



The Folly of Rewarding With Money While Hoping For Loyalty

by **Dr. Michael Abelson**

Money rarely creates loyalty. Just think about it. People leave one organization to go to another organization for more money all the time. Sometimes its 5% more. Other times its 25% more, or greater. If you are using money as your primary way to motivate or create loyalty, think again. That's not why people are staying.



Why does money seem to be the reason people stay?

Because money is referred to as a “secondary reinforcer.” Secondary, in that money is the universal currency that allows you to buy other things. So, it's not the money that is motivational. It's what you can do with the money that motivates. Now, the very rich and some others don't worry about having more money to purchase other things. For them, the additional money is frequently a “score card” of their success. If I make more money than you, that means I am more successful than you, better than you, or some other judgmental comparison to you. They win the competition.

Any way you look at it, it's not the money that is being rewarding and motivating. The money is symbolic for something else. And, if they can get more money somewhere else, they are gone! Unless of course, you are willing to match or beat their other offer. THAT gets expensive! Additionally, is their value that much greater that you should pay them more, or are you getting sucked into the competition of keeping them?

Let's change the focus. What would it be like if you could offer them something they valued that others WON'T or CAN'T offer them? If they value that other thing as much as money or even greater, might that be the way to create loyalty? Absolutely!

What if they valued:

- Being able to control what they do on the job; autonomy without micro-management?
- Learning new things that would allow them to do their job better and this new knowledge didn't cost them anything because of a mentor or some other organizational program?

- Being able to volunteer for some charity and being appreciated at work for doing so, while the organization creates goodwill in their community/market?
- Giving to others through training them and being shown appreciation within the organization for doing so as an add-on to the job?
- Having flexible work hours, so they could spend more time at home with children or an elderly parent, while performing greater because they spend less time traveling to and from work?
- Having direction and structure on the job, so they knew when they performed well without the pressure of the typical judgmental and/or pay related performance evaluation?

Now, let's say they valued one or more of the above as much as or more than money. Can they get any or all of the above from other organizations? Probably not! If not, and they can get them from you, several things happen.

- First, you save a ton of money. Yes, a ton, even though money doesn't weigh much. But, if you have 50 to

1000 employees and save just \$1,000 per employee by offering them some reward other than money, that is \$50,000 to \$1,000,000 in savings. And that amount is if you only save \$1,000 per employee. You'll save much more.

- Second, you create greater loyalty because they can't get or buy those things with any sum of additional money, and one or more of the above is something they highly value.
- Third, you get a more satisfied, more loyal, and most likely, higher performing workforce. Each of these add to your financial bottom line.

We can go on and on, but I believe my point is made. Figure out what motivates people other than more money and quite a few positive things happen. All result in greater profitability, if that's what motivates you. If that is not your motive; maybe you'll feel better about yourself for the positive impact you have on others, or feel you have made contributions to others' lives, or have become more efficient and effect, and/or increased your and other's knowledge. All different and potentially valuable rewards! It all depends on what motivates you!



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