Your guide to employee recognition in the 2020s.

This guide is designed to help you get started on establishing or updating an employee recognition programme.

It begins by defining employee recognition and the widely accepted benefits a modern programme can provide. We then look at what successful programmes include these days before moving on to ideas for programme design and implementation from employee recognition specialists.

If you're already familiar with employee recognition programmes, you can jump to any section of interest or fill in possible gaps by reading from the beginning.

Contents

1. What does employee recognition mean?

Employee recognition is about openly giving credit and thanks to employees for what they have done to help the organisation be successful. There are many ways to do this and while there are common themes, each person places their own value on each type of recognition.

One thing is quite clear though. Implementing the right employee recognition programme for your organisation can make a significant contribution to its success. They can boost everything from attracting and retaining the best employees to your productivity and brand reputation.

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Whose job is it to provide recognition?

Successful programmes tend to create an environment where everyone is encouraged to provide open acknowledgement and appreciation of the contributions made by others. However, some roles are usually better placed to provide certain types of feedback.

Recognition from above.
In the past, recognition has come from a team leader, department manager or even the senior leadership team. This continues today and for good reason. They're in charge of budgets, so can easily offer financial rewards or provide opportunities for development and career progression.

However, the higher someone is in the organisation, the more difficult it can be to provide prompt and specific recognition on a frequent basis. It tends to be more of an annual review or end-of-project event. There are simply too many people and far too many contributions to monitor, assess and reward. The result is many employees feel their regular contributions go unnoticed. And things like annual or quarterly performance reviews usually bundle recognition with discussions around areas for improvement, so they may feel more stressful than rewarding.

However, top-down recognition is important and can carry a lot of weight with most

employees. It comes with a sense of having made a contribution at a higher level and being recognised by people who are in a position to advance your career.

So how do you ensure all employees get the regular recognition they deserve? The trick is to see top-down recognition as the big rocks and peer recognition as the sand that fills in between. Together they create a more complete sense of appreciation and reward.

Recognition from peers

While a manager will be aware of an employee's overall performance, it's an employee's peers who see their everyday contributions and the value each one adds. Introducing a culture of quality peer recognition effectively amplifies all the benefits of top-down recognition, without adding an impossible drain on managers' time. It doesn't have to be complex, it's just about making it OK to congratulate someone when you see them doing something that adds value.

Upward recognition

No recognition programme would be complete without making it clear that praising people in roles with more responsibility than yours is definitely OK as well. Upward recognition has the same effects on the recipient and provides the same range of benefits to the organisation. Many employees are hesitant to praise those in leadership roles, for fear of appearing to seek favour. Outside of work however, it can be perfectly normal to praise your elders, specialists or people in authority. So once you give it the green light in your workplace, upward recognition can quickly become quite natural.

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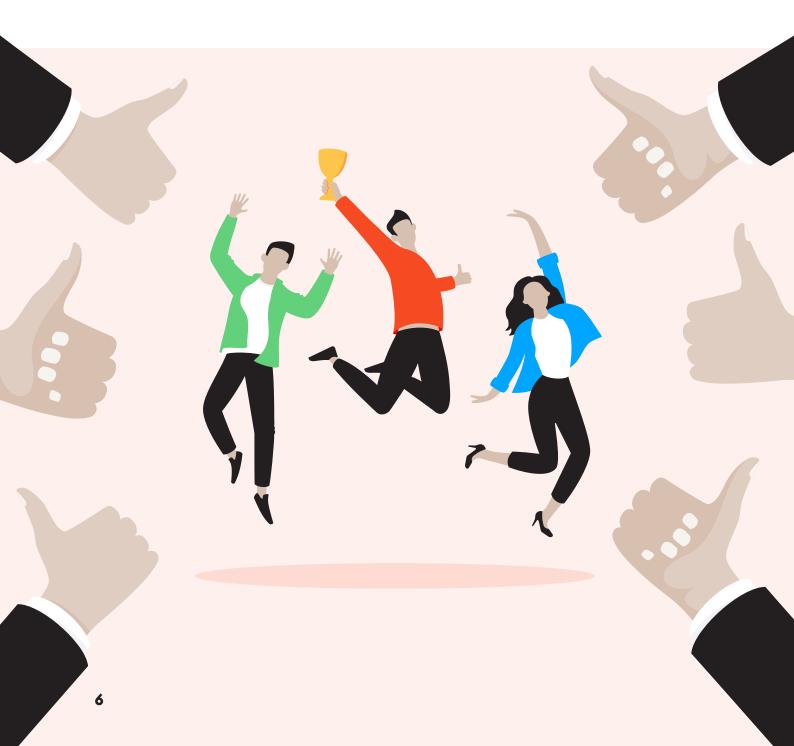## Does it have to include the whole organisation?

