The art of employee happiness

HOW TO CREATE A HIGHLY MOTIVATED WORKFORCE
According to experts, a higher salary doesn’t necessarily translate to greater productivity. And to truly motivate an employee – and create a desirable workplace culture – organisations need to understand the root causes of employee fulfilment.

At Tourism New Zealand, our International Business Events team talk to businesses that are keen to motivate employees and reward workplace success. In this 16-page booklet, you’ll find a curated selection of the best tips from some of the world’s foremost employee engagement specialists as well as case studies from two very different organisations – the Utah-based insurer EMI Health and global apparel company Icebreaker. Both companies know that it takes more than a token gesture to drive high performance.

Of course travel is the ultimate motivator, with incentive trips building strong relationships and delivering long-lasting memories for employees – especially when it is a unique or bucket list destination. We hope that if you are planning an incentive trip you’ll consider New Zealand/Aotearoa. Not only do we have some of the world’s most spectacular and pristine landscapes, we’re also exceptional hosts – that’s the spirit of manaakitanga, the New Zealand way of making people feel welcome.

Nga Mihi / Best regards

Lisa Gardiner
Tourism New Zealand
International Business Events and Premium Manager
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Welcome to the new world of work

Work as we once knew it has changed for good, and it’s continuing to evolve at a rapid pace. Blink and you’ll be in a whole new world.

Technological advances have a lot to do with the transitioning nature of work. The 21st-century workplace is now more focused on creativity and innovation, with automation having dramatically altered how we do things. Then there’s the changing composition of the workforce, which is having a huge impact on the workplace. Up to five generations are now operating together – Traditionalists, Baby Boomers, Gen X, Gen Y or Millennials, with Generation Z now starting to make an appearance.

They all have different needs and wants, so old ways must be balanced with the new. But it’s undoubtedly the case that Millennials – who make up the greatest proportion of the workforce – are having the greatest influence, and while the other generations can’t be ignored, businesses striving for success must listen to these employees. They’re not just motivated by money, an assertion that has been backed up by countless surveys. Millennials want flexibility, they want to develop their skills and use the latest technology, and they want an experience from work, in both the office environment and what the organisation provides.

They want a leader who will value them as equals, listen to them, address their problems, allow them to contribute in a meaningful way and recognise and reward their achievements. And this sentiment is being reflected in the other generations working alongside them, too.

The key, then, to employee happiness is for organisations to provide a leader with the ability to give workers what they need and want. Organisations will be rewarded with more motivated, engaged and productive staff, and will have a competitive edge in creating a great workplace culture that attracts and retains workers. As staff are the cornerstone of success, all of this is brilliant news for the bottom line.
The nature of human motivation

Once upon a time, money alone might have been enough to satisfy and motivate employees, but it’s no longer the case. Our needs have changed significantly over the past few decades and continue to do so. To get the best out of their staff and build an enviable workplace culture, managers need to know exactly what these needs are and how to meet them.

OUR MOTIVATIONS HAVE EVOLVED

Maslow’s Hierarchy of Needs, a motivational theory developed by American psychologist Abraham Maslow in 1943, is still highly relevant to the workplace. His theory was that humans are motivated to satisfy five basic needs, the most fundamental being “physiological” which, in relation to employment, is money to afford life’s necessities.

Maslow identified four other workplace-related needs, arranged in a hierarchy (see diagram, below).

International profiling and communications specialist Alan Stevens says that these needs – and hence motivations – have evolved over many generations.

The Builders, otherwise known as the Silent Generation, were all about survival, he says, so money to provide “food for today” was enough to satisfy them.

“Baby Boomers then went to the next level of the hierarchy, looking for food for both today and tomorrow, by getting secure jobs and looking after their future in retirement,” he says.

“Gen X then looked for recognition. They were the first ones to want careers and titles on business cards.”

Gen Ys or Millennials, says Stevens – who are the most dominant generation in the workforce today – are motivated by a leader who treats them like an adult and allows them to develop and reach their potential.

“Gen Ys will work their butts off for a leader, but they won’t just for a manager.”

HOW LEADERSHIP IMPACTS MOTIVATION

In white-collar jobs particularly, says Stevens, more money doesn’t equal greater productivity; in fact, if workers get too much money their productivity drops.

He adds that if you give employees extra money but don’t change the work culture at management levels, it will only motivate them for a short time.

“It’s like going to a motivational seminar – you go away, the stimulus stops and then motivation drops away,” he says.

An employee’s relationship with their direct manager is the single most important factor in how engaged and motivated they are in their work. “Everything a manager or leader does that makes an individual feel more valued is going to raise their performance, and their attitude to everybody else is going to be improved as well,” Stevens says. “Everything has a cause and effect.”

An American academic who has studied workplace happiness for 20 years says a lack of respect is the biggest obstacle to a collaborative and functioning workplace.

Christine Porath, from the McDonough School of Business at Georgetown University and the author of Mastering Civility: A Manifesto for the Workplace, says employees who don’t feel respected by managers or co-workers perform worse – often deliberately.

