

Employees in Need of a Boost? Give Them a Raise in ‘Psychic Income’

Studies Show the Value of a ‘Thank You’ Can Exceed Cash to Motivate Employees

Southborough, Mass., and Dublin, Ireland – November 18, 2008 – In today’s recessionary economy where raises and bonuses often make the ‘cut back’ list, companies are challenged to find cost-effective and meaningful ways to keep employee morale high and ignite motivation. However, organizations may be overlooking a basic, yet cost-effective and powerful way to accomplish this critical goal. Sincere recognition for efforts and contributions can not only accomplish the same results as a pay increase or cash bonus, but can often deliver better and more lasting results.

According to recognition strategist Globoforce, recognizing employees with thank yous and small rewards answers the basic human need for something fundamentally important: **psychic income**, which is the need for social acceptance, increased self-esteem and enhanced self-realization. When integrated into a total rewards program, this approach to recognition has a lasting impact – one that is more powerful than cash compensation. This concept is reviewed in Globoforce’s newly released executive brief entitled, ‘Increase Employee Performance by Meeting Psychic Income Needs,’ which is available for download here.

“A strategic recognition program that thanks and rewards employees can lift workers out of the ‘recessionary rut’ that many are falling into,” said Globoforce Vice President of Global Strategy **Derek Irvine**. “This approach is essential now as companies seek cost-effective, creative ways to spread goodwill among their employees, show their appreciation for a job well done and boost productivity. The key is to have a program designed to recognize employees ‘on the spot’ and frequently so that this psychic income accumulates throughout the year. It can deliver the hope and optimism employees need right now.”

Several recent academic and industry studies support this concept:

- 2008 **White Water Strategies** survey, which revealed that acknowledging staff achievements (praising employees) had the same impact on job satisfaction as a one percent increase in pay.
- 2008 study by the **Japanese National Institute for Physiological Sciences** found that paying people a compliment appears to activate the same reward center in the brain as paying them cash.
- 2004 **University of Chicago** study that found non-cash incentives were 24 percent more powerful at boosting performance than cash incentives.

Jim Harter, who studies workers’ commitment to jobs at **Gallup**, was quoted in an Oct. 20, 2008, **Wall Street Journal** article on the critical role employee engagement plays during bad times. “It helps people to be resilient. Businesses right now...they’re

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trying to survive. And to survive you've got to have some psychological resilience. You've got to have employees who are positive despite the negative situations around them....I would argue that recognition is even more important in times like this."

About Globoforce

Founded in 1999 and co-headquartered in Southborough, Massachusetts and Dublin, Ireland, Globoforce is the world's leading provider of global, on-demand, strategic employee recognition solutions for Global 2000 companies. Named a 2008 Inc. 500 company, Globoforce delivers an innovative, easy-to-use, on-demand software solution that engages employees across the globe, transforming the way enterprises motivate their workforce. Globoforce's blue-chip customer base, which includes Avnet, Dow Chemical, Global Crossing, Fairmont Hotels & Resorts, Intel, Intuit, Nortel, Procter & Gamble and Thomson Reuters, reflects the importance of recognizing and engaging the workforce in the 21st century. For more information, visit <http://www.globoforce.com> or visit the Company's blog at <http://globoforce.blogspot.com/>.

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