No it doesn't. If you just want to introduce a recognition programme for your team or department, go ahead. Chances are others will want to join in when they see the effect it's having, especially when other managers are losing people to jobs in your team. Obviously, the more people involved the better it is for the organisation. If there's another manager who's keen on the idea you can both get started together. You can agree to support each other by sharing ideas and challenges along the way. Another advantage of just making a start is you'll soon have a proven path to getting it right, as well as the evidence required to convince others it needs to be done.

Can I afford a 360-degree recognition programme?

Chances are you're already investing some money in employee recognition. You might simply call them celebrations or social occasions, or you might keep a stock of birthday and thank you cards. You're probably investing in other things to boost productivity, so why not allocate some of that money to recognition and gain the other benefits as well.

As we'll explain later in this guide, not all recognition has to be expensive. Recognition programmes usually pay for themselves in quite a short time. These returns come from benefits like increased motivation, a decrease in recruitment and on-boarding costs, more innovation and even lower starting salaries, because applicants know you're a great place to work.

So now that we've established what employee recognition is, let's move on to the benefits in more detail.

2. What are the benefits of employee recognition?

Well-designed and supported employee recognition programmes have been shown to improve a wide range of organisational success factors. These include sense of purpose, morale, innovation, productivity and quality.

In particular, organisations that actively encourage recognition and praise among employees have shown an almost 60% increase in employee engagement. That means more high-performing people who are committed to the organisation's goals and motivated to go well beyond normal expectations to see them achieved.

In a survey of Canadian HR professionals, 58% said that leaders would improve employee engagement by supporting a culture or giving recognition. But sadly, 40% of employees say their organisation doesn't prioritise recognition.

So here are some of the widely recognised benefits of a good employee recognition programme.

Retention

When employees are regularly recognised and praised for their contributions they are much less likely to leave. Even if they outgrow their role, they tend to first look for new opportunities within their current organisation.

The savings that arise from a low staff turnover can be substantial. You avoid the costs of advertising and finder fees, workplace set up, initial training and on-boarding, and productivity loss as the new-hire comes up to speed. In a tight labour market, you may have to offer a higher salary and benefits package just to get suitable applications.

There's also the time recruiting managers have to put into writing job descriptions, reviewing applications, interviewing, helping the new-hire to build collaborative connections and frequent check-in meetings as they find their feet. More hidden expenses can include things like loss of team morale, colleagues becoming overloaded as they provide interim cover and the triggering of more departures.

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Productivity

In a 2017 Harvard Business Review article, Michael Mankins from Bains explained that while efficiency is about producing the same output for less, productivity is more focussed on creating higher output for the same workforce time or cost. With productivity there's an emphasis on growth or producing more. After decades of focussing on efficiency by reducing costs, the best organisations are now recognising further gains are increasingly difficult, so they've turned to productivity.

He went on to outline three fundamental features of a productivity mind-set:

- Most employees want to be productive, but the organisation too often gets in their way

- Employees who could make the most difference to performance are often put in roles that limit their effectiveness

- Many employees are not sufficiently inspired to apply extra energy and passion to their work

It's the third one that's strongly addressed through a good recognition programme. It inspires people to apply that vast discretionary effort to their work, simply because they want to.

It's important that the recognition employees receive is for effort that supports their personal and team deliverables, and therefore the organisation's goals. Without that focus the discretionary energy may be applied in directions that are not a priority or even desired by the organisation.

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Purpose

There's been a growing shift among employees towards valuing work that provides a sense of purpose. It's particularly true in younger generations. Most older employees prioritise making more money and having learning opportunities. However, the majority of younger employees say their top priority is

work that's enjoyable or makes a difference in society. Everyone values a sense of purpose of course, there's just a difference in priorities.

Open and transparent employee recognition that's linked to your organisation's purpose and values helps to maintain a clear understanding of the desired focus. It also promotes an uplifting sense of making a difference that's shared with all colleagues. This helps to boost collaboration and innovation, which in turn lifts productivity and the kind of job satisfaction that makes people want to stay.

When you make clear links between the actions you recognise people for and your organisation's purpose and values, people see them as more than just words on posters. They deepen their understanding by seeing frequent examples, and they increase their belief as they see values put into action over and over again.

Morale

Morale is not the same as engagement or productivity, but high morale does provide an essential foundation for them to thrive. You can be happy or contented at work, but not necessarily committed to ensuring the organisation achieves its goals. And there are plenty of employees who enjoy being at work, but are not inspired to give more than the minimum effort required.

Where there's low morale, you tend to see low levels of engagement and productivity that will be difficult to increase until the problems with morale are fixed.

For most employees, one of the main ingredients for high morale and job satisfaction is being treated with respect. Although respect comes in many forms, regular open praise and recognition is certainly one of them. It also encourages a more tolerant workplace, which increases loyalty and job satisfaction.