Dr Irene de Pater, assistant professor of management at the National University of Singapore Business School, says that the impact or consequences of incivility can be wide-ranging, affecting a targeted worker’s mood and attitudes towards work as well as their family and personal lives.

“It can also have behavioural effects, causing those targeted by incivility to lash out in retaliation or exhibit other counterproductive conduct either in the workplace or elsewhere,” she told the South China Morning Post.

Almost half of 800 employees surveyed across a range of industries who didn’t feel respected said they intentionally decreased time at work, and 38 per cent consciously decreased the quality of their work.

“Happiness for 20 years says a lack of respect is the biggest obstacle to a collaborative and functioning workplace.”

Porath says there are four ways that leaders can promote a respectful culture – she favours the term “civility” – and banish rudeness and bullying from their organisations:

• Hire civil employees by using behavioural questioning and checking their references thoroughly

• Be explicit about your organisation’s values and engage your team in a dialogue about them

• Use awards and public recognition to reinforce and reward civil behaviour

• Act quickly to correct bad behaviour from any employee – no matter how senior

A leader can help to motivate employees by meeting with them, seeking to understand their unique motivations and then helping them set their own goals for the future by:

• Detailing the organisation’s goals and how they contribute

• Reviewing what they have achieved in the past and what they’re capable of in the future

• Outlining a success plan, including rewards for achievements in certain timelines.

MASSLOW’S HIERARCHY OF NEEDS

<table>
<thead>
<tr>
<th>Maslow’s Hierarchy of Needs</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physiological</td>
<td>money to afford life’s necessities</td>
</tr>
<tr>
<td>Safety</td>
<td>having a physically safe workplace and job security</td>
</tr>
<tr>
<td>Belonging</td>
<td>a sense of acceptance among co-workers, and a contribution to the greater goal</td>
</tr>
<tr>
<td>Esteem</td>
<td>a sense of acceptance among co-workers, and a contribution to the greater goal</td>
</tr>
<tr>
<td>Self-actualisation</td>
<td>being able to develop and realise potential, such as through autonomy, independence and more challenging roles</td>
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SMART FRAMEWORK

A successful goal-setting process involves the SMART framework – Specific, Measurable, Attainable, Relevant and Time-Framed – is a well-established method in developing both short- and long-term goals. It comprises these steps:

Specific

Goals need to be easy to understand and well-defined; the why, what and how

Measurable

Define outcomes that can be quantified: what will it look/feel like when goals are met

Attainable

Ensure that goals are realistic, taking into consideration an employee’s skill set, available tools and resources

Relevant

Establish how the goals align with your organisation’s overall strategy and/or mission

Time-framed

Set a start and end date, including interim steps so progress can be monitored

“If you give employees extra money but don’t change the work culture at management levels, it will only motivate them for a short time.”
Understanding employee pain points

There are clearly many “pain points” among employees, indicated by their engagement levels, which are now at 33 per cent in the United States and 15 per cent worldwide, according to management advisory firm Gallup.

Which is only bad news for employers, with Gallup estimating the loss in productivity due to disengaged workers is about US$600 billion a year in America alone.

Jason Walker, New Zealand managing director of global recruitment firm Hays, says providing solutions to pain points will help improve employee motivation and engagement, and in turn boost staff retention, productivity and discretionary effort.

Identifying what your employees are struggling with is the first step in “pain point” management.

WHAT ARE THE MOST COMMON PAIN POINTS?

Trying to find work-life balance is one of the most common pain points, says Walker, and it’s largely being addressed through greater flexibility, such as the ability to work outside the traditional nine-to-five framework.

Working remotely is one solution to the work-life balance issue – but it may be creating another problem.

According to Natasha Hawker, director of Employee Matters in Sydney, there’s now a greater need to build rapport between co-workers since they don’t see each other regularly.

“You really need to create opportunities to collaborate effectively remotely,” Hawker says.

This can be done virtually, she says, through the use of technology and Zoom meetings, with regular communication via apps such as Voxer or through physical meetings.

Meanwhile, in the workplace, despite huge leaps in office design, Hawker believes there are still shortcomings: a lack of meeting spaces that promote collaboration, for example, as well as quiet rooms for private conversations.

She also believes hot desking can be challenging for some employees who don’t like change and uncertainty. “There is the sense that they can’t decorate their desk with personal items such as photos, or that their colleagues don’t leave the desk tidy.”

While office design issues are largely something that needs to be addressed in planning, employers can make changes to the environment, encourage coffee meetings at cafes or put rules in place for hot desking, as well as providing lockers for employee belongings.

HOW TO CLOSE THE DIGITAL SKILLS GAP

Another emerging pain point in modern workplaces is the digital skills gap. “The fourth industrial revolution is fast approaching and the acceleration of technological advancements means that if employees don’t upskill, their skills could become obsolete,” Jason Walker says.

To overcome this issue, Walker suggests employers invest in the latest technology and ensure their employees upskill in these areas to remain relevant.

