

Want more good ideas from your workers? Try giving them a reward—and a choice

May 17 2023, by Aichia Chuang, Greg R. Oldham, Jing Zhou and Ryan Shuwei Hsu



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Companies can increase not only the volume but also the quality of employee suggestions and ideas by offering rewards and a choice,



according to a study we published in 2022.

We conducted the study on 345 telemarketers at a call center in Taiwan, which already had a <u>suggestion</u> program set up to solicit <u>creative ideas</u> to improve the organization. The company rewarded those who suggested <u>ideas</u> deemed the most valuable by giving them a trophy.

We wanted to see how tweaking the reward changed the quantity and quality of suggestions. So we invited the employees to submit ideas and that if their suggestions ranked among the top 20% most creative ideas—as evaluated by a team of managers and researchers—they would receive one of four rewards: US\$80 in cash for themselves, \$80 to share with colleagues, \$80 to give to a preferred charitable organization or priority when selecting days off. About half of the employees were offered a choice of the four rewards they would receive for submitting ideas. We then randomly assigned one of the four rewards to the remaining employees.

In total, we received and evaluated 144 ideas over a one-month period.

We found that employees who were given a choice of reward submitted 86% more ideas than those who were told what they would be getting. Moreover, the average creativity score of their ideas was 82% higher. Overall, our suggestion program elicited double the number of ideas as the company's own program and resulted in ideas that were ranked 84% more creative.

Soliciting employee ideas <u>can be a key driver</u> of innovation in organizations.

When employees share their ideas about products, services or policies using a suggestion program, an organization can take those ideas and refine and then <u>implement them</u>.



These <u>implemented ideas</u> can <u>enhance an organization's ability to adapt</u> <u>and compete</u>. A 2003 study of 47 organizations found that ideas submitted to employee suggestion programs <u>saved those organizations</u> more than \$624 million in a single year.

Our own study suggests small incentives could have a significant impact on the quantity and quality of those employee suggestions.

Research is still needed on whether there is an optimal number of rewards that organizations should offer to get more submissions. <u>One</u> <u>past study</u> found that when employees were asked to choose from a large set of rewards, they felt overwhelmed and produced few ideas.

Future research can also test whether our results can be found in other types of organizations, with <u>employees</u> in other types of jobs and in other parts of the world. We plan to examine these issues in our future studies of suggestion programs.

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