THE IMPACT OF CORPORATE MONETARY AND NONMONETARY REWARDS: A QUANTITATIVE ASSESSMENT

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ABSTRACT:

While higher employee engagement is aligned with increased levels of workforce commitment and productivity, only 30% of the global workforce is estimated to be engaged (Saks, 2006; Wollard, 2011). Without an understanding of the key drivers of engagement, organizations may be investing critical resources (money and people) in rewards and recognition programs that do not increase engagement and ultimately do not affect important business metrics. The purpose of this cross-sectional quantitative study is to explore the impact of a rewards and recognition program on employee engagement at a global Fortune 500 financial institution by incorporating survey data to test objective theories and use statistical procedures to analyze variable relationships.

Keywords: Rewards, Employee Engagement, Employee commitment

INTRODUCTION

Employees are key to creating sustainable competitive advantage. Consistently, research has shown that employees who are engaged significantly outperform employees who are not engaged, based on several key performance metrics (Harter, Schmidt, & Hayes, 2002; Gebauer, Lowman, & Gordon, 2008; Lockwood, 2007; Vance, 2006; Crawford, LePine, & Rich, 2010). As global replication of technology and processes becomes easier and easier, differentiation of service becomes critical for an organization in order to succeed in an increasingly competitive market. Changing demographics have enabled increased competition for skilled resources with technology innovations and service-focused jobs requiring more specific skills. Now more than ever, companies are recognizing that the ability to attract, engage, develop, and retain talent is critical (Lockwood, 2007; Sundaray, 2011). Understanding the key to employee engagement and utilizing methods to increase engagement will be a prime differentiator for companies looking to achieve long-term success.
Employee engagement is shaped by many internal and external variables. Basic needs such as fair pay and safe working conditions were primary considerations in the late 1800s. Then significant study time was spent on reshaping tasks to improve productivity and output. Later, researchers began to focus on the overall working environment, and important key themes started to emerge about how teams and leaders influence and motivate employees.

In the 1960s and 1970s, research began to focus on person-role relationships. Gradually, concepts developed around job involvement (Lawler & Hall, 1970) and organizational commitment (Mowday, Porter, & Steers, 1982). In 1990, William Kahn introduced the concept of employee engagement. Kahn utilized an ethnographic, grounded theory method to better understand how experiences with work variables, including manager satisfaction, role clarity, and availability of resources, influenced an individual’s experience and involvement with work tasks. Kahn showed that individual differences shape people’s desire to personally engage or disengage in their role performance or willingness to be involved or committed at work.

While various definitions of employee engagement differ among scholars and practitioners, almost all definitions include demonstrated high levels of energy (Maslach, Schaufeli, & Leiter, 2001; Demerouti, Mostert, & Bakker, 2010; Christian, Garza, & Slaughter, 2011; Seijts & Crem, 2006; Aon Hewitt, 2014).

The purpose of this paper is to assess the impact of an organization’s rewards and recognition program on overall employee engagement by exploring the impact of both monetary and nonmonetary rewards on employee engagement.

While higher employee engagement is aligned with increased levels of workforce commitment and productivity, only 30% of the global workforce is estimated to be engaged (Saks, 2006; Wollard, 2011). Without an understanding of the key drivers of engagement, organizations may be investing critical resources (money and people) in rewards and recognition programs that do not increase engagement and ultimately do not affect important business metrics.

The company involved in this study is a global Fortune 500 financial institution referred to as InvestCo. For the USA sites, this organization for the North American operations employs approximately 7,300 employees.

In 2011, InvestCo.’s overall employee engagement score decreased by two points after holding steady for many years. InvestCo.’s leadership team was concerned at the decreased score and developed action plans specific to five different focus areas that were deemed by senior leadership to have the greatest improvement opportunities. These five focus areas were leadership and vision, training and development, change management, work environment, and rewards and recognition.