A 2017 study, by American company Reward Gateway, interviewed workers and decision-makers in the USA, UK and Australia. It found that 70% of employees said motivation and morale would increase massively if managers said 'thank you' more. Yet almost one in four managers didn't think regular recognition and thanking employees at work has a big influence on staff retention.

Quality

Last, but by no means least, effective employee recognition programmes encourage a level of individual commitment that helps to ensure great outcomes for your organisation's customers. Customers' experiences become increasingly important to employees who genuinely care about your organisation's success and reputation.

3. What does employee recognition include these days?

As we said earlier, employee recognition is about being acknowledged and thanked for something that reflected in the organisation's values and has contributed to achieving its goals. It's a feeling of being noticed and appreciated for your work.

Acknowledging an employee's work can be as simple as a handwritten note or a shout-out in front of colleagues. Depending on the employee and the action being recognised, that may be thanks enough. Sometimes, however, including some a gift or reward can amplify the perceived level of recognition. But it needs to be something the employee values. For example, receiving recognition and applause on a stage in front of hundreds of employees may be extremely uplifting for some people, but completely terrifying for others.

These days, recognition rewards often provide the recipient with choices, or are carefully personalised to their interests and goals. While the traditional cash bonuses are always well received, they don't have quite the same feeling of individual care and attention.

It can also be difficult for peer-to-peer and upward recognition to include rewards that cost money. In some larger organisations, employees can recognise and reward anyone by using points through a highly visible online system. This can also be done more manually in smaller teams. The points can have names or symbols linked to the organisation's brand or values, and accumulated points can even be exchanged for tangible rewards funded from organisational budgets.

Rewards can also be closely work-related, such as access to additional training programmes, conferences or mentoring aligned to individual career goals. If it fits the organisation's values more closely, they can also be things like donations or time off to help a charity of the employee's choice or community programmes the organisation supports.

The main thing is to realise rewards have moved on a long way from the traditional annual bonus. In successful organisations, they now happen frequently, range from small to large, can be given by anyone, align with the organisation's values and can be tailored to what the recipient finds truly rewarding.

4. How can I create an employee recognition programme that works?

Implementing a successful employee recognition programme is not that different to delivering any other project.

The four main components to focus on are:

- Purpose - creating a business case

- People - assembling a support team

- Product - getting consensus on the must-have characteristics

- Process - identifying and following best-practice for programme design and implementation

Let's take a look at each of these in more detail.

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Purpose – creating a business case for employee recognition

Any employee recognition programme should support the organisation's goals. If you try to set it up or sell it to senior managers based on nondescript feel-good statements, you're unlikely to succeed.

Your business case needs to identify what you expect the programme to achieve and link those outcomes to current organisational goals. You can also identify current problems or challenges the programme will help to overcome.

It pays to find and reference detailed research into the benefits of employee recognition. This will typically include the evidence of its effects on employee engagement, retention, purpose, productivity and morale. It will also include explanations of why these effects come about.

Some financial analysis is essential, so gather historic data on the costs of things like employee turnover at your organisation. You can also make valid projections around increased revenue from the expected improvement in productivity. This needs to be balanced with a budget for the anticipated costs of creating, implementing and administering the programme, including the ongoing cost of rewards.

If you're not familiar with writing a business case or the financial analysis involved, you can always get help from someone who is. Ideally they'll believe in your cause. Try to establish some financial benchmarks by talking to organisations similar to yours that have been there and done that. You may be pleasantly surprised at how low the costs are as a percentage of payroll expenditure, for example.

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People – assembling a team to support and champion the programme

If the business case looks good and you or your senior leadership team have decided you should develop the concept further, it's time to firm up the financials and prepare an implementation plan. Then you'll need to get a programme team together.

The team's role is to help design, implement and speak for the ongoing programme. They're also there to be your eyes and ears across the organisation, providing useful insights and helping to clear roadblocks as they arise.

With that in mind, they should be people who are interested in employee recognition programmes and understand the benefits. They should also be in team leadership roles, be known as positive change agents, and be willing to prioritise time and effort to support the programme.

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Product – agreeing on the core characteristics of successful recognition programmes

Before you and your team get into designing a programme that suits your organisation, you should establish consensus and clarity around the fundamental features of effective recognition.

To help you get started, it's widely accepted that effective recognition is:

Prompt –
To create the strongest connection with the desired behaviour that's being reinforced, it's important that recognition happens quickly. Delaying recognition also wastes the opportunity to immediately encourage positive change, especially if the recognition is made publicly.

