A Case For Recognition:

Employees Want It, And Organizations Need To Prioritize It

What you should learn from this article:

- Why recognizing employees at work is important
- The difference between monetary & social recognition
- Tips for recognizing others

INTRODUCTION

Employees were asked to rank order what they want at work from most to least important (Nelson, 1996). Of ten items, employees rated appreciation of their work as number one. Despite being of great importance to employees, managers predicted that appreciation would be the least important factor to employees. This suggests that recognition is often overlooked as a support tool by managers. Should it be?

The short answer is 'No,' recognition is a critical engagement factor that should be incorporated into every organization's talent management strategy. Employees want recognition but, more importantly, recognition is associated with job satisfaction and retention (Khowaja, Merchant, & Hirani, 2005), higher performance and engagement (Achor, 2016). According to a Gallup Poll, those recognized were less likely to think about leaving their organization. Yet, only 30% of workers polled had been recognized in the last week (McDonald, 2018).

WHY AREN'T WE RECOGNIZING?

A recent study offers insight into why people are reluctant to recognize others (Kumar & Epley, 2018). Participants were asked to write a letter of gratitude and predict how happy, surprised or awkward the recipient would feel. Interestingly, they found that participants overestimated how awkward recipients would feel and underestimated recipients' happiness after reading the letter. Given the powerful impact recognition has on people, it is important to ensure everyone is aware of the positive reception and impact it garners.

WHY DO HUMANS NEED RECOGNITION?

The desire for recognition can be explained, at least in part, by Self-Determination Theory. People have three psychological needs: competence, relatedness and autonomy (Ryan & Deci, 2000). Employees build competence when they receive appreciative words or monetary rewards from their peers and managers. In addition, when employees are recognized, they relate to others and feel included in the group. The capacity for recognition to fulfill these fundamental psychological needs may explain why recognition is so vital in ensuring employee success.

NON-MONETARY REWARDS VS MONETARY REWARDS: ONE OR THE OTHER, OR BOTH?

One school of thought around recognition is, if employees are earning a reasonable salary, additional monetary rewards have no long-lasting positive effects (Friedman, 2014). In fact, in several studies, pay and job satisfaction had little to do with one another (Friedman, 2014). This doesn't mean monetary

rewards aren't useful, they can provide an immediate positive lift. However, it is the recognition – the symbolic action of acknowledging others for their performance or a 'job well done' (adapted conceptualization from McAdams 1999; Brun & Dugas, 2008; Long & Shields, 2010) – that can provide long lasting feelings of competence at work. Further, the cost of not recognizing is high: according to Friedman (2014), "Work that involves continuous sacrifice and garners little appreciation is psychologically exhausting," (p. 159) which could result in various negative work outcomes.

Stajkovic and Luthans (2003) compared the impact of non-monetary and monetary recognition programs on job performance. At baseline, monetary recognition programs resulted in higher performance increases than non-monetary recognition -- 23% vs 17% respectively. However, when a cost and benefits analysis was carried out, non-monetary recognition was more cost effective. It is important to note, when researchers tested the impact of using both monetary and non-monetary recognition programs (along with an employee feedback program), the combination resulted in the largest increase in performance. In fact, many scholars insist that both monetary and non-monetary recognition are not substituting programs but should work in tandem for developing a holistic talent management plan (Long & Shields, 2010).

In sum, it is clear that recognition is related to positive work outcomes, but it is critical to develop a recognition program that is set up for measurable success. Below are some best practices that you can incorporate into your own recognition program.

HOW SHOULD WE RECOGNIZE OTHERS?

Right Away
Instead of annual rewards, small but frequent recognition is more effective

Immediate
Recognize in real time, while it's still top of mind

Specific
Explain the exact behavior or actions that meant so much

Public
Shared with a broader group, or the entire organization, to give more weight to the recognition (Friedman, 2014)

Positive
If providing a reward along with the recognition, provide a positive rather than removing a negative (i.e., gift a lunch out rather than removing a chore) (Friedman, 2014)

CONCLUSION

Recognition is an often overlooked, but integral part of a complete talent management strategy. Researchers recommend a combination recognition program – one that employs both non-monetary and monetary rewards. However, how an organization chooses to implement a recognition program whether monetary, non-monetary or a combination) requires an articulation of desired outcomes and investigation into what works for their organization. Finally, ensuring that recognition is regular, immediate, specific, public, and positive will allow you to powerfully support and engage your employees.

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