific gift vouchers relevant to the employees’ life preferences were frequently listed. Participants indicated that the voucher should be for a hobby that the specific employee enjoyed, such as golf. The gift voucher could also be of such a nature that it included the family, such as a day at Sun City. Shopping vouchers also appeared to be popular. Once again, a choice of corporate gifts was listed.

The examples listed under the “social” recognition type included initiatives such as fun activities with colleagues, meals (whether breakfast, lunch or supper) and outings to get to know employees more informally. It appears important that these activities be reported on in the company newsletter. The same applies to the inclusion of families, whether employees were allowed to spend time alone with families or whether families were included in company events. A weekend away was also a popular example of a recognition initiative. Under the recognition type “symbolic”, distinctive corporate gifts such as a quality pen with the project name engraved on it, or a clip-on badge that could be worn like a name tag were listed as examples. A framed certificate that could be displayed in a “hall of fame” where clients and colleagues could see it was also mentioned.

It is interesting to observe that although ranked as the least preferred recognition type preference, verbal recognition does appear to be an important recognition initiative, especially when received in the presence of significant other people such as colleagues or senior management. It appears from table 3 that written recognition is also highly regarded as a recognition initiative, especially if it is done formally in an official company letter or a hand-written card on company stationery. An official letter acknowledging participants’ good work and contribution appears to carry a lot of value,



particularly if participants are able to add such a letter to their curriculum vitae and to their personnel files.

## 7 Discussion

This research set out to investigate employees' preferences regarding a company nonfinancial recognition scheme in an IT organisational context and determine whether there were differences regarding these preferences between the various socio-demographic groups that participated in the study. Overall, the results suggest that a range of criteria are associated with an effective company recognition scheme and that participants in various primary job functions, present positions and age groups tend to differ significantly with regard to these criteria. Participants also seem largely to share similar preferences for specific types of nonfinancial recognition initiatives. In interpreting the results, the following sociodemographic profile characteristics of the sample were kept in mind: The participants were predominantly permanently employed white males in the early adulthood life stage (between 20 and 40 years of age) at general staff and management levels.

As table 2 illustrates, overall participants from the senior management and management levels, including those involved in sales, appear to attach greater value to the criteria associated with the strategic and managerial aspects of implementing and managing an effective company recognition scheme. Participants involved in sales and administration and support also appear to attach greater value to the manner in which a recognition scheme is presented than those in consulting and in software development. On the other hand, participants from the staff levels appear to regard the criteria associated with the personalisation and individual needs fulfilment aspects of the scheme as more important. In this regard Cascio (2003) emphasises that rewards bridge the gap between organisational objectives and individual expectations and aspirations. To be effective, organisational reward systems should provide a sufficient level of rewards to fulfil basic needs and to achieve equity with the external labour market as well as equity within the organisation. Reward systems must treat each member of the organisation in terms of his or her needs.

It is interesting to observe from table 1 that in terms of the perceived importance of the criteria for effective company recognition schemes, and relative to the five criteria dimensions relevant to this study, the criteria associated with the *business perspective* aspect of such a scheme appear to be of exceptionally high importance to the participants. More specifically, there appears to be consensus among the participants that an effective recognition scheme must reflect core management values such as sincerity, fairness, objectivity and transparency. Further, there should be a match between the recognition received and the achievement attained. The recognition that the person will receive must be something that the person aspires to having or owning, and should inspire pride of ownership. Participants also mostly agree that the programme must be readily understandable. All employees should be eligible to participate in a recognition programme that is revitalised and run on a regular basis. Moreover, the criteria for qualifying for a recognition award should be seen to be fair and objective. Research has shown that individual perceptions of recognition being awarded in an equitable, fair and consistent manner across the whole company lead to employee satisfaction (Armstrong 2005b, Martins & Coetzee 2007).

Senior management appear to have a significantly higher preference for the criteria related to the *organisational perspective* dimension than participants from the lower

management and staff levels. Participants engaged in sales appear to have a significantly higher preference than those engaged in consulting and software development for the characteristics associated with this dimension. From an organisational perspective, the most important element indicated is that managers should be held accountable for effectively recognising employees. Secondly, recognition programmes should reflect the organisation's values and thirdly, they should emphasise what is important to the company. Research has consistently shown that recognition schemes that form an integral part of a company's total reward strategy generally have a motivational impact and positively influence the company's organisational culture and bottom line (Luthans 2005; Marchington & Wilkinson 2008; Nelson & Spitzer 2003). Research further suggests that recognition schemes often fail because of factors such as unqualified managers, lack of support from top management, limited funds, lack of measurable objectives and mismatched values (Luthans 2005; Van der Merwe 2008).

In terms of the *individual perspective* dimension, it appears from table 1 that participants mostly agree that recognition programmes should be fun, creative, varied and customised. It is also apparent that people attach importance to the circumstances in which the recognition is given. Table 2 indicates that participants engaged in the sales and administration and support function show a significantly higher preference for the criteria associated with this dimension than those engaged in software development and consulting.

