EXECUTIVE BRIEFING

The Use of **Reward & Recognition** Awards in Organizations

Advancing The SCIENCE MOTIVATION & incentives

Bob & His Awards Choices

Bob is the program administrator for his manufacturing company's 1000+ employees and distribution channel. Bob's typical day is spent reviewing gift card purchase redemptions for multiple "spot award" programs of \$100 or less, as well as planning for the end of year trip (with meeting) held concurrently to honor their



top distributor reps and internal sales people (budget: approximately \$2,500 per participant).

Although fictional, "Bob" puts a face on how a majority of 170 designers and managers of reward and recognition programs responded in our recent study entitled "The Use of Reward and Recognition Awards In Organizations." Relating to the use of cash, travel, merchandise and pre-paid gift cards in reward and recognition programs, we looked for answers to these six questions:

- 1. What is the current usage of these award types?
- 2. What is your basis for award type selection?
- 3. What is the targeted value of the award (dollar/award) by award type?
- 4. How do you determine the value of the award to offer?
- 5. How effective is the award in achieving your objectives?
- 6. How do you determine award effectiveness?

The following was developed in joint-cooperation between the IRF and the Incentive Federation and provides highlights of this valuable study. For the full report, you can download it from the IRF website: www.theirf.org



This material is copyrighted and the sole property of The Incentive Research Foundation. It is not to be reprinted or reproduced in any way without prior attribution to The Incentive Research Foundation. Copyright 2011. CASH TRAVEL MERCHANDISE PRE-PAID WHO USES THESE AWARD TYPES?

Our survey's participants manage recognition and rewards programs focused on achieving **specific performance outcomes.** Not to be confused with normal sales commission bases, stock options, or other types of cash payment arrangements, these programs can be consid-

ered *"Classic Incentive Programs"* in the truest sense. Survey participants came from the industries shown on the right:

As one might expect from a classic incentive program, respondents overwhelmingly cited sales personnel as their most frequent program targets. Note the low involvement of people from

	B	Finance/Insurance	13%
Table 1	REPRESENTED	Incentives	7%
	RES	Manufacturing	16%
		Technology/ Telecommunications	14%
	NDUSTRIES	Medical, Dental, Pharmaceutical	7%
	IQN	Other/No Response	33%
ote:	Comp	anies ranged from less than 100 to	more than

10,000 employees. See the complete study for more details.

executive management and other support functions as indicated in table 2 below.

Table 2	CASH	TRAVEL	MERCHANDISE	PRE-PAID CARDS
Sales	66.0%	77.4%	65.2%	60.9%
Operations/Manufacturing	52.8 %	24_2 %	53.3%	47.3%
Executive Management	32.1%	33.9%	31.5%	24.5%
Customer Service	52.8 %	29.0 %	58.7 %	47.3%
Marketing	45.3%	29.0%	50.0 %	46.4%
Technology/IT	45.3%	25.8%	43.5%	39.1%
Human Resources	39.6%	21.0%	44.6%	40.9%
Finance/Accounting	41.5%	25.8%	40.2%	40.9%

True to the classic definition, table 3 below shows that a majority of the programs are for internal company employees and people within the company's distribution or sales channels.

Table 3	CASH	TRAVEL	MERCHANDISE	PRE-PAID CARDS
Employees Only	37%	27%	48%	67 %
Channel Only	17%	33%	56%	67%
Employees & Channel	25%	57%	65%	61%
Use Only This Award	6%	8%	10%	(26%)

The award types they use are widely dispersed. Note the *Use Only This Award* amounts in table 3: 26% of the respondents said they use pre-paid cards exclusively, more than double what they said about cash, travel and merchandise.





BUDGET BY	\$10,001 - \$50,000	30_2 %	11. 3%	14.1%	20. 7%
AWARD	\$50,000 - \$100,000	5.7%	4.8 %	8.8%	8.1%
ТҮРЕ	\$100,000 - \$250,000	7.5%	11.3%	7.7%	6.3%
	\$250,000 - \$500,000	9.4%	4.8 %	5.5%	6.3%
	\$500,000 - \$1,000,000	0.0%	12.9 %	8.8 %	2.7 %
Table 4	> \$1,000,000	13.2%	25.8%	4_4 %	4.5%

As shown in table 4, the budgets for cash, merchandise and pre-paid cards are fairly similar. It is not until budgets reach the \$100,000 - \$250,000 range and beyond that travel takes over in terms of largest budget amount.

	No Response	7.5%	14.5%	15.2%	15.2%
	<\$100	26.4%	3.2%	35.9%	35.9%
VALUE OF	\$101 - \$500	32.1 %	8.1%	34.8%	34.8%
MOST	\$501 - \$1,000	18.9%	8.1%	9.8%	9.8%
COMMON	\$1,000 - \$5,000	13.2%	46.8%	2.2%	2.2%
AWARD	>\$5,000	1.9%	19.4%	2.2%	2.2%
TYPE	Median Amount	\$250	\$2,500	\$100	\$50
	* Median % of Income	3.0%	4.5%	2.0%	2.0%
Table 5	Average Per Award Amount	\$732	\$3,115	\$206	\$240

As shown in table 5, a *Median Amount* of \$2,500 for travel awards was reported -- much higher than cash (\$250), merchandise (\$100), or pre-paid gift cards (\$50). *Average Per Award Amounts* by type (table 5) suggest that cash, merchandise and gift cards are used for spot awards (such as weekly behaviors) while travel (\$2,500 *Median* and \$3,115 *Average*) relates to annualized goal attainment, hence requiring a larger budget outlay. The full report provides insights as to why cash is triple the amount of merchandise and gift cards.