“With technology changing at a rapid pace, employees becoming more tech-savvy and more Millennials entering the workplace, businesses should consider how technology can impact employee engagement,” he says. “This includes the online delivery of training, as well as using collaboration tools for business.”

WHY IT’S ESSENTIAL TO LISTEN AND RESPOND

The responsibility of understanding and addressing employee issues – which in turn leads to a more content and motivated workforce – falls squarely on the shoulders of management. But with a recent Gallup poll finding one in two people leave their job because of a bad boss, clearly those at the top are underperforming.

International profiling and communications specialist Alan Stevens says that when employees aren’t happy, they become disengaged and their performance drops. Then they become actively disengaged and start criticising the organisation to others, which makes it harder for colleagues to work: they, too, can become disengaged.

Stevens says managers should think of staff as their clients. If you don’t look after your staff, you’ll be failing your shareholders, he says, as it will have a detrimental impact on the bottom line.

Employees want their grievances to be heard at the very least, and solutions provided wherever possible.

While an open-door policy is almost standard now, Walker suggests performance management that gives employees a voice. “People want to know how they’re performing, where they’re going and how they can improve,” he says.

“This should involve more than an annual performance review, so consider regular progress reviews that are a two-way process.”

Reverse appraisals, whereby employees appraise managers, make staff feel that they are being heard – and that what they say matters. It can make a positive difference, Walker says, provided managers take the feedback seriously and employees see change as a result of their feedback.
HOW DO YOU SHOW EMPLOYEES THE BIGGER PICTURE?

Employees need to understand the why, how and what of the organisation – i.e., its purpose, principles, goals and strategies – and how their role contributes to the organisation’s success.

To do that, managers must keep the communication flow regular, and provide an opportunity for employees to ask questions and raise concerns, Walker says.

Communication should be open and honest, so everything should be transparent, including the company’s financial results.

Open communication helps give employees a sense of belonging, which Maslow’s Hierarchy of Needs sets out as one of the primary motivators of human endeavour.

Employees want to feel part of the “in crowd” and they feel accepted and valued if they are let in and informed about what is going on within the wider business.

Fostering relationships between co-workers is also important: giving employees an opportunity to talk – even if it’s seen as idle chat – helps them understand what’s going on in the rest of the business and how their roles contribute.

And collaboration is key. The changing design of offices to incorporate more relaxed areas and breakout spaces facilitates conversation, including about the greater goals of the organisation and how each department contributes.

Technology is also being used to keep employees up to date with what’s going on in the wider organisation. This includes using a social channel or social media for internal communications, or even text messages to spread the word. Many forward-thinking companies also have apps, giving employees access to more information about the company and themselves.

Digital communication is particularly beneficial for digitally minded Millennials, who are now accepted as the generation with the biggest presence in the workforce. Having grown up with social media, it is one of their major forms of communication, and many prefer it to face-to-face or over-the-phone interaction.

Some companies are looking outside the box and using games where players – or employees – compete to see who knows the most about an organisation. Others are taking employees on “excursions” to other departments to learn more about how the business actually operates.

They’re also opening up the office to family and friends, who can find out what goes on “behind closed doors”.

Show your staff the bigger picture

The Serenity Sisters, the Clutter Busters and the Peace of Mind Police. This is how housekeepers described themselves when assessing their role within an organisation, in this case the Joie de Vivre hotel chain in the United States.

To help show these employees their purpose, the hotel chain’s founder, Chip Conley, asked them in an exercise at a staff retreat: “If someone from Mars came down and saw what you were doing as a housekeeper in a hotel, what should they call you?”

They came up with those three names. “There was a sense that people were doing more than just cleaning a room,” Conley was quoted as saying. “They were creating a space for a traveller, who was far away from home, to feel safe and protected.”

In other words, these housekeepers could see how their job contributed to the bigger picture – that is, the company’s goal of making guests feel at home and therefore wanting to stay at Joie de Vivre hotels.

Every employer should be aiming to engage their employees in the same way.

Employees want their work to have meaning

Work is work. But if you bring meaning to what employees do by giving it context in the bigger picture, they can derive fulfillment from it, instead of feeling like a cog in a machine.

By understanding the value of their role, employees are encouraged to perform because they know why they are working harder and what it will achieve.

Employees might even go beyond expectations if they can see it will make a difference to the end goal; for instance, coming up with ideas to improve the business.

“They’re given ownership in the organisation’s success because they know what is expected of them and what their part is in achieving the desired outcome,” says Jason Walker, New Zealand managing director of global recruitment firm Hays.

In contrast, he says, organisations that don’t communicate their strategy and their employees’ roles in achieving goals create an atmosphere of uncertainty where executives are seen to rule from above. “A ‘them and us’ culture is created and engagement levels fall,” he says.

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SECTION TWO

How companies can change the game

Employees who feel trusted are happier

“Control leads to compliance. Autonomy leads to engagement.”