Table 1 shows that the most important element regarding the *process and communication perspective* is that the criteria and rules of the programme should be clearly communicated and widely advertised in the company. This suggests that participants want to know exactly how they could qualify for the incentives. This is in line with the findings of Gensing-Pophal (2003), namely that clear communication on how the incentive scheme works is necessary if the scheme is to be motivating. The second most important element is that a recognition programme should be held regularly to retain participants' interest and thirdly that it should be done consistently. Although research has linked employee participation and involvement to higher levels of satisfaction and increased productivity (Pfeffer 1994), the findings of this study indicate that some participants felt neutral about their involvement in implementing the recognition programme. Moreover, as shown in table 2, participants from the general staff levels seem to attach significantly less value to the criteria associated with the *process and communication* dimension than participants from the management and entrant levels. Research by Coetzee and Schreuder (2008) indicates that managers and employees in the early life/career stage regard being involved in decision making as important in the establishment or entrance phase of their careers.

Table 1 indicates that it is most important that the recognition received should be personalised and secondly that programmes should be flexible enough to accommodate different needs and tastes. Some participants appear to feel strongly that recognition should be completely objective, but a relatively high number of participants recorded neutral answers. The majority of participants seem to agree that there should be at least some degree of subjectivity in the criteria for awarding recognition. The findings reported in table 2 also suggest that participants from the senior management and management levels attach significantly lower value to the criteria related to the nature of recognition and the manner in which it should be received than those from the general staff and entrant levels. Research by Babcock (2005) also suggests that managers and staff tend to have different needs and preferences with regard to the

nature and form of recognition. Similarly, participants between the age of 20 and 30 (the early life/career stage) also seem to attach significant higher value to the criteria associated with this dimension than those older than 50 years (the maintenance life/career stage). In this regard, research has indicated that when the nature and form of recognition and reward incentives address aspects that help to improve employees' quality of working life, turnover rates decrease and higher productivity results (Renk 2004; Stajkovic & Luthans 2001).

When requested to rank their preferences on a list of nonfinancial recognition options provided, "work-related" and "tangible" items were selected most often. Table 3 shows that the most desired work-related recognition award items include career advancement or promotion opportunities, time off during working hours and technological equipment. In terms of tangible forms of recognition, the most desired initiatives include individualised gifts such as gift vouchers relevant to the individual's preferences, vacations and large financial performance bonuses. A survey conducted by Huff (2006) found that the rewards most frequently used to motivate employees were employee recognition initiatives such as gift certificates (vouchers), special events, cash awards, merchandise incentives, e-mail/print communication, training programmes, work/life benefits, variable pay, group travel, individual travel and sweepstakes. Marchington and Wilkinson (2008) cite the results from a survey which show that recognition initiatives such as vouchers or badges and holidays (although small in terms of absolute cost) have a powerful symbolic significance for employees.

The least desired nonfinancial recognition type appears to be verbal recognition or praise from the line manager in public or in private. These results are in line with Crosby's (1980) view that it is more important to recognise achievements through symbolic awards and prizes. Research by Kohn (1983) shows that tangible rewards and praise can actually lower the level of performance, particularly in jobs requiring creativity. According to him, studies show that intrinsic interest in a task (the sense that it is worth doing for its own sake) tends to decline when the individual concerned is given an external reason for doing it. Extrinsic motivation is not only less effective than intrinsic motivation but it can also corrode the latter if not linked to challenging tasks (Marchington & Wilkinson 2008).

In terms of the job function, job position and sociodemographic variables, it appears from tables 4 and 5 that employees, depending on various demographic variables, certainly have different requirements with regard to the type of non-financial recognition they prefer. Participants at executive, senior management and management levels indicate a higher preference for tangible types of recognition, whereas those at line manager, general staff and entrant level show a greater preference for work-related types of recognition. Robinson (2006) reports findings showing that although managers regarded their employees as being motivated primarily by money, when these same employees were asked to rank various rewards, the financial incentives were ranked fifth on a list of ten, behind intrinsic motivators. Research by Coetzee and Schreuder (2008) also indicates that people in the establishment and achievement phases of their careers regard personal lifestyle and career and personal development or growth development opportunities as important intrinsic motivational aspects.

Interestingly, the gender and race groups (including participants between 20 and 30 years of age, and those who have been with the company for less than two years) all prefer work-related types of recognition as a first option. On the other hand, the permanently employed participants, as well as those 30 years and older and those who have been with the company longer than two years indicate a stronger preference for

tangible types of recognition. Participants in temporary employment seem to prefer social types of recognition, such as fun events and meals with the immediate team or colleagues. Pfeffer (1998) emphasises that creating a fun, challenging and empowered working environment in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation is almost certain to enhance motivation and performance.