Median % of Income is the amount given by participants when asked the question, "As a percentage of employee income, what do you feel is the most effective level of cash award to use for Rewards and Recognition?"

<u>WHY</u> DO THEY USE THEM?				
able 6	CASH	TRAVEL	MERCHANDISE	PRE-PAID CARDS
Ease of use		\sim		X
Flexibility				X
Ease of administration				X
Provide unique experiences		X		
Build brand loyalty		X		
Emotional connection		X		
Tangible reminder			X	
Trophy value			X	
Employee preference	X			

Program administrators cite gift cards as being *"easy to provide rewards efficiently."* Award recipients can use them to purchase what they would like. When it is highly desirable to provide a unique experience, build loyalty to the brand and establish an emotional connection, travel gets the nod. Given that spot awards occur frequently and are usually at lower dollarized amounts, something that is easy to administer is preferred.

Why Do They Use Them? (Continued)

Pre-paid gift cards meet this need well from an administrative standpoint. Merchandise is viewed as the best tangible reminder, supporting previous study findings (*Jeffrey & Shaffer, 2007*) on the ease in which people can discuss receiving merchandise awards with colleagues, family, and friends.

HOW DO YOU THEY'RE EFF (and what's your b	ECTIVE?	CASH	TRAVEL	MERCHANDISE	PRE-PAID
BASIS FOR	Intuition	18.9%	16.1%	21.7%	30.9%
ESTIMATE OF	Experience	35.8%	37.1%	41.3%	30.0%
OPTIMAL	Observation	17.0%	32.3 %	32.6 %	20.0%
AWARD VALUE	Data	18. 9%	17.7%	9.8%	8.2%
Table 7	Experimentation	13.2%	9.7%	8.7%	7.3%

When asked to report how they determined the optimal amounts to budget for their reward and recognition programs, the percentage responding *Intuition* or *Experience* was over 50% across all four award categories.

Given that award expenditures range from 3%-5% of salaries, this is an important area for future research, especially when considering how respondents answered our questions regarding award effectiveness. As shown below, the majority of respondents do not have what they consider good measures to determine the optimal award value on which to base their

programs:

		CASH	TRAVEL	MERCHANDISE	PRE-PAID CARDS
	No Response	7.5%	11.2%	10.1%	10.8%
	Don't Know	5.7 %	6.5%	9.0%	14.4%
	No Good Measure	30.2%	14.5%	23.6%	17.1%
	Significantly Negative	0.0%	0.0%	0.0%	0.0%
PERCEIVED EFFECTIVENESS	Negative	0.0%	0.0%	0.0%	0.0%
	Somewhat Negative	1.9%	0.0%	1.1%	1.0%
	Almost None	3.8 %	6.5%	6.7%	7.2%
	Somewhat Positive	15.1%	17.7%	12.4 %	17.2%
	Positive	18 .9%	24_2%	23.6%	17.2%
Table 8	Significantly Positive	30_2%	19 .3%	8.9%	17.2%

The good news is that almost no respondents indicated that their reward and recognition programs were having a negative effect; further, a large number of respondents said their programs garnered from *somewhat positive* to *signficantly positive* results.

WHAT ARE OUR TAKEAWAYS?

The administrators generally apply intuition and experience to make program decisions and don't know (or have no good measure) of whether their programs are effective or not. Given this finding and others, the following page presents our recommendations for future research efforts.

Incentive Research FerrandZition

INSIGHTS & IMPLICATIONS



Group Vs. Individual Travel

Thirty-six percent of respondents stated they used travel, particularly with sales employees. Follow up questions revealed that approximately 70% of this travel was group based;

however, it appears to be changing to individual travel somewhat. This finding has implications for program design, destination and program management.

Additional research should focus on types of individual travel and the general program rules for receiving these awards (e.g., spot vs. goal-based).

Travel Budgets

Over half of the respondents said their incentive travel budgets have remained the same in the past two years. Although very closely matched, in composite, more said their budgets have decreased than have increased.





The average values reported for merchandise and prepaid cards are very similar, suggesting that merchandise and cards are used for similar purposes, namely, spot recognition programs. For example, almost 10% of respondents placed a positive value in daily and weekly behaviors for these two award types.

For merchandise, the median percentage budgeted for providing daily awards was 20%, with 30% being the median for prepaid cards.

Merchandise Vs. Pre-Paid Cards (Cont.)

For weekly awards, these numbers were 15% and 25% respectively. Taken as a whole, these data suggest that merchandise and cards are more frequently used for spot awards than travel or cash.

Future research on the differences between spot recognition and longer-term programs would be beneficial.



Some participants indicated they pollled their employees about their award preferences, with a preference for cash indicated. Given that cash was used the least frequently while gift cards used the most frequently, we can assume that gift cards are viewed as a substitute for cash awards.

Future research testing this assumption may be of benefit to incentive program practitioners.