A summary of the different award programs used at InvestCo. is provided in Table 1.
<table>
<thead>
<tr>
<th>Award</th>
<th>Recognition Reason</th>
<th>Financial Value</th>
<th>Employee Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level A</td>
<td>Contribution that demonstrates above and beyond behaviors/achievements with some complexity.</td>
<td>$500–$1,500</td>
<td>Framed certificate for employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Announcement on Rewards page on company intranet</td>
</tr>
<tr>
<td>Level B</td>
<td>Contribution that demonstrates above and beyond behaviors/achievements with higher level complexity</td>
<td>$2,000–$3,000</td>
<td>Framed certificate for employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Announcement on Rewards page on company intranet</td>
</tr>
<tr>
<td>Level C*</td>
<td>Contribution that demonstrates what it means to “be the best”.</td>
<td>$5,000 5 vacation days $5,000 travel voucher</td>
<td>Framed certificate for employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Companywide announcement on front page of intranet + office banners Dinner and photo with CEO</td>
</tr>
<tr>
<td>Electronic appreciation cards</td>
<td>General thanks, appreciation or congratulations on special occasions</td>
<td>No financial value</td>
<td>Customized card sent electronically to employee with a copy to employee’s manager</td>
</tr>
<tr>
<td>Manage r award points</td>
<td>Good/great/outstanding behaviors and achievements in support of InvestCo. values and strategy to “be the best”</td>
<td>5–300 points</td>
<td>Customized card sent electronically to employee with a copy to employee’s manager</td>
</tr>
<tr>
<td>Peer-to-peer award points</td>
<td>Good behaviors and achievements in support of InvestCo. values and strategy to “be the best”</td>
<td>5 points</td>
<td>Customized card sent electronically to employee with a copy to employee’s manager</td>
</tr>
</tbody>
</table>

*Please note: Level C awards are given in December. Since this research study was conducted immediately after the engagement survey was complete in October, no Level C awards are included in the research analysis.*
To assist in understanding employee engagement with respect to rewards and recognition, the following hypotheses were formulated.

**Hypothesis 1:** Team’s employee engagement index will be positively correlated with team’s perception that performance is appropriately rewarded.

**Hypothesis 2:** Team’s employee engagement index will be positively correlated with team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution.

**Hypothesis 3:** Team’s average volume of awards received will be positively correlated with team’s perception that performance is appropriately rewarded.

**Hypothesis 4:** Team’s average volume of awards received by team will be positively correlated with team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution.

**Hypothesis 5:** Team’s average volume of awards received by team will be positively correlated with team’s employee engagement index.

**Hypothesis 6:** Team’s average volume of nonmonetary awards will more positively impact team’s employee engagement index than team’s average volume of monetary awards.

**LITERATURE**

Ample research regarding employee engagement is found in practitioner journals with a basis in practice versus theory and empirical research (Saks, 2006). Within the academic literature, several definitions of employee engagement have emerged. Kahn (1990) maintained that engagement is psychologically present when performing an organizational role and it is shown physically, cognitively, and emotionally as part of the role performance. Kahn (1990) stated that individuals who are engaged keep themselves and their role aligned and that it is demonstrated as follows:

> Personally engaging behaviors simultaneously convey and bring alive self and obligatory role. People become physically involved in tasks, whether alone or with others, cognitively vigilant, and empathically display what they think and feel, their creativity, their beliefs and values, and their personal connections to others. (p.700)

**Impact of Engaged Employees.** Ultimately, a company should care about employee engagement because research has shown multiple measures indicating that engagement makes a positive impact on an organization.

According to Buchanan (2004), increased commitment can lead to a 57% improvement in an employees’ willingness to exceed above expected duties (defined as discretionary effort). That greater effort produces a 20% individual performance improvement and an 87% reduction in the desire to leave the organization (Buchanan, 2004). Research also indicates that employees who exhibit higher levels of engagement contribute higher levels of individual task performance and organizational citizenship behavior (Rich, Lepine, & Crawford, 2010).
Drivers of Engagement. Employee engagement clearly matters. To effectively promote engagement, organizations must understand the key drivers for employee engagement. Maslach and Leiter (1997) proposed that job demands, job control, rewards and recognition, a community of support, fairness, and compatibility of values between job requirements and personal principles were all factors driving engagement. Engagement exists if employees are able to maintain a manageable workload, believe that they have choice and control, receive proper recognition and reward, work within a supportive work community, believe there is fairness and justice, and work on meaningful and valued work (Maslach & Leiter, 1997; Maslach et al., 2001).

Rewards and Recognition. Studies have shown that when money, positive feedback, and recognition are given as rewards to reinforce desired behaviors, employees modify their behaviors leading to higher performance outcomes (Truss, Alfes, Delbridge, Schantz, & Sloane, 2013). Utilizing compensation to motivate and reward performance and providing timely feedback and recognition are critical practices that successful organizations use to improve employee engagement (Vance, 2006). Many organizations have a “pay for performance” culture that reinforces achieving performance objectives by providing top performers with annual salary raises and/or performance bonus structures. Indeed, pay is often used to compensate employees for the effort they have put into jobs (Olafsen, Halvari, Forest, & Deci, 2015). These rewards help establish alignment with organizational core values and help distinguish high performers for the organization (Hansen, Smith, & Hansen, 2002).