This quote by Daniel H. Pink, author of Drive: The Surprising Truth About What Motivates Us, nearly encapsulates two opposing styles of management – the first, where employees have little input into their working life, are micromanaged and whose independence is stymied. The second, where workers are engaged in decisions, are well-informed, trusted and allowed to work independently without “helicopter” bosses overseeing their every move. In fact, according to those working in the contemporary field of self-determination theory, one of the most important psychological needs of the modern worker is autonomy. Key to this is people’s sense of choice: that they are choosing their own goals and outcomes, rather than it being foisted upon them from above. Joan Cheverie, a professional development manager at US non-profit association Educause, has said that self-chosen goals create a specific kind of motivation called intrinsic motivation – the desire to do something for its own sake. When people are intrinsically motivated, they find greater enjoyment in what they are doing and they are more engaged in their work, she has written.

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AUTONOMY KEEPS EMPLOYEES HAPPY

Countless studies reinforce the importance of autonomy in creating an engaged and content workforce. One study consisting of nine separate experiments and more than 2000 participants across three locations – Europe, United States and India – found employees consistently chose a role that offered freedom over a role that offered power. Another study by the University of Cologne found that 74 per cent of people chose to stay in a hypothetical high-autonomy job rather than move to a high-influence position. Meanwhile, of those in a hypothetical high-influence job, 62 per cent accepted an offer for the higher-autonomy position.

So why does autonomy make employees happy? It gives them greater job satisfaction, because they’re trusted to work independently, allowing them to be challenged and develop their skills. It has even found to have health benefits, with greater control leading to less stress.

Conversely, a lack of autonomy through micromanagement makes employees unhappy because they don’t feel trusted, which in turn leads to lower engagement and productivity, which is not good news for a company’s bottom line.

In fact, studies have found businesses that operate under a structure with greater autonomy for employees grow at significantly faster rates than those with traditional hierarchical management.

How can you give employees more control?

Offices have clearly evolved since the days of strict and authoritarian supervision, but the supervisory role of management remains. While this is important to guide employees, if employers want to motivate their staff, they must hire people they can trust and then give them leeway to do their work.

Employees are motivated by having autonomy in both decision-making and in how they get their work done, according to Michigan-based human resources expert Susan Heathfield. It makes sense then that managers looking to motivate staff give them more independence and authority to self-manage and make decisions. But exactly how do you go about doing this?

Rather than just handing over the reins completely, which can be scary for both the manager and employee, it’s wise to start slowly and find a balance between autonomy and supervision.

Outline the desired outcome, the limits within which it must be achieved and then hand the responsibility over. “Within the clear framework of the PDP [personal development plan] and ongoing effective communication, delegate decision-making after defining limits, boundaries and critical points at which you want to receive feedback”, is Heathfield’s advice.

Giving employees the freedom to set their own goals for professional development gives them intrinsic motivation, but Heathfield also suggests:

• Expanding an employee’s job to include higher-level responsibilities to challenge them and allow them to grow their skills and knowledge

• Giving employees a presence and voice in meetings

• Keeping employees in the loop by including them on communication such as specific mailing lists, in company briefings or simply confiding in them

• Providing greater opportunities for an employee so as to have an impact on department or company goals, priorities and measurements

• Assigning the employee to head up projects or teams, and also to supervise other staff members

It’s wise to start slowly and find a balance between autonomy and supervision.
How companies can change the game

Juggling the responsibilities of work and life has become the norm for most workers, and achieving some sort of balance is becoming increasingly difficult. This means flexibility for all, no matter the employee’s priorities, whether caring for children or older relatives, health and wellbeing activities or voluntary work. Since Millennials grew up with technology that allowed them to connect from almost anywhere, any time, they accept being connected to, and completing, work outside standard business hours, says Walker. “Attend a gym class between 2pm and 4pm? Why not? They did, after all, work 8pm to 10pm on a project yesterday. Work on the train while commuting? With noise-reducing headphones, it will be quieter than many offices. “Finish work at 4pm to collect a child from day-care? You know they’ll log back in once their little one is down for the night. Attend a child’s weekly tennis lesson? They do respond to emails every evening.”

The 2016 Deloitte Millennials Survey, which surveyed more than 7000 Millennials around the world, found a good work-life balance was the number one reason for choosing to work for an organisation, flexibility was third.

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**Bring meaning to the idea of work-life balance**

**Employees are demanding flexibility**

Working flexibly started gaining popularity when technology allowed employees to work from home or remotely. Jason Walker, New Zealand managing director of global recruitment firm Hays, says integration means life and work overlap. Flexibility exists both ways, he says, so that instead of working nine-to-five Monday to Friday, employees can work flexible hours to meet their work and personal responsibilities.

**Don’t just give lip service**

The issue of work-life balance is considered one of the most important benefits workplaces can offer and is one of the biggest causes of discontent or pain points among employees. Despite this, Natasha Hawker, director of Employee Matters in Sydney, believes that in many businesses, work-life balance is given lip service at best.