HARD US DATA de ar

A large number of respondents use intuition or experience when determining the right award amounts.

Further, participants view their programs as having positive effects despite not having any real means to prove it.

Additional research confirming ROI and return on objectives of recognition and reward programs is called for.

METHODOLOGY

An email invitation was sent to approximately 2,000 managers who were identified as responsible for administering their companys' incentive programs. Of this number, 170 participated in the survey – the greatest response rate achieved with this particular audience and survey format. Responses were recorded in an online survey hosted on a Monmouth University server. The survey asked respondents about their use of awards in their organizations per the six questions shown on page one of this paper.

The Use of Reward & Recognition Awards in Organizations

6	
ð	
I	
Ë	
X	
	1
9	
U	
\mathbf{U}	
U)	
0	
Ō	ų
	١
0	
Ö	

AWARD AUDIENCE Use in channel Only Use with Employees Only Use with End Channel & Employees Or Only This Award Type 16,7% 37,5% 26,5% 26,6% 33,3% 27,3% 27,3% 27,3% Executable 47,7% 47,7% Executable 66,7% AUDIENCE Use only This Award Type 0,0% 0,	•	in Organizations		W W		
AWARD AUDIENCE Use in Channel Only bre with Employees Only bre With Exh Channel & Employees Only bre With Exh Channel Dependences Dependence			CASH	TRAVEL		PRE-PAID
AWARD AUDIENCE Use with Employees Use Only This Award Type 37,5% (a) 27,3% (b) 27,3% (c) 47,7% (c) 67,0% (c) AUDIENCE Use With Enchtanna Employee Use Only This Award Type 37,5% (c) 57,4% (c) 66,3% (c) 67,0% (c) 66,5% (c) 67,0% (c) 66,5% (c) 67,0% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 55,4% (c) 56,6% (c) 56,4% (c) 56,5% (c) 56,4% (c) 56,5% (c) 56,5% (c) 56,5% (c) 56,5% (MERCHANDISE	CARDS
AWARD AUDIENCE Use with Employees Use Only This Award Type 37,5% (a) 27,3% (b) 27,3% (c) 47,7% (c) 67,0% (c) AUDIENCE Use With Enchtanna Employee Use Only This Award Type 37,5% (c) 57,4% (c) 66,3% (c) 67,0% (c) 66,5% (c) 67,0% (c) 66,5% (c) 67,0% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 66,5% (c) 55,4% (c) 56,6% (c) 56,4% (c) 56,5% (c) 56,4% (c) 56,5% (c) 56,5% (c) 56,5% (c) 56,5% (Use In Channel Only	16.7%	33.3%	55.6%	66.7%
AUDIENCE Use With Both Channel & Employees 24,5% 57,4% 66,3% 61,2% AUDIENCE Use Only This Award Type 6,0% 60,0% 60,0% 60,0% 66,3% 66,5% 66,5% 66,5% 66,5% 57,7% 60,0% 66,5% 57,7% 60,9% 56,4% 57,7% 60,9% 56,4% 55,5% 55,6,4% 52,7% 43,5% 55,4% 52,7% 46,4% 46,4% 46,4% 46,4% 46,4% 46,4% 46,4% 46,4% 42,5% 42,5% 33,9% 31,5% 42,5% 42,5% 42,5% 42,5% 42,5% 42,5% 42,5% 40,0% 46,4% 46,4% 40,0% 46,4% 40,0% 46,4% 40,0% 46,4% 40,0% 46,4% 40,0% 46,4% 40,0% 40,0% 46,4% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0% 40,0%	AWARD	-				
Use Only This Award Type 6.0% 8.0% 10.0% 26.0% AUDIENCE LEVELS Idwidual Contributors 71.7% 67.7% 69.6% 65.5% SuperVisory Employees 52.8% 31.1% 57.6% 55.4% 65.5% Middle Minagers 35.8% 31.5% 35.9% 66.0% 52.4% 43.5% 66.0% AUDIENCE LEVELS Generations/Manufacturing 52.8% 24.2% 53.3% 22.2% Base 66.0% 77.4% 65.2% 60.0% 27.4% 23.3% 22.2% AUDIENCE FUNCTIONS Base for item Management 32.1% 33.9% 31.5% 47.3% Receive Management 32.4% 23.0% 55.7% 47.3% 44.64% Marketing 45.3% 29.0% 50.0% 30.1% 44.64% 40.9% VIALUE OF Marketing 44.5% 40.8% 31.5% 31.4% 40.9% 40.9% Stoodo 5100.00 52.8% 44.4% 31.5% 35.1% 35.1% 35.1%	AUDIENCE	Use With Both Channel & Employees				