METHODS

The target population for this quantitative study was the North American employees at a global Fortune 500 financial services company. The global organization employs approximately 60,000 employees. This study focused solely on the North American operations comprising 7,345 employees.

The survey used for this research study was a proprietary tool developed by IBM Kenexa and consisted of 56 questions grouped in 11 dimensions: Efficiency, My Job, Development, Collaboration, Communications, Performance Management, Rewards & Recognition, Customer Orientation, Strategy, Work Climate, and Corporate Responsibility. Respondents utilized a 5-point Likert scale ranging from “strongly agree” to “strongly disagree” to indicate their level of agreement with each question. Likert-type scales were appropriate for this study because research has shown them to be reliable and valid instruments for attitude measurements (Creswell, 2013). Survey questions are included in Appendix A.

Research Variables. The dependent variable used for this research study was employee engagement. Many different definitions for employee engagement exist in addition to many different models and theories of engagement (Saks, 2006). This research study aligned the employee engagement index to the IBM index for employee engagement. This index measures engagement by a weighted average of four different variables specific to pride, satisfaction, advocacy and commitment (IBM white paper, 2014). Rationale for this index is defined by IBM as follows:
An engaged workforce is one whose employees have pride in and are satisfied with their organization as a place to work, and who advocate for and intend to remain with the organization. (IBM, 2014, p. 1)

For analysis for this research study used the same variables defined by a validated IBM specific to satisfaction, advocacy, commitment, and pride. The employee engagement index was obtained by calculating the grand mean of questions corresponding to employee engagement. The research questions (RQ) specific to the employee engagement (EE) index were as follows:

**EE-RQ1:** Overall, I am extremely satisfied with InvestCo. as a place to work. (Satisfaction)

**EE-RQ2:** I would gladly refer a good friend or family member to InvestCo. for employment. (Advocacy)

**EE-RQ3:** I rarely think about looking for a new job with another company. (Commitment)

**EE-RQ4:** I am proud to work for InvestCo. (Pride)

The employee engagement scale also has a high level of internal consistency within InvestCo. Data, as shown by a Cronbach’s alpha of .90.

The independent variables included responses to research questions specific to rewards and recognition and average volume of awards received divided by members at the team level. The research questions specifically related to **rewards and recognition** were as follows:

**RQ1:** At InvestCo., performance is appropriately rewarded.

**RQ2:** I receive appropriate recognition (beyond my pay and financial incentives) for my contributions.

The variables specifically related to **awards received** were as follows:

**Electronic appreciation cards:** Number of electronic appreciation cards received by team in 2015 divided by number of team members on team.

**Peer-to-peer award points:** Number of peer-to-peer award point recognitions received by team in 2015 divided by number of team members on team.

**Manager award points:** Number of manager award point recognitions received by team in 2015 divided by number of team members on team.

**Level A and B awards:** Number of Level A and Level B awards received by team in 2015 divided by number of team members on team.

**FINDINGS**

Analysis of the quantitative survey data and rewards and recognition data was conducted by using SPSS. Mean, median, and standard deviations were calculated for all variables, and correlations were completed for all variables. Correlational analysis was conducted between team responses to rewards and recognition survey questions, rewards and recognition received by the team, and team’s employee engagement index. In addition, an independent samples t-test was used to investigate the differences in engagement of teams with high and low receipt of awards. High and low groups were determined by applying a cutoff score at the 25th and 75th percentile scores. This enabled an additional analysis of whether engagement was truly impacted by receipt of rewards and recognition, and it enabled deeper understanding of impact of monetary awards and recognition to employee engagement.
Of 7,345 employees invited to participate in the cross sectional survey, 4,760 employees responded (65% response rate). Demographic data was not available at the individual employee level; however, demographic data was provided back at the highest level to enable an understanding of the survey population. Tables 2–4 summarize, gender, tenure, and age data, respectively.

**Hypothesis 1:** Employee engagement index will be positively correlated with employee’s perception that performance is appropriately rewarded.

**Findings:** Proven. A positive correlation was found between RQ1 and EE1 (r = .528, N=522, p < .01).

**Hypothesis 2:** Employee engagement index will be positively correlated with the employee’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution.

