WORKFORCE RECOGNITION

Sparking employee engagement

Incentra®

Workforce Recognition

Sparking Employee Engagement

Quick Take

Taking a proactive, strategic, integrated approach to recognition, known as Workforce Recognition, empowers Human Resources leaders to positively and measurably improve employee engagement, satisfaction and performance. Today, new technologies make creating and implementing Workforce Recognition programs faster, easier and more powerful than ever.

The Impact of Recognition on Employee Engagement

Recognition Professionals International (RPI)—a non-profit organization dedicated to understanding and promoting effective recognition—defines recognition as follows:

"Recognition is an after-the-fact display of appreciation or acknowledgement of an individual's or team's desired behavior, effort or business result that supports the organization's goals and values."[1]

Numerous studies[2] demonstrate that transforming an organizational culture into one where employees feel recognized—and have the power to recognize others—significantly impacts employee engagement, which positively affects a variety of business results.

Organizations with employee engagement scores in the top quartile have 50% higher productivity, 13% lower turnover and 44% higher profits compared to organizations with employee engagement scores in the bottom quartile.[3] Engaged employees deliver 26% higher productivity and are twice as likely as their peers to be top performers, to exceed expectations in performance reviews, and to better support organizational change initiatives.[4]

Here are some numbers for human resources leaders to keep in mind in understanding recognition as a critical, proven driver of employee engagement and a key element in the total rewards package, as noted by these organizations:

- **Gallup Consulting** identified frequent recognition—weekly, in fact—as one of the 12 critical drivers of employee engagement.

- **Towers Watson** identified "deployment of recognition programs" as one of the nine distinguishing elements of an integrated reward and talent-management system that helps outstanding companies attract and keep great talent and perform better financially.

- **Corporate Leadership Council** identified "Recognizes and Rewards Achievement" among the top levers for increasing discretionary effort from workers.

- **Incentra's** 40,000-employee healthcare client identified a 67% increase in engaged employees in the first three years after establishing a groundbreaking Workforce Recognition system. The program was so powerful that both the client and Gallup Consulting have written whitepapers on its success.

Thanks to vast amounts of attention given in recent years to recognition concepts, every executive-level Human Resources manager should know and understand the relationship between recognition, engagement and performance. A recent search of Amazon.com revealed 112 books in the "recognition and rewards" category, and groups like RPI provide a wealth of information on developing and benefitting from corporate strategic recognition programs.

> " **Multiple studies have shown that frequent recognition is a top 7 to 12 driver of employee engagement.** "

Along with improving employee engagement, recognition programs are a powerful force for communicating an organization's vision, mission and values. Recognizing and reinforcing everyday employee behaviors that support those values is a real-life way to align the organization directly with the vision and mission.

Through program design and communications, workforce recognition programs can also be designed to leverage strategic objectives, providing awards and incentives for those individuals and teams whose actions, performance, or business results support current objectives.

Another critical aspect impacting employee engagement is the increasingly changing demographic of the 21st century workforce. There are now four generations working side-by-side in many organizations. The imperative to recognize multi-generational characteristics in the workplace has never been greater. The newest entries, the millennials, are particularly responsive to timely recognition and positive feedback -- dramatically more so than preceding generations. Millennials will be roughly 50% of the USA workforce in 2020 and 75% of the global workforce by 2030. HR managers will have to skillfully develop strategies to nurture and retain valued millennial employees now and into the future. These recognition strategies include the use of social recognition, gamification, and better and wider reward choices.

New recognition technologies make creating and implementing Workforce Recognition programs easier, faster and more powerful than ever. In just a few months, organizations of any size can build a recognition process that is capable of touching every employee with one or multiple awards initiatives.

Make Recognition a Priority

The big question, then, is this: Despite the fact that most managers are aware of the need for and benefits of enterprise-wide employee recognition and incentives, why are so many companies not implementing workforce recognition programs? And why are so many Human Resources managers not creating true recognition strategies?

For example, while a wide majority of companies have service awards programs—which typically touch fewer than 20% of an organization's employees per year—a World at Work survey showed that only 42% of managers polled said that their companies offered a peer-to-peer recognition program—the foundation level of recognition that can touch every employee, multiple times a year.