AUDIENCE LEVELS Supervisory Employees (54,7%) 54,7%, 43,3%, 45,3%, 45,3%, 35,5		Use Only This Award Type				
AUDIENCE LEVELS Supervisory Employees (54,7%) 54,7%, 43,3%, 45,3%, 45,3%, 35,5		Individual Contributors	71.7%	67-7%	69.6%	65.5%
LEVELS Front-Line Managers 52.8% 43.5% 55.4% 52.7% AUDIENCE Genor Managers 45.5% 35.5% 35.5% 35.5% 35.9% 46.4% AUDIENCE Genor Managers 52.8% 43.5% 35.5% 35.5% 35.9% 46.4% FUNCTIONS Sales 66.0% 77.4% 65.2% 60.9% Custome Service 52.8% 24.2% 53.3% 31.5% 24.5% Custome Service 32.4% 23.0% 58.7% 44.6% 40.9% Marketing 45.3% 25.8% 20.0% 44.6% 40.9% Functions 9.4% 24.5% 31.5% 31.5% 35.3% St0.000 32.2% 11.3% 14.1% 20.7% 46.8% St0.000 30.2% 11.3% 7.7% 6.3% 35.5% 6.3% St0.000 30.2% 11.3% 7.7% 6.3% 35.9% 35.6% 6.3% 35.9% 35.6% 6.3% 35.9%						
LEVELS Hiddle Managere 45.3% 41.9% 51.1% 46.4% AUDIENCE Sales 66.0% 77.4% 65.2% 28.2% AUDIENCE Decation/Mandecturing 52.8% 23.3% 35.5% 65.2% 60.9% FUNCTIONS Executive Management 32.4% 33.9% 31.5% 24.5% 33.9% 24.5% 33.9% 24.5% 44.6% 51.5% 51.6%						
Senior Managers 35.8% 35.5% 35.9% 28.2% AUDIENCE FUNCTIONS Sales 66.0%, Operations/Manufacturing 77.4%, 52.8%, Marketing 52.8%, 43.3%, 22.0%, 33.9%, 3	LEVELS	-				
AUDIENCE FUNCTIONS Operations/Mundacturing 52,8%, 33,9%, 34,5%, 44,5%, 47,3%, 40,9%,		-				
AUDIENCE FUNCTIONS Operations/Manufacturing 52,8%, 33,9%, 34,5%, 34,5%, 47,3%, 44,6%, 40,9%,		Sales	66.0%	77.4%	65.2%	60.9%
AUDIENCE FUNCTIONS Executive Management 32,1% 33,9% 31,5% 24,5% Matering 45,3% 29,0% 56,7% 47,3% Matering 45,3% 29,0% 56,7% 46,4% TechnologyIT 45,3% 29,0% 50,0% 46,4% Fearce/Accounting 41,5% 25,8% 40,2% 40,9% Finance/Accounting 41,5% 25,8% 40,2% 40,9% No Response 9,4% 24,2% 19,5% 15,3% St0,001 550,000 30,2% 11,3% 14,1% 20,7% St0,000 520,000 7,5% 41,4% 8,8% 8,1% St0,000 5300,000 7,5% 11,3% 14,1% 20,7% St0,000 5300,000 7,5% 11,3% 14,1% 20,7% St0,000 5300,000 7,5% 14,4% 8,8% 2,7% St0,000 5300,000 7,5% 14,4% 45% 6,3% St0,00 5300,000 32,1% 8,1% 2,2% 2,2%		Operations/Manufacturing				
AUDIENCE FUNCTIONS Customer Service 52,8% 45,3% TechnologyIT 29,0% 45,3% 29,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 20,0% 47,3% 47,3% 20,0% 20,0% 20,0% 20,0% BUDGET BY AWARD TYPE No Response 9,4% 24,2% 310,00 24,5% 21,0% 25,8% 44,6% 40,9% 40,9% 40,9% No Response 9,4% 310,00 24,5% 310,00 48,8% 31,5% 310,00 31,5% 315,1% 35,1% 35,1% AWARD TYPE No Response 9,4% 310,000 24,5% 30,000 11,3% 36,3% 35,1% 35,1% SUDGET BY AWARD TYPE No Response 9,4% 310,00 24,2% 311,3% 325,000 11,3% 36,3% 35,1% 35,1% SUDGET BY AWARD TYPE No Response 7,5% 350,000 11,3% 325,000 30,2% 311,3% 325,000 11,3% 32,5% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9% 36,0% 36,3% 32,6% 32,6% 30,0% 30,0% 25,2% 32,6% 30,0% 30,0% 30,0% 25,2% 32,6% 30,0% 30,0% 30,0% 20,6% 30,0% 30,0% 30,0% 30,0% 20,6% 32,6% 30,0% 30,0% 30,0% 30,0% 20,6% 30,0% 3		Executive Management				
FUNCTIONS Marketing 45.3% 29.0% 50.0% 46.4% TechnologyIT 45.3% 25.8% 43.5% 40.9% Human Resources 39.6% 21.0% 44.6% 40.9% Finance/Accounting 41.5% 25.8% 43.5% 40.9% No Response 9.4% 24.2% 19.5% 35.1% St0,000 30.2% 11.3% 31.5% 20.7% AWARD TYPE S50,000 - \$100,000 57.% 4.8% 31.5% 6.3% S50,000 - \$100,000 9.4% 4.8% 5.5% 6.3% 2.7% S50,000 - \$100,000 9.4% 24.8% 3.5.5% 6.3% 2.7% S50,000 - \$100,000 9.4% 4.8% 5.5% 6.3% 2.7% 6.3% 2.7% 6.3% 2.7% 6.3% 2.7% 6.3% 3.5.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9%	AUDIENCE	Customer Service				
