



## TenStep Supplemental Paper

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### Informal Rewards

Traditional reward system is losing its effectiveness, as it often fails to differentiate outstanding performance. According to a survey conducted in US, 63% of respondents agreed that “a pat on the back” is more meaningful than anything else. Another independent survey listed the following factors as most motivating:

- Congratulatory messages in person
- Personal appreciation notes
- Public recognition
- Morale-building meetings

Agreed all this are basic principles of positive reinforcement, however, they are effective informal rewards, too. They negate the emotional responses associated with punishment and bring forth favorable emotions. Moreover, it would prompt desired behavior at the workplace, as the employee perceives a positive relationship between good performance and rewards.

Most informal rewards require little or no money. For instance, Tektronix, Inc., which manufactures oscilloscopes and other electronic gadgets, gives “You Done Good Award” note cards to its managers and employees to document and send “thank you” notes to each other.

#### What Makes Informal Rewards Effective?

1. The reward needs to be given for desired behavior.
2. The sooner the award is given after desired behavior occurs, the better would be the impact. If the desired behavior is followed by outcome, it would enhance the chances of the behavior repeating.
3. The impact of the informal awards is more, if the manager delivers it personally. The fact that the he is taking time off from his busy schedule to appreciate an employee would have a better impact.
4. The reward needs to be valued and meaningful to the recipient. Ask them on a one-to-one basis what it is that they appreciate most.

Informal rewards help stabilize operations than formal control systems. They are personal and flexible. They have a greater motivating effect and help in reinforcing formal organizational goals. With a little bit endeavor and expense, companies can garner huge benefits.