

A Strategic Approach to Recognition

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By Rebecca R. Hastings, SPHR

Recognition programs are a sometimes-underutilized tool that can help organizations engage and retain workers, experts say. Such programs should be meaningfully linked to an organization's strategy for best results.

Nearly six out of 10 HR professionals say top management fails to make recognition a priority, and only 38 percent say top managers are very involved in employee recognition and lead by example. These are some of the findings of an online survey of more than 1,000 HR professionals from U.S. organizations, released Dec. 9, 2009, by HR.com and Terryberry Co., an employee recognition program provider.

"These survey results reinforce what we've been hearing from the marketplace," said Mike Byam, managing partner of Terryberry, in a statement. "Businesses can't afford to have key employees leave or become disengaged. It's more important than ever for leaders to give recognition in a way that connects employees with the organization's goals and objectives."

"One of the key defining traits of any successful organization is in how it recognizes and rewards people," said Anthony Luciano, senior vice president of sales and marketing for TharpeRobbins, a recognition and rewards provider, in a statement.

Though the first reaction of many companies faced with budget concerns is to cut back, freeze salaries and scrutinize benefits, TharpeRobbins has found that a number of clients who initially cut back on their employee recognition programs quickly realized that there is internal bad press when recognition is scaled back and took steps to reverse their decisions.

That may explain why Terryberry found that one in three businesses will be expanding existing employee recognition programs in 2010 and 17 percent will be implementing an employee recognition program for the first time.

However, experts say such programs must align with organizational goals to be effective.

"Recognition and rewards programs that do not align with overall corporate strategies are usually looked at as an expense instead of an investment," according to the white paper **2010 Recognition RX: Engaging Employees For Economic Recovery**, released Sept. 29, 2009, by the Incentive Marketing Association's Recognition Council (IMARC). "Without a business-focused strategy, there is very little to defend and so these programs often are the first things to be eliminated in tough times."

Yet when cash for tangible rewards is limited, the IMARC white paper recommends that employers focus on:

- Appreciating people for their individual talents, skills and diversity of thought.
- Creating an atmosphere that fosters good relationships at all levels.
- Really listening to what employees have to say.
- Recognizing accomplishments with timely recognition—even if it's only a "thank

- you.”
- Outlining clear performance expectations.
 - Celebrating successes as they occur.
 - Sharing ownership for goals and achievements.

The Value and ROI in Employee Recognition: Linking Recognition to Improved Job Performance and Increased Business Value—The Current State and Future Needs, a report released Sept. 30, 2009, by the Human Capital Institute, the Forum for People Performance Management and Measurement, and the Incentive Research Foundation recommends that organizations:

- Use formal and informal recognition to build a “culture of recognition.”
- Provide a wide variety of recognition rewards to appeal to individual preferences.
- Emphasize recognition of increased quality in performance, instead of simply quantity of effort.
- Recognize workers regularly; sporadic recognition may be worse than no recognition.
- Link reward activities to specific business objectives and/or cultural values.
- Measure the cost of the recognition reward system and the benefits gained.

The report highlighted case studies of restructured recognition programs at Scotiabank, Delta Airlines and MGM Grand to demonstrate that recognition programs:

- Must include multiple award forms to satisfy different worker needs.
- Need not be costly and, in fact, may have no real monetary value.
- Are effective when the recognition is of value to the individual worker, and is awarded for behaviors linked to specific job performance goals.

“When executed properly, strategic recognition holds the power to increase motivation, enhance engagement levels and drive bottom-line results through improved productivity levels,” said Derek Irvine, head of Global Strategy for Globoforce, in a statement. “With critical outcomes like this on the line, it serves all companies well to make a thorough assessment of how their programs are functioning and make necessary adjustments to maximize the return they get on this investment. In the end, it will benefit employees and management, and impact company performance.”

In its white paper, *Measuring Recognition: How to Build the Business Case for Strategic Recognition in a Recession*, Globoforce recommends that businesses:

Determine the metrics of recognition success. The success of any program requires a clear understanding of what defines success prior to program launch. Instead of measuring things like the number of awards given, organizations should measure things like:

- Costs vs. outcomes.
- Productivity and performance gains.
 - Company values and strategic objectives.
 - Program reach.

Establish a performance baseline for recognition. Measuring the current state of employee recognition prior to launching a new program will provide a basis for comparing future results.

Measure regularly and consistently. Ongoing measurement of program results and employee perceptions is essential.

Analyze results and look for trends. Evaluate results over time and based on department or divisional comparisons to see if the program is being applied consistently.

Report results. Significant results should be reported to employees, managers and executives with the outcomes that are most meaningful to each audience. For example, executives will be most interested in costs and performance against goals, while employees will want to hear what their peers did to receive recognition.

"While we know that engaged employees generate results, recent studies demonstrate that employees who are recognized during a down economy actually remain more engaged and willing to contribute above and beyond," said Karen Renk, CAE, executive director of the Incentive Marketing Association, in a statement. "As the economy improves, companies with engaged employees will be better positioned to seize opportunities for growth."

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