“Part-time employees, I often say, work full-time hours for a part-time salary. They often still receive glares, comments or whispers when they leave at 4pm to collect their children.” Companies that do take useful steps to assist employees in this way can gain a competitive edge in the labour market, not only by attracting staff but retaining them and motivating them to work hard – all of which affects the business’s bottom line.

Achieving a work-life balance reduces stress on staff and improves their overall quality of life. This affects their happiness, health, morale, motivation and commitment to their job.

The 2017 Deloitte Millennial Survey found flexible working conditions were clearly correlated to employee performance and retention. From the Millennial’s perspective, the survey found this flexibility was seen to have a positive influence on a wide range of work and personal factors.

Perhaps most interesting was the fact that Millennials indicated highly flexible workplaces were two-and-a-half times more likely to benefit financially than those that were restrictive. The Deloitte survey also found that flexibility was becoming more common, and trust was improving, with personal accountability high in flexible environments.

**How to give your employees balance**

The main way employers can help employees is to offer flexible work options to manage the demands of their job and their personal lives. Walker says employers can offer practical solutions such as job sharing, working from home or an alternative location one or more days a week, and part-time work.

It could also be a flexible work schedule with hours that don’t just sit within the traditional nine-to-five timeframe. With clear objectives and performance evaluations based on outcomes rather than hours physically present in the workplace, integration can create a synergy and balance, Walker says.

Organisations usually start by trialling working from home one day a week, offering time out of the office to attend a yoga or gym class, or allowing staff to leave early to collect children, then log in from home at night to finish daily tasks. “More complete integration builds up from there once data is collected that shows the productivity benefits of this arrangement.”

Michigan-based management consultant Susan Heathfield, writing on finance website The Balance, says that employers can also:

- Offer paid time off in lieu of traditional paid sick leave and holidays
- Allow unpaid time off for life cycle needs
- Hold company-sponsored family events and activities
- Model work-life balance in their own lives
- Allow some crossover of life needs in the workplace and vice versa, such as exercise or shopping/getting chores done during work time
What in-office incentives are used?

We’ve all heard of the most common in-office incentives, such as providing coffee and fruit baskets and the occasional in-house massage.

The latter two are among the many popular incentives under the health and wellness umbrella, according to Jason Walker, New Zealand managing director of global recruitment firm Hays.

Other incentives in this category include boot camps, lunchtime yoga classes and end-of-trip facilities to encourage staff to ride their bikes to work.

Beyond these amenities, many companies are increasingly offering services such as in-office incentives. Some provide a concierge service for someone to do employees’ household chores, such as shopping and collecting dry-cleaning, during the working day. Sometimes these services are discounted to provide even more benefits to staff.

Many businesses design their workplaces to incorporate a concierge service and multi-function rooms – with a boardroom that can be turned into a yoga studio, for example. They’re also providing break-out or quiet spaces for staff.

Global companies such as Google, Facebook, Airbnb and Dropbox are taking in-house incentives to a new level, incorporating luxurious facilities, entertainment and amenities in their offices.

These include big-screen TVs, couches, table tennis and billiard tables, meals, gyms, child-care and even doggy day-care.

Missing Link, a video production company in Johannesburg in South Africa, has a shooting range and tattoo studio, and telecommunications firm Dtac’s headquarters in Bangkok has a running track and concert and performance spaces.

Natasha Hawker, director of Employee Matters in Sydney, says there are plenty of ways for employers to be more creative and go beyond fruit and coffee and the occasional soothing massage.

“Employers should be asking their employees what incentives they would like. Even the mere fact of asking them will give you a lift in engagement,” she says.

Don’t overlook simple things either. A recent study by employee engagement company Reward Gateway found that workers prefer to be thanked when they do a good job, rather than through more formal channels such as performance review or company event.

Nearly half of all employees surveyed said they would leave a company if they didn’t receive recognition, yet more than 40 per cent of senior managers didn’t consider that thanking staff had any impact on retention.

The rationale behind incentives

In-office incentives are a great way to reward workers for their successes and to motivate them to continue performing, says Hawker. “People spend a significant amount of their waking hours at the office,” she says. “To be appreciated and acknowledged for your efforts helps to encourage repeat behaviours.”

Having such incentives also makes the office a more enjoyable place to be, which means employees are more likely to be happy, to work more creatively and productively, and even to work collaboratively.

They’re also likely to be in less of a hurry to leave, especially if services such as an in-house concierge are lessening their load outside of work.

In-office incentives boost staff morale

Using in-office incentives to reward and motivate staff is not a new concept but progressive companies are starting to recognise that well-thought-out incentives that are attuned to their workers’ needs are an essential ingredient in employee satisfaction.

In-office incentives are a big part of providing employees with more than just a salary and giving them more of the “experience” they increasingly want from work.

This contributes to the culture of an office, which encourages employee engagement and helps in attracting and retaining staff.
Recognition programs are continually evolving

Exemplary employee performance can be recognised through programs that provide rewards, incentives or benefits. While reward and recognition programs have been used for a long time, they’re now a key focus for organisations in motivating staff.