**Findings:** Proven. A positive correlation was found between RQ2 and EE1 (r = .471, N=526, p < .01).

### Table 2. Descriptive Survey Statistics

<table>
<thead>
<tr>
<th>Employee Engagement Survey Response</th>
<th>EE1</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1 At InvestCo., performance is appropriately rewarded.</td>
<td>.528***</td>
</tr>
<tr>
<td>RQ2 I receive appropriate recognition (beyond my pay and financial incentives) for my contributions.</td>
<td>.471***</td>
</tr>
</tbody>
</table>

***Correlation is significant at the .01 level (2-tailed)

The analysis at the team level showed that the team’s responses to questions about rewards and recognition correlated with the established employee engagement index (see Table 6). This was a key indicator of the linkage across these variables.

**Impact of Rewards and Recognition**

The next step in the research study was to further analyze whether actual receipt of rewards and recognition affected the perception of the rewards and recognition programs. The results are shown in Table 7.

### Table 7. Descriptive Reward Statistics

<table>
<thead>
<tr>
<th>Reward Type</th>
<th>N (# teams)</th>
<th>Mean</th>
<th>Median</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic appreciation cards</td>
<td>510</td>
<td>5.83</td>
<td>5.00</td>
<td>4.52</td>
</tr>
<tr>
<td>Peer-to-peer award points</td>
<td>357</td>
<td>.78</td>
<td>.50</td>
<td>.72</td>
</tr>
<tr>
<td>Manager award points</td>
<td>504</td>
<td>3.81</td>
<td>2.53</td>
<td>3.79</td>
</tr>
<tr>
<td>Level A and B awards</td>
<td>287</td>
<td>.61</td>
<td>.38</td>
<td>.72</td>
</tr>
</tbody>
</table>

**Hypotheses 3:** Average volume of awards received by team will be positively correlated with team’s perception that performance is appropriately rewarded.

**Findings:** A weak correlation was found between the average volume of manager-awarded point rewards received and RQ1 (r = .125, N=492, p<.01). No correlation was found between the team’s average receipt of electronic recognition cards, average receipt of peer-to-peer award points, and average receipt of Level A and B awards and the team’s perception that performance is appropriately rewarded (RQ1).
**Hypotheses 4:** Average volume of awards received by team will be positively correlated with team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution (RQ2).

**Findings:** A very weak correlation was found between the team’s average volume of manager award points received and the team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution (RQ2). \( (r = .097, N=496, p<.05) \). No correlation was found between the team’s average receipt of electronic recognition cards, average receipt of peer-to-peer award points, and average receipt of Level A and B awards and the team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution (RQ2).

The analysis at the team level showed that the team’s average receipt of manager-awarded points was only weakly correlated with employee engagement survey questions related to rewards and recognition. Receipt of electronic awards, peer-to-peer award points, and Level A and B awards was not correlated with responses to either of those questions.

**Hypotheses 5:** Average volume of awards received by team will be positively correlated with employee engagement index.

**Findings:** A weak correlation was found between the team’s average receipt of electronic appreciation cards and EE1 \( (r = .117, N=509, p<.01) \). No correlation was found between the team’s average receipt of electronic recognition cards, average receipt of peer-to-peer award points, and average receipt of Level A and B awards and the employee engagement index (EE1). Table 8 summarizes the results.

**Table 8. Correlation of Rewards with Employee Engagement**

<table>
<thead>
<tr>
<th>Reward Type</th>
<th>RQ1</th>
<th>RQ2</th>
<th>EE1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic appreciation cards</td>
<td>.016</td>
<td>.043</td>
<td>.117***</td>
</tr>
<tr>
<td>Peer-to-peer award points</td>
<td>.070</td>
<td>.086</td>
<td>.075</td>
</tr>
<tr>
<td>Manager award points</td>
<td>.125***</td>
<td>.097**</td>
<td>.054</td>
</tr>
<tr>
<td>Level A and B awards</td>
<td>-.009</td>
<td>-.086</td>
<td>-.058</td>
</tr>
</tbody>
</table>

**Correlation is significant at the .05 level (2-tailed)**

**Correlation is significant at the .01 level (2-tailed)**

To better assess the correlation of receipt of rewards and recognition with employee engagement, an independent samples t-test was used. This test determines whether a difference exists between the means of two independent groups and whether that difference is significant. The independent samples t-test used the high (75%) and low (25%) average means across the different award types (see Table 9).
Table 9. High and Low Percentiles

<table>
<thead>
<tr>
<th>Reward Type</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Percentiles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Electronic appreciation cards</td>
<td>510</td>
<td>5.83</td>
<td>5.00</td>
<td>2.96</td>
</tr>
<tr>
<td>Peer-to-peer award points</td>
<td>357</td>
<td>0.78</td>
<td>0.50</td>
<td>0.26</td>
</tr>
<tr>
<td>Manager award points</td>
<td>504</td>
<td>3.81</td>
<td>2.53</td>
<td>1.50</td>
</tr>
<tr>
<td>Level A and B awards</td>
<td>287</td>
<td>0.61</td>
<td>0.38</td>
<td>0.22</td>
</tr>
</tbody>
</table>

**Findings:** The findings are divided into three groups: electronic appreciation cards, manager awards, and Level A and B awards. The results are listed in Table 10.