Many C-suite managers either don't understand or don't care that recognition is a key piece of the employee engagement puzzle. In fact, *our company is often approached by summer interns* who have been tasked with updating recognition programs or strategies.

I have been told hundreds of times that "recognition is nice, but it is not a priority at our company right now," or words to that effect. It is not a priority to create a culture where people are valued and appreciated and, as a result, perform at higher levels? It is not a priority to use recognition as a powerful tool for aligning the organization with its vision, mission and values?

Companies that embrace the true power of recognition do so because a CEO or top-level Human Resources leader understood its importance, made it a priority, and took a leadership role in creating an enterprise-wide workforce recognition process. *If your company is going to successfully make this leap, leadership from top management, not interns, will be required.*

Workforce Recognition - Now Simple

What many Human Resources professionals don't realize is that new technologies have made it easier and faster than ever to design and implement an enterprise-wide Workforce Recognition process. Today's leading recognition platforms include all standard program functionality and merely need to be customized and branded for each client.

Human Resources leaders can get the ball rolling by appreciating that Workforce Recognition can and should be relatively easy to launch. RPI suggests that a best-practices model consists of three levels of recognition that make it possible to reach all members of an organization. And, with today's recognition platforms, we add a fourth and fifth:

Day-to-Day Recognition encompasses a wide range of acknowledgement that is frequent, ongoing and informal. It may consist of intangible recognition, awards or celebrations (or eligibility for awards or celebrations) to reinforce behaviors that support organizational goals and values. It may include peer-to-peer recognition, thank-you notes or cards that employees give to one another, or verbal praise. The fact that all employees can participate supports the commitment to recognition up, down and across the organization.

Informal Recognition singles out individuals or teams for goals achieved, projects completed, or other above-and-beyond contributions or results. It might include celebrations featuring low-cost mementos or refreshments as a way to note achievements or positive behaviors. It could include manager recognition, nomination recognition, or peer recognition with manager approval.

Formal Recognition consists of a structured program with defined processes and criteria linked to organizational values and goals, a nomination and selection process, and an awards ceremony where employees receive public recognition and are presented with awards in a formal setting. Generally speaking, formal recognition occurs annually and involves only a small percentage of employees.

Social Recognition allows recognized achievements to be seen across an organization, with "likes," "comments," and "follows," as is typical in social media. Some sites allow for personal video messages from smartphones to be included in the recognition process. These extra touches encourage collaboration, teamwork and add free recognition touches.

Gamification and Badging are fun ways to use competition and achievement milestones as a way to drive performance.

Today's Technology Makes Workforce Recognition Easy

Managing and monitoring a Workforce Recognition program is now easy, because a well-designed system essentially runs itself. Program stakeholders can instantly monitor program activity and results by clicking into an administrative portal that features a dashboard with real-time reporting and graphs that address all recognition activities. This data not only helps manage the program, it also allows Human Resources leadership to hold all managers accountable for growing recognition activities within their teams.

Leading recognition technologies also make the recognition process itself easy, facilitating all forms of employee, manager, customer and patient recognition. Peer-to-peer recognition that used to take days or weeks to process through manager approval steps now takes only seconds. Technology also can make nominating employees for recognition simple by streamlining the nomination process and forwarding electronic applications directly to the team members responsible for approving nominations.

Because site contents are unique by participant group, employee data is managed in a way that allows members of every participant group to access reports that are relative to them. Examples of hierarchy include "global" program administrators and managers, department administrators, managers, supervisors, employees, nominating committees, etc. Participants can easily see the programs and administrative groups that are unique to their needs.

While technology varies greatly from vendor to vendor, the best Workforce Recognition platforms offer the following:

Basic Tactical Recognition Programs – These include standard but customizable modules to facilitate peer-to-peer recognition, spot recognition, manager recognition, nomination recognition, service awards, and performance incentives.

Device Access Flexibility – Participation in a Workforce Recognition system can now be accessed through computers, smartphones, and tablets. Access is typically through a mobile-responsive site or a native app.

Branding and Communications – Each site can be customized with your company's branding (theme, look, logo, etc.) and includes areas for posting recognition awards and achievements. Typical functionality includes a communications suite that allows an organization to quickly blast messages (email, text or in-site message) to all or targeted program participants.