Frequent –
Most employees produce good work on a regular basis, but if they have to wait for a quarterly review to get any sort of recognition people can begin to feel unappreciated and just do the minimum required. Giving frequent recognition doesn't undermine its value, provided it's genuine. According to a study by Bersin & Associates, 71% of highly engaged employees work in organisations in which their peers are recognised at least once a month. What's more, a survey by Gallup found that weekly recognition is best. It doesn't mean all forms of recognition have to be frequent. There's still a place for the quarterly or annual review. It just means some form of recognition should happen frequently.

Detailed –

When giving recognition, it's important to be clear about what it's for and why that's important. General recognition like 'well done on the presentation, by the way' can seem a bit casual or artificial. It's better to communicate something like 'thank you for today's presentation, the way you responded to individual questions encouraged people to speak up, which supports our values and has helped to get everyone on-board with the project'.

Open –

While private recognition can have its place, ensuring recognition is visible to others increases the benefits. Provided it's done in a way the recipient is comfortable with, they'll typically find public praise more rewarding. It also helps communicate the types of actions that are valuable to the organisation and encourages others to identify opportunities to do the same. Finally, it shows more people that employees are frequently recognised in your organisation, which helps build morale and engagement in your team.

Inclusive –

When as many people as possible receive recognition, it spreads the benefits across your organisation. There's little point in only recognising your brightest stars. The others simply feel like they don't belong, are not treated fairly and are not valued. As one specialist put it you should recognise your people doing something well and instantly acknowledge them for it. Praise still has to be genuine, but it needs to reach everyone. Encouraging peer or 360-degree recognition is a great way to boost inclusion. It also helps everyone to think more deeply about what is really valuable to the organisation.

Focussed –

By basing your employee recognition on the organisation's values and purpose, you continually build awareness and understanding of what they are and how they can be supported. It's important to ensure people make these links when giving praise and recognition. By frequently helping employees to share a clear focus, you increase productivity because everyone knows what to work towards. Without a clear focus people can enthusiastically apply their energy in all sorts of directions, which may or may not support what the organisation wants to achieve or how it wants to get things done.

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Process - following best-practice design and implementation

With the core foundations of effective recognition agreed, the next step is to design and implement a programme that will bring them to life in your organisation. Every organisation is different, so this is where you make your recognition programme unique, so it fits like a glove.

Here are some suggestions from employee recognition specialists.

Define your programme's objectives

It's important to focus on the behaviours or outcomes your organisation would like to see from the recognition programme. What problems or challenges is the organisation facing? What values are not being lived as strongly as they should? For example, if customer service issues are hampering your success, recognise actions that help create the desired customer experience.

Establish key features

Paint a clear picture of what your organisation's programme will look like. How frequent should recognition be? Who will you expect to give recognition to others? What rewards if any will be used to help the recognition last longer?

Involve your employees

Offering choice and variety in the way people are recognised helps to ensure people genuinely feel rewarded. To get buy in, you could list the types of rewards you'd be prepared to offer and run a survey so people can rank them. Involving your employees helps to build excitement, especially if there's an element of fun. You could even have teams brainstorm unique rewards and choose from those to create your survey's short-list. When a valued reward lasts for a while, like an experience does, its benefits to your organisation are more likely to extend beyond the workplace as the recipient tells family and friends all about it.

Make sure the programme is leadership led

From the carefully planned launch to regular programme updates, it's important that leaders throughout your organisation are speaking for the programme, communicating their expectations, putting it into action themselves, helping to fix problems and celebrating its successes.

Keep the programme visible

Apart from ensuring recognition and praise are given publicly, it's important to keep the programme itself highly visible. This can include regular updates on recognition data and sharing ideas across all teams. It can also involve linking organisational successes to improvements the programme has helped bring about. Depending on how your organisation communicates most effectively, this could include noticeboards or electronic screens, a regular item on team meeting agendas, posters in bathrooms, and a section on your intranet or collaboration tools. Encouraging feedback, discussion and two-way communication helps employees to drive the programme's success.

Measure, revise and celebrate

By setting SMART (specific, measurable, achievable, relevant and time-bound) goals from the outset, you'll be able to monitor progress and quickly identify any areas that need to be improved. SMART goals also allow you to celebrate the achievements everyone has

brought about through putting the programme into action. Apart from metrics for the programme itself, it's essential to include measures related to organisational goals. Regularly measuring your employee net promoter score (eNPS) is one way to monitor employee engagement. You could also run detailed employee satisfaction surveys, which could include questions around how strongly people feel they are recognised for their work.

Consider using online recognition tools

Larger organisations and those with remote workers have found considerable success from online tools that make it easy for employees to publicly recognise anyone else in the organisation. Their highly visible nature helps build a culture of frequent recognition. The tool can also make it easy to measure how much recognition is taking place, see what is and isn't being recognised, and identify individuals or teams that may not be participating for some reason.

If you don't create a great, rewarding place for people to work, they won't do great work. Ari Weinzweig