**Electronic appreciation cards:** Teams with high average receipt of electronic appreciation cards showed a significant positive correlation over low average receipt of electronic appreciation cards in the team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution (RQ2) and employee engagement index.

**Peer-to-peer award points:** No significant difference was found between teams with high and low averages of peer-to-peer points in responses to survey questions specific to rewards and recognition or employee engagement.

**Manager award points:** Teams with high average receipt of manager award points showed a significant positive correlation over low average receipt of manager award points in the team’s perception that performance is appropriately rewarded (RQ1), perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution (RQ2), and employee engagement index.

**Level A and B awards:** Teams with high average receipt of Level A and B awards showed a significant negative correlation over low average receipt of Level A and B awards in team’s perception of receipt of appropriate recognition (beyond pay and financial incentives) for contribution (RQ2) and employee engagement index.
Table 10. T-Test Results

<table>
<thead>
<tr>
<th></th>
<th>Mean Score Comparison</th>
<th>Bottom Group</th>
<th>Top Group</th>
<th>Mean Difference</th>
<th>t</th>
<th>Sig (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic appreciation cards RQ1</td>
<td>.44</td>
<td>.46</td>
<td>.02</td>
<td>-0.90</td>
<td>.37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RQ2</td>
<td>.49</td>
<td>.53</td>
<td>.04</td>
<td>-1.78</td>
<td>.08*</td>
</tr>
<tr>
<td></td>
<td>EE1</td>
<td>.66</td>
<td>.73</td>
<td>.07</td>
<td>-3.58</td>
<td>.00***</td>
</tr>
<tr>
<td>Peer-to-peer award points RQ1</td>
<td>.43</td>
<td>.46</td>
<td>.04</td>
<td>-1.32</td>
<td>.19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RQ2</td>
<td>.50</td>
<td>.53</td>
<td>.03</td>
<td>-0.95</td>
<td>.35</td>
</tr>
<tr>
<td></td>
<td>EE1</td>
<td>.69</td>
<td>.70</td>
<td>.02</td>
<td>-0.72</td>
<td>.47</td>
</tr>
<tr>
<td>Manager award points RQ1</td>
<td>.45</td>
<td>.50</td>
<td>.05</td>
<td>-2.45</td>
<td>.01***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RQ2</td>
<td>.49</td>
<td>.54</td>
<td>.05</td>
<td>-2.24</td>
<td>.03**</td>
</tr>
<tr>
<td></td>
<td>EE1</td>
<td>.69</td>
<td>.72</td>
<td>.04</td>
<td>-2.21</td>
<td>.03**</td>
</tr>
<tr>
<td>Level A and B awards RQ1</td>
<td>.44</td>
<td>.48</td>
<td>.03</td>
<td>-1.17</td>
<td>.24</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RQ2</td>
<td>.52</td>
<td>.47</td>
<td>-.05</td>
<td>1.69</td>
<td>.09*</td>
</tr>
<tr>
<td></td>
<td>EE1</td>
<td>.71</td>
<td>.67</td>
<td>-.04</td>
<td>1.75</td>
<td>.08*</td>
</tr>
</tbody>
</table>

*Correlation is significant at the .1 level (2-tailed)
**Correlation is significant at the .05 level (2-tailed)
***Correlation is significant at the .01 level (2-tailed)

Hypothesis 6: Team’s average volume of nonmonetary awards will more positively impact team’s employee engagement index than team’s average volume of monetary awards.

Findings: The difference is significant in engagement between teams with high average and low average of electronic appreciation cards (nonmonetary awards), manager award points, and Level A and B awards (monetary awards). Teams with a high level of Level A and B awards (monetary awards) are slightly less engaged and do not feel like they have received recognition (beyond pay and financial incentives) for contributions, compared with teams with low levels of Level A and Level B awards.