VALUE OF MOST COMMON AWARD TYPE TechnologyIT Human Resources 45.3% 39.6% 41.5% 25.8% 21.0% 44.6% 40.2% 43.5% 40.2% BUDGET BY AWARD TYPE No Response 9.4% 41.5% 24.2% 48.8% 19.5% 11.3% 510,000 15.3% 50.000 15.3% 50.000 15.3% 50.000 15.3% 50.000 15.3% 48.8% 15.3% 6.3% 55.1% 15.3% 48.8% VALUE OF MOST COMMON AWARD TYPE No Response 7.5% 51,000,000 13.2% 25.8% 14.5% 48.8% 15.2% 35.9% 35.1% 15.2% 35.9% 35.1% 15.2% 35.9% 35.9% 35.1% 15.2% 35.9% 35.9% 35.9% 35.000 13.2% 46.8% 22.4% 25.8% 15.2% 35.9% 36.3% 15.2% 35.9% 35.9% 35.9% 35.9% 35.9% 35.000 13.2% 46.8% 2.2% 15.2% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.9% 35.000 13.2% 46.8% 2.2% 2.2% 2.2% 2.2% 2.2% 15.2% 35.9% 35.		Marketing				
Finance/Accounting 41,5% 25,8% 40,2% 40,9% No Response 9,4% 24,2% 19,5% 31,5% 35,1% St0,000 30,2% 11,3% 14,1% 20,7% 35,1% AWARD TYPE \$10,000 - \$250,000 7,5% 11,3% 14,1% 20,7% St0,000 - \$250,000 7,5% 11,3% 7,7% 6,3% 35,5% \$10,000 - \$250,000 9,4% 4,8% 5,5% 6,3% 5,5% \$10,000 - \$250,000 9,4% 4,8% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 5,5% 6,3% 35,5% 6,3% 5,5% 6,3% 35,5% 6,3% 35,5% 5,5% 6,3% 35,5% 5,5% 6,3% 35,5% 5,5% 6,3% 35,5% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9% 35,9%		Technology/IT	45.3%	25.8%	43.5%	39.1%
Finance/Accounting 41.5% 25.8% 40.2% 40.9% BUDGET BY AWARD TYPE No Response 9.4% 24.5% 4.8% 31.5% 15.3% AWARD TYPE \$10,000 \$24,5% 4.8% 31.5% 15.3% 35.1% AWARD TYPE \$10,000 \$27,5% 4.8% 31.5% 15.3% 35.1% AWARD TYPE \$10,000 \$25,000 11.3% 5.5% 6.3% 5.5% 6.3% \$10,000 \$50,000 13.2% 25.8% 4.4% 4.5% VALUE OF No Response 7.5% 14.5% 15.2% 15.2% \$100 26.4% 3.2% 35.9% 35.9% 35.9% \$101 - 5500 32.1% 8.1% 9.8% 34.8% 34.8% \$500 13.2% 46.8% 2.2% 2.2% 2.2% Most common 13.2% 8.1% 34.8% 34.8% 34.8% 34.8% 34.8% 35.9% 35.9% 35.9% 35.9% 35.9% <t< td=""><td></td><td>Human Resources</td><td>39.6%</td><td>21.0%</td><td>44.6%</td><td>40.9%</td></t<>		Human Resources	39.6%	21.0%	44.6%	40.9%
BUDGET BY AWARD TYPE \$\$10,00 24,5% 30,00 4,8% 30,2% 4,8% 50,00 31,5% 4,13% 4,13% 4,14,1% 8,8% 7,7% 50,00 35,1% 20,00 VALUE OF MOST COMMON AWARD TYPE \$\$10,000 \$\$250,000 \$500,000 \$7,5% 51,000,000 \$11,3% 500,000 \$11,3% 4,8% 5,55% 50,000 \$11,3% 5,55% 5,5% 5,5% 5,5% 5,5% 5,5% 5,5%		Finance/Accounting	41.5%		40.2%	40.9%
BUDGET BY AWARD TYPE \$\$10,00 24,5% 30,00 4,8% 30,2% 4,8% 50,00 31,5% 4,13% 4,13% 4,14,1% 8,8% 7,7% 50,00 35,1% 20,00 VALUE OF MOST COMMON AWARD TYPE \$\$10,000 \$\$250,000 \$500,000 \$7,5% 51,000,000 \$11,3% 500,000 \$11,3% 4,8% 5,55% 50,000 \$11,3% 5,55% 5,5% 5,5% 5,5% 5,5% 5,5% 5,5%						
BUDGET BY AWARD TYPE \$10,001 + \$50,000 30.2% 55,000 + \$100,000 11.3% 57% 14.1% 4.8% 20.7% 8.8% AWARD TYPE \$10,000 + \$20,000 7.5% 4.8% 8.8% 8.1% \$250,000 + \$300,000 9.4% 4.8% 7.7% 6.3% 8.1% \$250,000 - \$100,000 9.4% 4.8% 7.7% 6.3% 8.1% \$250,000 - \$100,000 9.4% 4.8% 7.5% 6.3% 8.3% \$100,000 - \$10,000 0.0% 13.2% 25.8% 4.4% 4.5% No Response 7.5% 14.1% 34.8% 35.9% 35.9% \$100 - \$25,000 13.2% 25.8% 4.4% 4.5% MoST COMMON AWARD TYPE No Response 7.5% 15.2% 35.9% 35.9% 3.00 - \$1,000 13.2% 8.1% 9.8% 34.8% 34.8% 34.8% 100 - \$1,000 13.2% 8.1% 9.8% 32.2% 2.2% 2.2% 2.2% 2.2% 2.2% 2.2% 2.2% 2.2% 2.2%		No Response	9.4%	24.2%	19.5%	15.3%