## **8 Conclusions, implications and recommendations**

### **8.1 Conclusions**

The results discussed confirm that the design of formal recognition programmes or initiatives requires some thought and background research. Considering the IT organisational context in which this study was conducted, it is also important to note that management and staff differ significantly in terms of their preferences and needs. Similarly, in terms of primary job function, those employees in positions where they deal directly with clients also differ significantly in terms of their preferences from those who do not deal directly with clients. The findings also contributed important new knowledge by revealing that people in the establishment and achievement phase of their careers (those between the ages of 20 and 30 years) have uniquely different preferences and needs in terms of a formal company recognition scheme than those in the maintenance phase of their careers.

The findings further highlight the risk of making assumptions on what employees actually want and designing and implementing a programme without input from participating employees. In line with other research, the findings of this study confirm that employees' needs and expectations can be related to certain aspects of extrinsic and intrinsic motivation (Luthans 2005; Robinson 2006; Odendaal 2009). Aamodt (2007) and Robinson (2006) point out that the motivation, satisfaction and work performance of employees are determined by the comparative strength of the needs and expectations of various sociodemographic groups and the extent to which they are met.

### **8.2 Implications**

This study has added value to the practice of running nonfinancial recognition schemes for IT personnel in the South African context. The practical value of the results of this study lies in the design of a more effective reward and recognition incentive strategy for IT personnel and the possible retention of valuable staff within the IT environment. In view of the pressures of tighter labour market conditions in the IT industry in particular and the resultant challenge of recruiting, retaining and motivating valuable staff without substantially increasing pay levels, the findings of this research highlight the importance of companies' considering the use of both transactional (or tangible/financial) rewards and relational (or intangible/non-financial) less costly reward and recognition initiatives to "buy" the loyalty and commitment of their staff (Torrington et al 2009). Further, the findings draw attention to the increasing importance of management values such as sincerity, fairness, objectivity, transparency and accountability in ensuring the credibility of a company-wide nonfinancial recognition scheme.

As a result of the findings obtained in this study, it is recommended that the organisation first of all acknowledges the integral role that both financial and non-financial recognition could play as part of a business strategy. In this regard, a meta-

analysis by Stajkovic and Luthans (2001) found that financial, non-financial and social rewards all resulted in increased levels of performance. Renk (2004) found that the use of both financial and nonfinancial rewards decreased turnover rate. Furthermore, as indicated by Maslow's (1970) hierarchy of needs, different employees have different values, implying that managers and supervisors should have access to and be trained to administer a wide variety of different types of reinforcers (or recognition initiatives). Moreover, they should be made aware of the important behavioural values they need to demonstrate to gain employee buy-in in a company-wide recognition scheme. Since employee needs and motivators do not remain static and are likely to change throughout a person's life (Robinson 2006), periodic employee surveys about what employees actually want and how they perceive the recognition scheme are therefore important.

Also, as indicated by the findings, knowledge of how the preferences of the workforce vary in terms of their sociodemographic profile is an important element to consider in the design of an effective recognition scheme. Management and human resource professionals need to consider aspects such as age levels, levels of seniority, tenure and primary job function in the design and implementation of the company recognition scheme. In addition, the results also emphasised the need for managers and human resource practitioners responsible for the implementation of the recognition scheme to use all communication tools to ensure that employees clearly understand the purpose of and criteria for qualifying for a reward and perceive these criteria as fair and objective.

Schleifer and Okogbaa (1990) also caution that although incentive schemes often result in higher levels of performance, when poorly designed or when abused by managers they can result in negative outcomes such as increased stress and decreased health and safety. Educating managers prior to launching the programme could be the key to the success of the programme, since misinformed managers could enforce their own ideas on how to motivate, reward and select performers (Cilmi 2005). Robinson (2006) argues that although it may not be possible to satisfy the diverse needs of all employees, a strategic approach to human resource management would take account of the match between employee orientations to work and the existing reward and recognition system in initial selection decisions. Knowing the trade-offs different employees are willing to make between various rewards can assist in satisfying needs, provided that both the reward and recognition system and management decision making are flexible. The key challenge with reward and recognition systems seems to lie in finding strategies that will encourage high levels of team and individual performance while at the same time furthering human resource goals (such as selection and retention) and other business goals (such as speed, quality, products/service cost and return on investment).

### **8.3 Recommendations**

The main limitation of the study was arguably the demographic confines of the sample and the exploratory nature of the research design. It must be kept in mind that these results were obtained from a sample of employees in a particular IT organisational setting and that this would probably limit the generalisability of the findings. Therefore, it is recommended that the study be replicated with other samples in various economic sectors and with different measuring instruments before general conclusions are drawn about employees' preferences regarding the criteria for an effective nonfinancial recognition scheme and various nonfinancial recognition initiatives. Future research

should also build on the present findings by conducting more rigorous empirical analyses to test specific research hypotheses.

Notwithstanding the limitations, the results of this study could serve as a useful source of reference in further research. Future studies on the retention of IT personnel need to explore the way the organisational commitment of these employees relates to their preferences for nonfinancial initiatives. Further research could also build on the findings obtained in this study to expand human resource practitioners' and managers' knowledge of the impact of financial and nonfinancial recognition initiatives on the attraction and retention of employees in the South African IT environment.

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