DISCUSSION AND IMPLICATIONS

Rewards and recognition programs are central to creating engaged employees because they provide direct incentives for work activities (Taneja, Sewell, & Odom, 2015). Results from this study showed that responses to questions about rewards and recognition were positively correlated with employee engagement. These results support prior findings by Maslach and Leiter (1997) and Crawford, LePine, and Rich (2010). Creating a culture that promotes rewards and recognition in support of organizational goals is highly dependent on organizational leadership (Taneja et al., 2015). Key drivers for engagement include a positive relationship with an immediate supervisor (Dale Carnegie, 2012) with stronger relationships leading to more engaged employees (Saks, 2006). The support an employee receives...
from a supervisor is significant in terms of engagement (Sweem, 2009) where attitude and actions of the immediate supervisor can enhance employee engagement or can create an atmosphere where an employee becomes disengaged.

Qualitative and quantitative research by Gallup also supported the importance of supervisors and managers and their influence over individual employee engagement (Harter et al., 2002). Research by Aon Hewitt (2014) shows that leaders are the key to high employee engagement; moreover, engaging leaders often think and act in different ways from other leaders. Leaders can often have a multiplier effect on engagement in that they can positively affect overall engagement in addition to having a direct effect on the engagement of others through their interactions. In research conducted by Gallup, both qualitative data and quantitative data have also supported the importance of supervisor or manager in influencing the level of employee engagement (Harter et al., 2002).

Social recognition for desirable behaviors does affect work performance (Stajkovic & Luthans, 2003), and specific recognition by the immediate supervisor may still be one of the most important drivers of engagement. Nevertheless, the data analyzed for this study did not show any correlation between rewards received and employee engagement when the award submitter was the same as the employee’s immediate manager ($r = 0.40, N=406, p=.422$).

**Impact of Monetary and Nonmonetary Awards**

In assessing the impact of type of reward (monetary vs. nonmonetary) on employee engagement, results showed that the type of recognition does make a difference.

**Nonmonetary Awards**

Initial findings showed a weak correlation between average receipt of electronic appreciation cards (nonmonetary rewards) and employee engagement. However, an independent samples t-test showed that teams receiving an average of 7.34 or higher electronic appreciation cards (top 25%) showed a significantly higher employee engagement index mean than teams with an average of 2.96 or lower (bottom 25%). These findings showed that electronic appreciation cards (nonmonetary rewards) have a significant positive impact on team’s employee engagement.

Self-determination theory differentiates between autonomous motivation and controlled motivation with autonomous motivation involving individual choice and controlled motivation driven from external pressure or extrinsic rewards (Olafsen et al., 2015; Ryan & Deci, 2000). The intent of InvestCo.’s rewards and recognition program is to recognize both behaviors and accomplishments. Awards are given out at a manager’s discretion and do not depend on meeting certain goals or objectives. Thus, one could argue that the motivation for outcomes is not being driven from external pressure or extrinsic rewards. Nonmonetary recognition has been shown to increase people’s intrinsic motivation (Deci, 1975). According to SDT, individuals who find a task more intrinsically motivating will expend a higher degree of effort (Deci, 1972) and show higher work engagement (Rich, 2010). The research findings from this study support findings developed under SDT (Deci et al., 1975) relative to nonmonetary recognition, intrinsic motivation, and increased engagement.
Monetary Awards

On the other hand, research results from this study indicate mixed findings specific to the impact of monetary awards on employee engagement. Initial findings showed no correlation between average receipt of monetary rewards (peer-to-peer award points, manager award points, and Level A and Level B awards) and employee engagement. However, an independent samples t-test showed that teams receiving an average of 4.96 manager awards points or greater (top 25%), had a significantly higher employee engagement index mean than teams receiving an average of 1.5 awards or less (bottom 25%).

One of the most interesting aspects of the study was that a negative relationship was shown between Level A and Level B awards (monetary rewards) and employee engagement for high/low award teams. An independent samples t-test showed that teams receiving an average of .67 or higher (top 25%) of Level A and Level B awards (monetary awards) have a significantly lower employee engagement index average mean than do teams with an average of .22 or lower (bottom 25%). These results indicate that teams with high level of Level A and Level B awards (monetary awards) are less engaged compared with teams with low levels of Level A and Level B awards.

These mixed results specific to monetary awards could be a result of the fact that while manager award points have a financial element since they can be used to purchase goods, they do not have an actual cash value. Employees may view the award as nonmonetary since the awards tend to be saved and aggregated and used to purchase future goods. Points may be valued, but they may not be viewed as cash equivalent. Level A and Level B awards, in contrast, are immediately paid out on an employee’s paycheck.

The negative relationship between average receipt of Level A and Level B awards and employee engagement supports SDT findings that increased pay does not always lead to improved outcomes (Olafsen et al., 2015). It is also aligned with findings indicating that monetary reward can actually have a negative effect on intrinsic motivation given autonomy decreases when behavior is influenced by external rewards (Deci, 1972; Deci, Koestner, & Ryan, 1999; Lepper et al., 1973).