In its 2017 Trends Study, the Incentive Research Foundation (IRF) found external top-down and bottom-up pressures, combined with internal pressures – including the need to recognise employees for taking on increasingly valuable non-core job roles – are leading to growth in non-cash rewards and recognition programs.

In its 2017 Trends in Global Employee Engagement, Aon Hewitt found that in the Asia Pacific region, companies that consistently addressed rewards and recognition had the greatest opportunity to improve their workforce's engagement.

The IRF recently found the proportion of US businesses using non-cash rewards for employees has risen from just 26 per cent in 1996 to a huge 84 per cent in 2016.

The IRF is tracking six main designs:

- **More than one reward** – Some 80 per cent of businesses are using more than one type of non-cash reward
- **Social recognition** – Almost 40 per cent of programs are realising the importance of social recognition (broadly defined as having an influence within the company; being able to utilise skills and knowledge and receiving encouragement, praise and feedback)
- **Integration** – About 34 per cent of surveyed companies are integrating their recognition programs with other platforms
- **Personalisation** – Engaging different generations within the workforce is essential to a program’s success: what is meaningful to a Gen X-er, may be vastly different to a Nomad
- **Sharing economy** – “Pay it forward” is another key platform, allowing employees to share their success (and money) with their family or by supporting charities
- **Top performer tracking** – Rather than looking at averages, it’s more beneficial to look at the top performers

Focus on Experiential Rewards

Travel, gift cards, merchandise … traditional rewards are still valued currency in recognition programs, but experiences are a part of the new currency in rewards, particularly in relation to Millennials.

Surveys show Millennials value experiences over things. Harris Poll in 2014 found 78 per cent of Millennials choose experiences over things, and according to the most recent IRF Pulse Study, 25 per cent of Millennials choose travel as an experiential reward.

An Eventbrite survey conducted online within the US by Harris Poll in 2014 found 78 per cent of Millennials choose to spend money on an experience or event rather than buying something tangible.

In its 2017 Trends Study, the IRF acknowledges a move to the “experience economy”, flagged decades ago in a book by Pine and Gilmore, in which economic value has shifted from “extracting commodities, to making goods, to offering services, to creating memorable experiences”.

This has held true for all types of reward and recognition programs, and according to the most recent IRF Pulse Study, 25 per cent of program owners are using other experiential rewards more readily, including spa days, tickets to concerts and sporting events and dinners.

Tapping emotional engagement through a strategic choice of rewards and incentives is a powerful way for businesses to motivate their stakeholders

Technology is Key

According to the study, almost 90 per cent of large businesses are using some sort of technology, including mobile apps, to support incentives and rewards programs.

“Technology continues to accelerate change in businesses across all industries,” the IRF reports. “Incentive travel planners and reward and recognition program owners should evaluate their current technology portfolios to determine how they incorporate mobile, social, wearable, predictive and view-altering technologies to enhance the outcomes of their programs.”

Recognition Must Be Personalised

There is no one-size-fits-all approach for recognition.

In 2015, a survey conducted by the IRF for the Incentive Marketing Association found 446 out of 452 participants each had a preference for their award and how it should be presented.

It also found that the reward experience had a greater positive impact than the reward itself. Between 40 and 70 per cent of a participant’s preferred award experience was determined by non-award factors such as who presented it and how.

“A reward and recognition program should be flexible to meet the needs of all employees by allowing staff to select what is most valuable to them,” says Jason Walker, New Zealand managing director of global recruitment firm Hays. “For instance, one employee may really appreciate a day out rock climbing, sailing or going to the snow. But for another, such rewards could provide a child-care headache.”

There is no one-size fits all approach for recognition

Experiential rewards provided via recognition programs are one of the best ways to motivate staff
Unique travel experiences as rewards

As people increasingly value experiences over just cash – both in life and at work – travel is becoming the ultimate reward and motivator for employees.

For many, steering a yacht with the wind in your hair is much more memorable than looking at your bank account and seeing your balance boosted by a few dollars. While travel rewards an individual, it also rewards employers that offer these incentives, through a significant return on investment through increased revenues and strengthened relationships.

**HOW DOES INCENTIVE TRAVEL REWARD AND MOTIVATE STAFF?**

Kip Lambert of incentive travel group Destinations, Inc believes a travel-based incentive is more effective than a cash reward in motivating employees because it taps into their emotions and is therefore far more memorable.

“Travel is romantic. Travel is learning new cultures,” he says. “Travel is experiencing sights, sounds, smells and tastes. It’s awesome food. Uncommon experiences. Adventure.”

Industry experts generally agree that travel is more cost-effective than money in rewarding employees. Additionally, in the long-term, monetary rewards are more expensive because they’re solely transactional, while non-cash rewards or gifts create a relationship between the employer and employee, offering greater value to both.

As well as improving employee engagement, travel incentives encourage employee loyalty, foster stronger bonds between co-workers and create healthy competition among colleagues to reach or exceed targets. Having a mini-break can also improve health among staff, which is advantageous for the bottom line because it reduces sick leave and improves productivity.

