

## RECOGNITION MEANS MUCH MORE THAN A MONETARY AWARD

"Applause," Roche's global recognition platform, was launched on 1 January 2014. It is an important new tool for promoting a sustainable culture of appreciation among Roche employees

across functions and sites. The underlying idea is that more value and recognition should be given to the achievements of both individuals and teams at Roche, not just from the top down

but also among coworkers. In addition to boosting employees' motivation and commitment, such recognition encourages identification with the company's goals.

One of the key elements of "Applause" is the option to nominate employees for points, which they can then exchange for gifts, e.g., coupons or vouchers. The initiative does not

involve large sums of money, but tangible tokens of appreciation for achievements at work and a job well done. The aim of "Applause" is to help establish a culture in which genuine recogni-

tion is considered important in everyday interactions between Roche employees so as to create an environment in which they feel appreciated for their hard work.

## It's the thought that counts

The powerful effect of appreciation and attention: A field experiment by Michel Maréchal from the University of Zurich showed that employer recognition is often a stronger motivator than a pay increase.



Michel Maréchal is convinced of the power of recognition.

One group was paid as promised while a second received an unexpected wage increase of 7 euros (approximately 20% more than the agreed remuneration). The third group was given a thermos bottle of equal worth (7 euros), nicely wrapped in cellophane, before starting work, instead of a wage increase. The outcome was that the wage increase did not have a statistically significant effect on productivity (number of cataloged books). By contrast, the gift of the thermos bottle increased productivity by no less than 25 percent.

What is more, when the students were given a choice of money (an additional 7 euros on top of the payment of 36 euros) or a thermos bottle of equivalent value, over 80 percent opted for the money. In this scenario, however, the productivity in the money subgroup proved to be practically the same as in the group that received the bottle.

### Recognition "beats" a gift of money alone

In the final part of the experiment, one group also received 7 euros, but this money was not declared an official wage increase and was rather given in the form of a small «thank you» present. That is, the 7 euros, were artistically folded and wrapped in an origami figure. Sure enough, this group's productivity increased by an impressive 30 percent.

Maréchal provides the following explanation: "We wanted to test whether the time and effort invested by the employer has a role to play. The answer to this question was a very clear 'yes.' The attention, effort and recognition expressed through the origami figure had a very motivating effect. As the old saying goes: It's the thought that counts."

In short, additional money on its own is often less important than the thought itself as a token of appreciation. *brü*

Michel Maréchal (34) is a young assistant professor in the Department of Economics at the University of Zurich. His interests lie in the area of empirical economic research, and he conducts field experiments in behavioral economics. In other words, he wants to find out what makes people tick and which deeper motives influence and guide their behavior.

He summarized a field experiment that he conducted with a couple of other researchers in an article published in the renowned journal *American Economic Review*. Maréchal encapsulates the main result of the study as follows: "Our field experiment showed that non-monetary factors play a very important role in employment relationships. The attention and recognition given by the employer had a significantly greater in-

fluence on employee productivity than a wage increase alone."

### Gifts are better motivators than cash

The starting point was as follows: Students at a German university were recruited to catalog books on a computer. They were told only that the job was limited to a period of three hours and would be paid at a rate of 12 euros per hour.

## Equal pay for work of equal value

Using Logib, the Federal government's equal pay tool, Roche Basel reviewed the salaries of its entire workforce as early as 2011. The results were encouraging: Roche is fully compliant with the "equal pay for work of equal value" requirement.

The "equal pay dialogue" was initiated by the Federal government together with employer and labor representatives in 2009. It was set up on a voluntary basis for a five-year period. But it has missed its target: It was hoped that 100 companies would sign up, but in fact only 40 took part. The pioneering project will therefore not be continued.

Roche Basel was involved in the project right from the start, and with impeccable results, says Adnan Tanglay, President of the Roche Employees' Association: "Equal pay for women and men is a reality at Roche Basel." The Logib tool used by Roche was developed for the purpose and is recommended by the Federal Office for Gender Equality as a suitable measurement tool.

### Salary isn't all that matters, but nothing matters without it

The principle of "equal pay for work of equal value" has been enshrined in the Swiss Constitution since 1981, and the Gender Equality Act has prohibited wage and employment discrimination on the basis of gender or other characteristics

since 1996. Employers are both constitutionally and legally bound to ensure equal pay and prevent wage discrimination.

It is widely acknowledged that pay is not the only determinant of job satisfaction, yet the role of pay as the sole clearly measurable indicator of recognizing performance is nevertheless very important.

An employee's motivation can rapidly wane if she discovers that a co-worker is earning substantially more money for the same work. This may even reach the point where, looking at the figures in absolute terms, people are happier with a lower salary than a higher one.

### Happier with a lower salary?

A case in point: If I earn 7000 francs a month and a co-worker gets 8000 for the same job, I will probably be less happy than if I earned 6000 and my co-worker earned 5000. Even though I earn 1000 francs more in the first example than in the second (7000 versus 6000), I am happier in the second because I earn more than my co-worker.

The equal-pay analysis mentioned above was conducted in 2011 for all 8000 employees at Roche Basel, excluding the Corporate Executive Committee. Separate analyses were conducted for those covered by the collective labor agreement (about 1100 employees) and those with individual employment contracts (EAV1 up to and including function level 16, with about 6200 employees; and EAV2, function levels 17 and above, with about 650 employees). Adnan Tanglay: "The very first Logib analyses showed that equal pay is a reality at Roche. In all cases, the deviation was within the tolerance level of five percent."

This result also complies with the wording of the Discrimination and Harassment subsection of the Employment section of the Roche Group Code of Conduct (2010): "Roche is committed to fair and equal treatment of all employees ... We do not tolerate any form of discrimination ... These principles apply to all aspects of the employment relationship, such as hiring, assignments, promotion, compensation, discipline and termination." *brü*