Importance of Employee Involvement

While higher employee engagement is aligned with increased levels of workforce commitment and productivity, unfortunately only 30% of the global workforce is estimated to be engaged (Saks, 2006; Wollard, 2011). Although InvestCo has a fairly robust recognition program and the structured approach may facilitate participation, it may not have a significant impact on employee engagement because of the minimized ownership and empowerment. Involving employees in developing, designing, and implementing workplace changes increases engagement (Lockwood, 2007). Enabling employees to craft more of the recognition programming will likely be critical in the future to ensure that buy-in is achieved, since employees may view programs differently (Bhattacharya, Sen, & Korschun, 2008). Not only does it help ensure initial buy-in, but research also shows that individuals who are highly satisfied will be more motivated to speak up and engage in ideas to help the team perform better (Morrison, Wheeler-Smith, & Kamdar, 2011).

This study built on prior findings indicating that monetary rewards can actually have a negative effect on motivation (Deci, 1972; Deci et al., 1999;
Lepper et al., 1973). The study also helped establish the positive correlation between perceptions of rewards and recognition and employee engagement, reinforcing the importance of rewards and recognition on employee engagement (Crawford et al., 2010; Maslach et al., 1997, 2001). Contributing research that leads to practical organizational practice is important given the societal impact of organizations (Mohrman & Lawler, 2011), as well as the heavy investment some organizations make in financial awards. Understanding the broader impact of nonmonetary recognition may enable organizations to review current practices and pursue other reward opportunities (nonmonetary) that may be more highly valued by employees.

While research shows that strong relationships with immediate supervisors lead to more engaged employees (Harter et al., 2002; Dale Carnegie, 2012; Saks, 2006), this study also establishes the groundwork for future studies to understand the impact supervisor recognition has on employee engagement.

CONCLUSION

Employee engagement is a concept that has quickly grown in popularity with minimal governance around definition or theory. Differing perspectives have continued to proliferate even within the academic community as research on the topic sometimes has little connection or collaboration across existing models (Shuck, 2011). While the practitioner approach has centered more on usability and actionable outcomes such as retention and productivity, the academic approach has focused more on validating the psychological concept itself in order to better understand the antecedent variables influencing the development of employee engagement (Shuck, 2011). Opportunities exist to get better alignment as that will ultimately benefit organizations seeking to better understand the drivers of engagement and better engage their employees.

As Jack Welch states, “No company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it.” Organizations are recognizing the increasing importance of attracting, engaging, developing, and retaining talent (Lockwood, 2007; Sundaray, 2011). This study has highlighted the tremendous opportunities that exist to better understand the key drivers of engagement.