**INCENTIVE TRAVEL IS BECOMING MORE POPULAR**

Using travel to reward and motivate employees, especially sales teams, has gained popularity in recent years. According to the Incentive Research Foundation’s 2017 Trends Study, the US market continues to expand. The foundation estimates nearly 40 per cent of US businesses now use it in some form to reward, recognise and motivate their top people.

The IRF study also found that US companies are increasing budgets for incentive trips, with firms spending more than US$14 billion a year. The net rise among planners who increased rather than reduced their incentive travel budgets in 2017 was 30 per cent.

More than one-third of planners now budget $3000 to $4000 per person, and 40 per cent more have per-person budgets exceeding that.

Even as early as 2009, an Oxford Economics USA study found the return on investment of US business travel was almost $4 for every $1 spent.

The return, according to Kip Lambert, is a game-changer. “If done correctly, a sales incentive is paid for out of increased revenues which make it a net positive on the bottom line,” he says.

**WHAT DO THE TRAVEL PLANS INVOLVE?**

Where employers send their employees on incentive trips depends on the company’s budget and time allocation, according to Lambert.

“The more adventurous companies see the value in unique or ‘bucket list’ locations like New Zealand,” he says.

But according to the IRF, of equal importance as the destination is the unique and personalised experience employees get from the trip, especially now that there are at least three generations – Baby Boomers, Generation X and Generation Y – in the workforce, with Generation Z on the way.

“This has now led to the ‘productising’ of mini-experiences: from various types of tastings to personalised training sessions to behind-the-scenes introductions to chefs,” the study says.

The focus on tapping emotions and creating experiences, whether through travel or merchandise, will continue to grow in the next few years. “As new suppliers enter the market and program designers gain comfort and expertise with novel approaches, participants will be treated to a host of innovative and memorable experiences,” Lambert says.

When employees go on an incentive trip, the entire thing should be unique, a “wow experience”, says Lambert.

Studies show the return on investment of US business travel was almost $4 for every $1 spent.
Engagement vital in New Zealand company’s success

Employees at Icebreaker, which sells merino wool-based clothing in more than 40 countries, are usually drawn to the company by its ethos. It’s all about nature, ethics, sustainability and being socially responsible, against a backdrop of high performance. And once they get there, the ethos, culture and shared values are a big part of why employees stay with the company that has annual sales of NZ$220 million (US$160 million). As Icebreaker’s chief executive Greg Smith puts it, the culture of the business and staff engagement go hand in hand.

FEEDBACK IS CRITICAL FOR ENGAGEMENT

Rather than looking at how to motivate employees, Icebreaker focuses on how to improve their engagement which, Smith says, comes down to the work they’re doing and the feedback they’re getting for that work.

“You can’t give employees motivation; it’s something they innately have,” he says from the company’s New Zealand headquarters. “But you can enable motivation through culture and, in turn, through engagement. And feedback to employees is critical at Icebreaker. It validates their performance and the work they’re doing, whether it’s good or bad,” says Smith. “Everybody is able to absorb feedback in different ways, so the delivery needs to be tailored to each person to get the best result.”

Feedback can be as simple as acknowledging a job well done through a small gesture such as a thumbs-up, says Smith, or reminding an employee about something they need to improve on.

“It can be just 10 seconds or a sound bite, which demonstrates that, one, you’re watching and have a standard you want to uphold and, two, that you want to help.”

Feedback is given to each member of the 400-plus Icebreaker team, ranging from salespeople in its shops to those in leadership roles, including the chief executive, so every employee can improve their performance.

REWARDS ARE OFFERED FOR SUCCESS

When a job is well done, employees at Icebreaker receive rewards through programs tailored to different roles and individuals.

Sales people get monthly monetary rewards for achieving sales goals, while those in non-sales positions receive yearly bonuses linked to the overall performance of the business and its profit targets.

Because money is not always a motivator for employees, Icebreaker also gives informal and largely spontaneous acknowledgements of excellence.

This might be a leader taking a team out for lunch, dinner or drinks at the end of a project, a note from the chief executive, a thank-you card, a bottle of wine, a day off or a few hours off for a long lunch.

Smith says unexpected rewards can be more powerful than structured ones because they’re often perceived by workers as more sincere.

He adds that some people don’t like to be in the spotlight, so formal recognition is not always the way to go.

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WORKING COLLABORATIVELY STRENGTHENS ENGAGEMENT

Spontaneous rewards that allow employees to mix with their colleagues in an informal setting are important for employee engagement.

Getting together for social events such as playing sport, quiz nights, after-work drinks and even recently an impromptu Father’s Day “pies and beers” gathering are also important in building relationships.

It’s also critical to foster collaboration within the office and, at Icebreaker, management is accessible and open to ideas and feedback, which is important to employees, especially Millennials, Smith says.

While flexible working is offered, when employees are in the office they collaborate with complete transparency and open communication.

Smith says the more information they can share about how the business is performing, the better.

