How do you motivate your staff when you can’t afford to give them a raise?

Use a different kind of currency. Contrary to popular belief, money is not the best motivator because it sends the message that nothing is worth doing unless you get paid extra. This can develop a sense of entitlement that quickly becomes a bottomless pit and does nothing to increase job satisfaction.

A 2005 study by psychologist Adam Grant of the University of Michigan suggests that a better performance booster is when workers have personal contact with beneficiaries of their work. For example, cafeteria line workers are significantly happier than those who work back in the kitchen, because line workers are able to see the happy customers. An employee’s morale is positively influenced by knowing his or her work is meaningful.

Employees want to be recognized as individuals, shown appreciation, and be given opportunities to grow. This requires bosses to manage one-on-one rather than treating every employee alike. Here are some low-cost ideas for motivating your staff that can have a big return on investment.

- Encourage comments from external and internal customers. Post praise.
- Remind staff how their work matters to customers and encourage some level of customer interaction for everyone.
- Call an employee into your office just to say thank you without discussing any other issue.
- Write a thank you card or e-mail.
- Send a card to the employee’s spouse/family thanking them for their support.
- Create an employee newsletter to share updates and recognition.
- Post a bulletin board for employees to share news, hobbies, and recognition.
- Celebrate birthdays, anniversaries, and special achievements.
- Join in and help an employee who is under pressure. Ask what can be done and help complete the task side-by-side.
- Create a change of pace by giving employees a chance to work on exciting projects or learn new skills.
- Delegate worthy projects, not just menial tasks, to increase feelings of trust and pride.
- Pass on helpful articles that could benefit employees and attach a note that says, “Saw this and thought of you.”
- Learn about their hobbies, families, children, pets, etc. showing interest in what matters most to them.
- Ask an employee who is proficient in a certain area to train others, or make a presentation at a staff meeting.
- Book a community speaker to speak on subjects of interest to employees like personal finance, stress management, or improving relationships.
- Help build skills with a training library filled with books, tapes, and other resources that employees can check out.
- Allow employees to attend seminars and ask them to make a presentation to others sharing what they learned.