BUDGET BY AWARD TYPE \$50,000 - \$100,000 \$100,000 - \$250,000 \$50,000 - \$250,000 5.7% 7.5% 9.4% 4.8% 4.8% 11.3% 8.8% 7.7% 8.1% 6.3% VALUE OF MOST COMMON AWARD TYPE No Response \$100 \$501 - \$500 7.5% 26.4% 14.5% 4.8% 15.2% 35.9% 15.2% 15.2% 15.2% 15.2% 15.2% 35.9% 35.9% 35.9% 35.9% 35.9% 34.8% 35.9%		<\$10,000	24.5%	4.8 %	31.5%	35.1%
AWARD TYPE Solution Stronged Solution Stronged Solutionged Solutionged Solution Stronged Solutionged Solutionged Sol		\$10,001 - \$50,000		11.3%	14.1%	20.7%
VALUE OF MOST COMMON AWARD TYPE No Response 7,5% 0,000 11,3% 0,000 17,3% 0,000 17,3% 0,000 17,3% 0,000 17,3% 0,000 17,3% 0,000 17,3% 0,000 17,3% 0,000 17,3% 0,00% 17,3% 0,00% 17,3% 0,00% 17,3% 0,0% 14,4% 4,5% 0,0% 15,2% 0,0% 15,2% 0,0% 15,2% 0,0% 15,2% 0,0% 15,2% 0,0% 15,2% 0,0% 15,2% 0,0% 15,3% 0,0% 16,1% 0,0% 12,9% 0,0% 16,1% 0,0% 12,2% 0,0% 16,1% 0,0% 21,2% 0,0% 16,1% 0,0% 21,2% 0,0% 16,1% 0,0% 21,7% 0,0% 10,3% 0,0% 10,3% 0,		\$50,000 - \$100,000	5.7%		8.8%	8.1%
VALUE OF MOST COMMON AWARD TYPE \$500,000 - \$1,000,000 >\$1,000,000 0.0% 13.2% 12.9% 25.8% 8.8% 4.4% 2.7% 4.5% VALUE OF MOST COMMON AWARD TYPE No Response 7.5% 501 - \$1,000 13.2% 32.1% 14.5% 32.4% 15.2% 35.9% 36.9% 36.9% 36.9% 36.9% 36.9% 36.9% 36.9% 36.9%<	AWARDITPE	\$100,000 - \$250,000	7.5%	11.3%	7.7%	6.3%
VALUE OF MOST COMMON AWARD TYPE No Response (\$100 \$101 - \$500 \$101 - \$500 \$101 - \$500 \$101 - \$500 \$101 - \$500 \$101 - \$500 \$101 - \$500 \$100 - \$5,000 \$1,000 - \$5,000 \$1,000 - \$5,000 \$500 - 1,9% Median Amount 14,5% 26,4% 3,2% 8,1% 8,1% 9,8% 46,8% 2,2% 19,4% 2,2% 15,2% 35,9% 33,9% 34,8% 9,8% 2,2% BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition Experimentation 18,9% 17,7% 13,2% 16,1% 2,7% 30,9% 32,3% 32,6% 0,0% 21,7% 41,3% 30,9% 30,0% 30,9% 30,0% 2,0% No Response OF OPTIMAL AWARD LEVEL Intuition Experimentation 18,9% 17,7% 8,3% 16,1% 22,3% 32,6% 30,0% 0,0% 21,7% 41,3% 30,0% 30,0% 30,0% 30,9% 30,0% 2,0% PERCEIVED EFFECTIVENESS OF AWARD TYPES No Response 0,0% No Good Measure 30,2% Almost None 3,8% 6,5% 19,0% 11,2% 0,0% 0,0% 0,0% 0,0% 0,0% 0,0% 0,0% 0		\$250,000 - \$500,000			5.5%	
VALUE OF MOST COMMON AWARD TYPE No Response (\$100 \$101 \$500 \$101 \$500 \$101 \$500 \$101 \$500 \$100 \$5,000 \$100 \$5,000 \$1,000 \$5,000 \$2,500 \$100 \$500 \$2,500 \$100 \$500 \$2,500 \$100 \$500 \$0,0000 \$0,0000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,000 \$0,0000 \$0,0						
VALUE OF MOST COMMON AWARD TYPE \$\$100 26,4% 32,1% Sol : \$1,000 32,2% 32,1% 8,1% 8,1% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 34,8% 35,9% 35,9% 35,9% 35,9% 35,9% 34,8% 9,8% 34,8% 9,8% 34,8% 9,8% 34,8% 9,8% 34,8% 9,8% 34,8% 9,8% 34,8% 9,8% 32,2% 32,5% 32,6% 2,2% 32,5% 32,5% 32,5% 32,2% 32,6% 32,2% 32,6% 32,2% 32,6% 32,2% 32,6% 32,2% 32,6% 30,9% 34,8% 34,8% 34,8% 34,8% 34,8% 34,8% 34,8% 34,8% 32,2% 32,5% 32,5% 32,3% 32,6% 30,9% 32,3% 32,6% 30,0% 32,2% 30,0% 32,3% 32,6% 30,0% 30,0% 30,0% 32,3% 32,6% 30,0% 30,0% 30,0% 32,3% 30,0% 32,3% 30,0% 32,3% </td <td></td> <td>> \$1,000,000</td> <td>13.2%</td> <td>25.8%</td> <td>4.4%</td> <td>4.5%</td>		> \$1,000,000	13.2%	25.8%	4.4%	4. 5%