Keeping employees up to date enables them to understand how their role contributes to the bigger picture and this drives their performance, he says.

“When you start to work together you get a momentum and ambition that’s contagious and unstoppable,” he says.

“Opportunities keep people motivated

Icebreaker hires employees with great prospects and, during the recruitment process, Smith is already thinking about how they could progress up the chain.

Employees should be given opportunities for internal succession as this will keep them challenged, engaged and will improve retention. Smith adds that when a manager trains someone to be as good as they are, they’re not making themselves redundant: they’re making their job easier and allowing themselves to improve and look at what it’s possible to achieve.

“When you start to work together you get a momentum and ambition that’s contagious and unstoppable,” he says.

“Since Icebreaker is a global company, another big benefit – and motivating factor – for employees is the opportunity to transfer overseas, to Canada, the US, Europe or Australia. Those opportunities and the emphasis on succession planning help the company to attract staff.

“They want to work for us and do a better job, and in turn customers feel that and buy more products and we make more money.

“It starts with the sales teams on retail sales floors being well managed and feeling great about coming to work each day.”
Travel the most effective motivator at EMI

US insurance carrier EMI Health has tried numerous incentives for staff over the years but of all the options, travel has been the most rewarding for everyone. As a result, it’s the only real incentive they use now.

WHO IS RECOGNISED AND REWARDED?
The 40 or 50 employees of EMI Health who are rewarded with its annual incentive trips are chosen based on how their performance relates to the net growth of EMI.

“Each broker needs to sell a certain amount of business, plus retain current clients,” explains Cindy Dunnavant, senior vice-president of sales and marketing.

She says the rewards lead to strong competition among staff, with salespeople motivated to work hard to be among those who get to experience an overseas trip. “Brokers fight to be our top agent and be seen at every incentive trip.”

WHAT ARE THE DESTINATIONS?
EMI offers an incentive trip for its employees every year, usually around March or April. Last year the company took their top performing employees on a 10-day incentive trip to Africa. “Come hear the roar of the lions” was the catchphrase, and the trip included safaris, meals, guides, and five-star resorts.

“We found that everyone was excited to go, especially because it was somewhere they might not go on their own,” explains Dunnnavant.

“Quarterly we would send the employees going on the trip little carved animals to remind them how close they were to going on the safari, and we got a lot of positive feedback and excitement.”

In April next year, EMI’s top performers will head overseas to New Zealand on a seven-day incentive trip. Their top three performers will have an extra four days in Fiji.

New Zealand is a country full of beauty with lots of world-class adventure; in a nutshell, that’s why it was chosen as a destination for EMI Health’s upcoming incentive trip, says Dunnnavant.

“We pick top destinations to keep our top producers motivated and excited year after year,” she says.

Kip Lambert of Destinations, Inc. adds that New Zealand is one of the best destinations in the world and one that is on many people’s bucket lists.

“The ‘bucket list’ designation is an emotional driver as an incentive,” he says.

“Here in the U.S. when someone says they’re headed to New Zealand, people pay attention and ask why, or get excited, because it’s so many things … it’s the Land of the Long White Cloud, The Lord of the Rings, adventure sports, amazing people and great food.”

WHY USE TRAVEL OVER OTHER INCENTIVES?
EMI uses travel as an incentive rather than other rewards because it has proven to be the most satisfying for everyone. Money or other gifts are easily forgotten, explains Dunnnavant; they don’t provide the lasting memories that a trip of a lifetime does. “Experiencing a trip that they will talk about for the rest of their lives is the only way you get to really build a relationship with top producers,” she says.

Employees who went on EMI’s last incentive trip to Africa not only got the “experience of a lifetime”, but were also able to forge stronger relationships with both the executive team and EMI’s underwriters, says Dunnnavant, which fosters loyalty between the company and its employees.

BUSINESS GROWTH HAS BEEN A MAJOR BENEFIT
Providing an incentive trip to their top-producing agents has not only motivated EMI’s agents to be more successful, but in turn has helped increase EMI’s bottom line, according to Dunnnavant.

“The incentive trips help our company to grow and retain business,” she says. “I can’t emphasise enough the relationships and business growth that comes from it.

“We all like to do business with people we know and like. Our product is much just like our competitors, so the incentive trip helps to create the difference. We have seen continued growth in our business year after year.”
Tourism New Zealand’s Business Events team works with companies around the globe to develop truly unique incentive programs. Our international team is based in Los Angeles, Mumbai, Shanghai, Singapore and Sydney; and our New Zealand-based team in Auckland and Wellington.

Why Choose New Zealand
New Zealand’s spectacular natural environment – and professional, friendly tourism industry – means there is no better place for an incentive trip. Whether you’re a keen golfer, an adrenalin junkie or a food and wine connoisseur, New Zealand offers adventure and rejuvenation.

Find Out More
To learn more about holding your next incentive in New Zealand, visit www.businessevents.newzealand.com or contact us directly at businessevents@tnz.govt.nz. Get in touch today, we are here to help.