REFERENCES


http://www.dalecarnegie.com/assets/1/7/driveengagement_101612_wp.pdf


Survey Questions

1. I have access to the resources (e.g., materials, equipment, technology, etc.) I need to do my job effectively.
2. In my work group, we set clear performance standards for product/service quality.
3. Work processes are efficient and well-organized in my work group.
4. My immediate manager supports ways to remove ineffective processes/obstacles.
5. My job is challenging and interesting.
6. My job makes good use of my talents/skills and abilities.
7. I am sufficiently involved in decisions that affect my job.
8. My immediate manager trusts me to make the choices and decisions necessary to do my job effectively.
9. I get enough training to be able to fulfill the current requirements of my job.
10. I am satisfied with the opportunities I have to develop my career at InvestCo.
11. My immediate manager takes an interest in and is supportive of my career development.
12. I feel that I am part of a team.
13. The people in my work group collaborate to get the job done.
14. At InvestCo., there is good teamwork and cooperation between departments.
15. People collaborate for the good of InvestCo., rather than focusing on their own department.
16. My immediate manager provides me with the information I need to do my job effectively.
17. There is open and honest two-way communication between our senior leadership and employees.
18. I feel free to share ideas and concerns directly with managers in my department.
19. I understand how my performance is evaluated.
20. My immediate manager holds people accountable for their performance.
21. My immediate manager provides me with ongoing feedback that helps me improve my performance.
22. At InvestCo., promotions go to those who best deserve them.
23. I believe I am paid fairly compared to people in other companies who hold similar jobs.
24. At InvestCo., performance is appropriately rewarded.
25. I receive appropriate recognition (beyond my pay and financial incentives) for my contributions.
26. Our senior leadership is committed to providing high quality products and services to external customers.
27. Customer problems get corrected quickly.
28. We regularly use customer feedback to improve our work processes.
29. I have the freedom to take actions that are needed to ensure good customer service.
30. Our senior leadership has a clear and effective strategy for competing in the future.
31. InvestCo.’s business strategy and objectives for the future motivates me.
32. My immediate manager clearly communicates the business strategy and objectives.
33. I can see a clear link between my work and the business strategy and objectives.
34. I trust our senior leadership in making the right decisions.
35. The behavior of our senior leadership is consistent with our values.
36. My immediate manager keeps his/her commitments.
37. My immediate manager listens and responds to my ideas and concerns.
38. My immediate manager really cares about my well-being.
39. InvestCo. has a climate in which diverse perspectives are valued.
40. InvestCo. makes it easy for people from diverse backgrounds to fit in and be accepted.
41. InvestCo. is flexible with my work arrangements, allowing me to balance work and home life.
42. Our senior leadership is committed to corporate responsibility.
43. Overall, I am satisfied with the actions InvestCo. is taking to be socially and environmentally responsible (e.g., investing responsibly and in our communities, managing environmental impact).
44. I am encouraged to participate in this company’s corporate responsibility programs (e.g., to address the environmental, social, and ethical impacts of my day-to-day work, community involvement).
45. How likely are you to recommend InvestCo. as a place to work to family, friends, or colleagues?
46. How likely are you to recommend InvestCo. products and services to family, friends or colleagues?
47. Overall, I am extremely satisfied with InvestCo. as a place to work.
48. I would gladly refer a good friend or family member to InvestCo. for employment.
49. I rarely think about looking for a new job with another company.
50. I am proud to work for InvestCo.
51. I was given the opportunity to discuss my questions and ideas about the results of the previous employee survey.
52. My immediate manager has taken action based on the feedback from the previous employee survey.
53. I have seen positive changes taking place as a result of previous employee surveys.
54. What one change, should be made to further improve InvestCo. as a place to work?
55. What one aspect do you like best about working for InvestCo.?
Table 1. Gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Responses*</th>
<th>Percentage of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>1,983</td>
<td>41.7</td>
</tr>
<tr>
<td>Female</td>
<td>2,776</td>
<td>58.3</td>
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</table>

*Gender was missing for one survey respondent.

Table 2. Company Tenure

<table>
<thead>
<tr>
<th>Category</th>
<th>Responses</th>
<th>Percentage of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>480</td>
<td>10.1</td>
</tr>
<tr>
<td>1 year - less than 3 years</td>
<td>792</td>
<td>16.6</td>
</tr>
<tr>
<td>3 years - less than 5 years</td>
<td>374</td>
<td>7.9</td>
</tr>
<tr>
<td>5 years - less than 10 years</td>
<td>1,048</td>
<td>22.0</td>
</tr>
<tr>
<td>10 years - less than 20 years</td>
<td>1,443</td>
<td>30.3</td>
</tr>
<tr>
<td>20 years or more</td>
<td>623</td>
<td>13.1</td>
</tr>
</tbody>
</table>

Table 3. Age

<table>
<thead>
<tr>
<th>Category</th>
<th>Responses</th>
<th>Percentage of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25 years</td>
<td>128</td>
<td>2.7</td>
</tr>
<tr>
<td>25-34 years</td>
<td>802</td>
<td>16.9</td>
</tr>
<tr>
<td>35-44 years</td>
<td>1,070</td>
<td>22.5</td>
</tr>
<tr>
<td>45-54 years</td>
<td>1,547</td>
<td>32.5</td>
</tr>
<tr>
<td>55-65 years</td>
<td>1,088</td>
<td>22.9</td>
</tr>
<tr>
<td>Over 65 years</td>
<td>125</td>
<td>2.6</td>
</tr>
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</table>

Table 4. Descriptive Survey Statistics

<table>
<thead>
<tr>
<th>Type</th>
<th>Employee Engagement Survey Response</th>
<th>N (# of teams)</th>
<th>Mean</th>
<th>Median</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1</td>
<td>At InvestCo., performance is appropriately rewarded.</td>
<td>523</td>
<td>.46</td>
<td>.50</td>
<td>.192</td>
</tr>
<tr>
<td>RQ2</td>
<td>I receive appropriate recognition (beyond my pay and financial incentives) for my contributions.</td>
<td>527</td>
<td>.51</td>
<td>.50</td>
<td>.191</td>
</tr>
<tr>
<td>EE1</td>
<td>Employee Engagement Index</td>
<td>536</td>
<td>.70</td>
<td>.71</td>
<td>.161</td>
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</tbody>
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