VALUE OF MOST COMMON AWARD TYPE \$101 - \$500 32.1% 501 - \$1,000 52.1% 501 - \$1,000 53.1% 501 - \$1,000 55.0 50.1% 51 - \$1,000 55.0 50.1% 51 - \$1,000 55.0 50.1% <t< td=""><td></td><td>No Response</td><td>7.5%</td><td>14.5%</td><td>15.2%</td><td>15.2%</td></t<>		No Response	7.5%	14.5%	15.2%	15.2%
VALUE OF MOST COMMON AWARD TYPE \$501-\$1,000 18.9% 8.1% 9.8% 9.8% \$1,000-\$5,000 13.2% >55,000 13.2% 2.2% 2.2% 2.2% >\$500 1.9% 19.4% 2.2% 2.2% 2.2% 2.2% Median Amount \$250 \$100 \$500 \$500 \$100 \$500 BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition 18.9% 16.1% 21.7% 30.9% BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition 18.9% 16.1% 21.7% 30.9% No Response Data 17.0% 32.3% 32.6% 20.0% 20.0% No Response 7.5% 11.2% 10.1% 10.8% Don't Know 5.7% 14.5% 23.6% 17.1% No Response 0.0% <td></td> <td><\$100</td> <td></td> <td></td> <td>35.9%</td> <td></td>		<\$100			35.9%	
MOST COMMON AWARD TYPE \$5,000 18,9% 8,1% 9,8% 9,8% \$5,000 13.2% 46.8% 2.2% 2.2% 2.2% \$5,000 1.9% 19.4% 2.2% 2.2% 2.2% Median Amount \$250 \$2,500 \$100 \$500		\$101 - \$500			34.8%	34.8%
AWARD TYPE \$1,000 - \$3,000 13,2% 40.8% 2.2% 2.2% >\$5,000 1.9% 19.4% 2.2% 2.2% 2.2% Median Amount \$250 \$2,500 \$100 \$500 \$500 Median Mount \$250 \$2,500 \$100 \$500 \$500 Median % (Of Income) 3.0% 4.5% 2.0% 2.0% \$2,0% BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition 18.9% 16.1% 21.7% 30.9% Data 18.9% 17.7% 9.8% 32.6% 20.0% 30.0% Data 18.9% 17.7% 9.8% 8.2% 20.0% 8.2% PERCEIVED EFFECTIVENESS OF AWARD TYPES No Response 7.5% 11.2% 10.1% 10.8% Mod Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% 0.0% Mod Good Measure 1.9% 0.0% 0.0% 0.0% 0.0% 0.0			18.9%	8.1%	9.8%	9.8%
Perceived break No Response 7.5% 11.9% 19.4% 2.2% 2.2% BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition 18.9% 4.5% 2.0% 2.0% No Response 17.0% 32.3% 37.1% 30.0% 41.3% 30.0% Perceived EFFECTIVENESS OF AWARD TYPES No Response 7.5% 11.2% 10.1% 10.8% Modian thegative 0.0% 0.0% 0.0% 0.0% 0.0% 14.4% Modian thegative 13.2% 9.7% 11.2% 10.1% 10.8% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 14.4% 0.0% 0.			13.2%	46.8%	2.2%	2.2%
Median % (Of Income) 3.0% 4.5% 2.0% 2.0% BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition 18.9% 16.1% 21.7% 30.9% Median % (Of Income) 18.9% 16.1% 21.7% 30.9% ESTIMATE OF OPTIMAL AWARD LEVEL Deservation 17.0% 32.3% 32.6% 30.0% No Response 13.2% 9.7% 8.7% 7.3% No Response 7.5% 11.2% 10.1% 10.8% Don't Know 5.7% 6.5% 9.0% 14.4% No Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 1.0% 1.0% Minost None 3.8% 6.5% 6.7% 7.2% 17.2% Somewhat Positive 18.9% 24.2% 23.6% 17.2%		>\$5,000	1.9%	19.4%	2.2%	2.2%
BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Intuition 18.9% 16.1% 21.7% 30.9% No Response 0.5 17.0% 32.3% 32.6% 32.6% 30.0% No Response 13.2% 9.7% 8.7% 7.3% PERCEIVED EFFECTIVENESS OF AWARD TYPES No Response 7.5% 11.2% 10.1% 10.8% Significantly Negative 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 3.8% 6.5% 6.7% 12.4% 10.1% Positive 18.9% 1.7.7% 23.6% 17.1% 10.8%		Median Amount	\$250	\$2,500	\$100	\$50
BASIS FOR ESTIMATE OF OPTIMAL AWARD LEVEL Experience 35.8% 37.1% 41.3% 30.0% Data Data 17.0% 32.3% 32.6% 20.0% Experimentation 13.2% 9.7% 8.7% 7.3% No Response 7.5% 11.2% 9.0% 14.4% Don't Know 5.7% 6.5% 9.0% 14.4% No Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% Nogative 0.0% 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 10.9% Atmost None 3.8% 6.5% 6.7% 7.2% Somewhat Positive 18.9% 24.2% 23.6% 17.2%		Median % (Of Income)	3.0%	4.5%	2.0%	2.0%