Social Recognition and Gamification – As noted above, Social Recognition and Gamification drive performance and appreciation in ways that align with today's use of social media outside the workplace.

Recognition Training for Managers – Educating employees and managers about the importance of recognition and recognition fundamentals is crucial to the success of a workforce recognition system. Today's sites can include educational components that range from simple PowerPoint presentations to true e-learning modules that include videos of an organization's "recognition champions" sharing their passion and showing appreciation.

Improved Rewards – Behavioral science shows that awards matter greatly because awards provide the excitement and emotional leverage needed to engage participants. Retail merchandise, experience, and travel awards motivate behavior change with an investment of only one-third the amount of cash -- or cash-equivalent such as debit cards -- needed to make the same impact. As Generations X, Y and Millennial expand in the workplace, so does the need to provide access to extensive awards collections that are in line with these generations' comfort with online shopping.

> " **Incentives can drive results in programs such as safe work, attendance, quality improvement, customer satisfaction, idea generation, wellness, sales growth, and more.** "

Today's most effective awards malls are Amazon-like destinations that offer vast arrays of merchandise and travel and experiential choices, as well as Universal Gift Certificates redeemable at hundreds of online or brick-and-mortar retailers. Because properly designed Universal Gift Certificate malls do not include cash-equivalent or non-tangible award choices, these methods comply with IRS-qualified service awards program guidelines.[5] And because awards malls strip several layers out of the distribution channel compared to traditional warehouse-based awards suppliers, they offer hard-dollar savings of 20% to 40%. Perhaps most important, awardees prefer these malls by a significant margin.

Analytics and Reporting – Sites, Dashboards, and Tools – These back-end tools provide easy access to a wide variety of metrics, reports, and graphs that tell the story of how a program is progressing. Every recognition event is captured in a master database that program administrators can easily access via Excel or charts. In addition, each manager can access reports that include the recognition activities of everyone in his or her down channel.

Also available are tools that allow program administrators to track and manage individual, department, and global recognition budgets down to the penny, regardless of how many tactical programs are on your platform.

API Integration – Platforms like WorkStride integrate with your HRIS or payroll software for easy data sharing.

PERFORMANCE INCENTIVES AND ROI

A robust Workforce Recognition technology platform in which awards are accumulated, typically by collecting points or award dollars, can bring to light previously untapped opportunities for using incentives to promote behaviors that result in measureable performance increases. These opportunities exist any place in an organization where individuals and/or teams are accountable for performance metrics that, if improved, will impact the bottom line. *In fact, it is possible to build a workforce recognition process where savings from incentive programs can pay for all other recognition programs.*
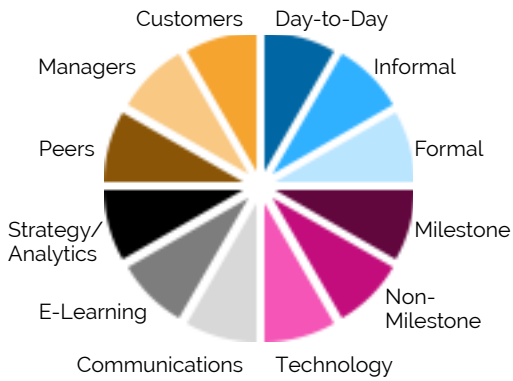
Incentives can drive results in programs such as workplace safety, attendance, quality improvement, idea generation, sales growth, wellness, healthcare outcomes and many more.

A powerful example of a company that successfully integrated performance drivers in its recognition process is Delta Airlines. The company's MyDeltaRewards program, which included a variety of recognition and incentive initiatives, delivered an initial 564% return on investment[6].

WORKFORCE RECOGNITION SELF-ASSESSMENT

A starting point for evaluating the gaps in your current recognition process is to compare your programs to a best-practices model using a 360° approach to Workforce Recognition. As the name implies, 360° recognition is full circle. It includes surrounding employees with recognition tools and opportunities, leveraging managers' recognition efforts, empowering customers to participate in the recognition process, enabling administrators to easily manage programs and budgets, and cutting costs by leveraging new technologies and advanced awards malls.