ESTIMATE OF OPTIMAL AWARD LEVEL Experience 35.8% 37.1% 41.3% 30.0% Doservation 17.0% 32.3% 32.6% 20.0% Data 18.9% 17.7% 9.8% 8.2% Experimentation 13.2% 9.7% 8.7% 7.3% No Response 7.5% 11.2% 10.1% 10.8% Don't Know 5.7% 6.5% 9.0% 14.4% No Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 10.9% 1.0% Almost None 3.8% 6.5% 6.7% 7.2% Somewhat Positive 15.1% 17.7% 12.4% 17.2%		Intuition	18.9%	16.1%	21.7%	30.9%
OF OPTIMAL AWARD LEVEL Observation 17.0% 32.3% 32.6% 20.0% Data 18.9% 17.7% 9.8% 8.2% Experimentation 13.2% 9.7% 8.7% 7.3% No Response 7.5% 11.2% 10.1% 10.8% Don't Know 5.7% 6.5% 9.0% 14.4% No Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% None 3.8% 6.5% 6.7% 12.4% 17.2% Somewhat Positive 15.1% 17.7% 12.4% 17.2%		Experience	35.8%	37.1%	41.3%	30.0%
AWARD LEVEL Data 18.9% 17.7% 9.8% 6.2% Experimentation 13.2% 9.7% 8.7% 7.3% PERCEIVED EFFECTIVENESS OF AWARD TYPES No Response Don't Know 7.5% 11.2% 10.1% 10.8% Significantly Negative 30.2% 14.5% 23.6% 14.4% Somewhat Negative 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 10.9% Somewhat Positive 15.1% 17.7% 12.4% 17.2%		Observation	17.0%	32.3%	32.6%	20.0%
PERCEIVED EFFECTIVENESS OF AWARD TYPES No Response Don't Know 7.5% 5.7% 11.2% 6.5% 10.1% 10.8% No Good Measure 30.2% 14.5% 9.0% 14.4% Significantly Negative 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 10.9% Somewhat Positive 1.9% 0.0% 6.7% 7.2% Somewhat Positive 15.1% 17.7% 12.4% 17.2%		Data	18.9%	17.7%	9.8%	8.2%
PERCEIVED EFFECTIVENESS OF AWARD TYPES Don't Know 5.7% 6.5% 9.0% 14.4% No Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 1.0% 0.0% Somewhat Positive 15.1% 17.7% 12.4% 17.2% Positive 18.9% 24.2% 23.6% 17.2%	AWARD LEVEL	Experimentation	13.2%	9.7%	8.7%	7.3%
PERCEIVED EFFECTIVENESS OF AWARD TYPES Don't Know 5.7% 6.5% 9.0% 14.4% No Good Measure 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0% 0.0% 0.0% 0.0% 0.0% Somewhat Negative 1.9% 0.0% 1.1% 1.0% 0.0% Somewhat Positive 15.1% 17.7% 12.4% 17.2% Positive 18.9% 24.2% 23.6% 17.2%		No Response	7 5%	11.2%	10.1%	10.8%
PERCEIVED EFFECTIVENESS OF AWARD TYPES No Good Measure significantly Negative 30.2% 14.5% 23.6% 17.1% Significantly Negative 0.0%						
PERCEIVED EFFECTIVENESS OF AWARD TYPES Significantly Negative 0.0%						
EFFECTIVENESS OF AWARD TYPES Negative Somewhat Negative 0.0% <	PERCEIVED					
OF AWARD TYPES Somewhat Negative 1.9% 0.0% 1.1% 1.0% Almost None 3.8% 6.5% 6.7% 7.2% Somewhat Positive 15.1% 17.7% 12.4% 17.2% Positive 18.9% 24.2% 23.6% 17.2%	EFFECTIVENESS					
TYPES Almost None 3.8% 6.5% 6.7% 7.2% Somewhat Positive 15.1% 17.7% 12.4% 17.2% Positive 18.9% 24.2% 23.6% 17.2%	OF AWARD	-				
Somewhat Positive 15.1% 17.7% 12.4% 17.2% Positive 18.9% 24.2% 23.6% 17.2%	TYPES	-				
Positive 18.9% 24.2% 23.6% 17.2%						
				/ *		





We wish to thank these researchers who worked with us on this valuable study:

Scott A. Jeffrey Monmouth University Yngvi F. Einarsson

Western Michigan University

Alyce M. Dickinson Western Michigan University

This material is copyrighted and the sole property of The Incentive Research Foundation. It is not to be reprinted or reproduced in any way without prior attribution to The Incentive Research Foundation. Copyright 2011.