360° Workforce Recognition is the strategic integration and promotion of recognition and incentive programs to maximize employee engagement and performance, minimize administration costs, and deliver business results.

Customers — Day-to-Day — Informal — Formal — Milestone — Non-Milestone — Technology — Communications — E-Learning — Strategy/Analytics — Peers — Managers

A recognition process that is fully 360° has all of the above elements, which have been shown to be effective in deploying, utilizing and managing a workforce recognition process. Few companies have achieved the 360° mark. The first step toward improving your company's recognition process is to determine how many degrees it currently contains. Then consider how to increase that number through new and/or improved programs, technologies and communications.

Recognition Strategy

Once you have identified the gaps in your recognition offerings, you can begin designing an enterprise-wide Workforce Recognition strategy that will close those gaps through programs, communications, technology and e-learning.

RPI suggests developing a recognition strategy that includes these five components:

- Linkage to business strategy

- Three-Dimensional Recognition™: (day-to-day, informal, formal)

- Procedures

- Objectives

- Continuous improvement

Start with Existing Program Dollars

Most companies spend more money on recognition than they realize. Departments and individuals locally source awards, track down tickets to sporting events, and purchase pockets full of gift cards. The problem is that, with no overall recognition strategy in place, these initiatives typically amount to a hodgepodge of unrelated efforts with scattered accountability, little or no budget tracking, and no alignment with corporate goals or culture.

One of our clients discovered that its managers were spending *more than $1 million per year* on gift cards but had no clear objectives, no control of distribution, and no tracking for payroll and compliance purposes. By repurposing those funds, the company formed the core budget for a Workforce Recognition program that is strategically designed to reach all employees; communicate and drive mission, values, and strategic objectives; and provide reporting of each recognition instance for program analysis, management accountability, payroll reporting, and engagement tracking.

Because today's recognition platforms and awards technologies can deliver savings of up to 40% over traditional service awards collections, transitioning to an updated awards mall can yield additional dollars that can be used to create programs and update to new recognition technology.

The Time Is Now

Creating and integrating recognition programs across an entire workforce have been talked about for nearly 20 years in Human Resource circles. But, while the concept is powerful, until now the hard work of actually implementing such programs was daunting. Today, robust technology solutions make it remarkably easy to build a Workforce Recognition process that can positively engage all employees.

Workforce Recognition is here; it's easy to launch; and it provides visionary managers with:

- A fast, easy method of **integrating recognition and incentive initiatives** to improve employee engagement.

- A robust web platform that gives all employees the ability to recognize others, leading to **trackable growth in recognition activities and impact.**

- Measurable ROI through programs that **improve employee engagement, productivity, wellness and retention.**

- A **competitive edge** in hiring and retaining outstanding talent.

- A more **intelligent investment** of recognition and incentive dollars.

Your employees are eager to be appreciated and become engaged. Now is the time to dedicate your company to Workforce Recognition!

1. Recognition Professionals International

2. "The Value and ROI in Employee
    Recognition," Incentive Research
    Foundation/FORUM for People
    Performance Management and
    Measurement/Human Capital Institute

3. Gallup Consulting

4. Towers Watson

5. "Overview of the Federal Income
    Tax Treatment of Incentive
    Awards," George B. Delta, Esq.

6. "The Value and ROI in Employee
    Recognition," Incentive Research
    Foundation/FORUM for People
    Performance Management and
    Measurement/Human Capital Institute

INCENTRA helps you create effective, scalable and affordable rewards programs and platforms that spark employee engagement, performance and sales growth, while building a culture of happiness and performance. Here's what we deliver:

Personal and Objective Consulting – Uncovering the everyday opportunities to create a performance culture of passionate employees, salespeople, and leaders.

Customized Solutions – Creating technology-driven rewards solutions customized specifically to meet the distinct needs, conditions and brand tenets of your organization.

Technology That's Faster, More Scalable, and Affordable – Delivering technology like *WorkStride*, the most powerful, configurable and scalable rewards platform.

Ease of Use for Every Stakeholder – Empowering employees, managers, and administrators to confidently and effectively lead the recognition and incentive effort.

Critical Communication and Training Support – Building communications and training plans that speed adoption, ensure manager engagement, and improve performance.

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