

Why Formalise Your Employee Recognition Program

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It's a good question: why should you formalise your employee recognition program? There comes a tipping point when your organisation will outgrow spreadsheets for tracking service anniversaries and when leaving recognition up to managers creates an inconsistent employee experience. You will also discover that your employees have high expectations regarding how often they should be recognised and how much they want to share it socially. Further, you'll find your team spends too much time tracking reward spend and trying to report FBT - not a good value of their time when it can be automated.

When you near that tipping point, here are the benefits to consider by creating a formal recognition program.

Senior Leadership

Your senior leadership team is focused on the financial objectives of the organisation. To best meet those objectives, every employee needs to be focused, responsible, productive and customer-centric: what most would call an "engaged" employee. Unfortunately, research shows that 87% of employees are not engaged at work¹. Yet, according to analysis by Aon Hewitt, every incremental percentage of employees who become engaged predicts an incremental 0.6% growth in sales².

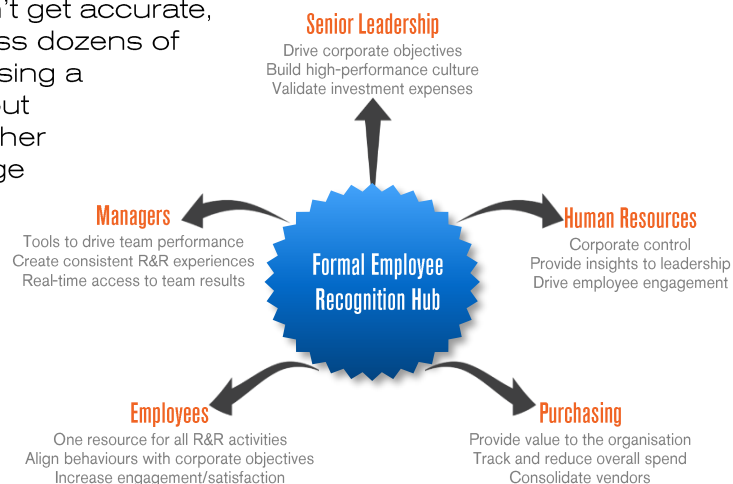
Other Gallup research indicates that organisations with highly engaged employees outperform their peers by 147% in earnings per share, with 41% lower absenteeism, 10% higher customer loyalty and 70% fewer safety incidents³.

Focusing on employee engagement clearly benefits the organisation – but why make it formal? **The primary reason is measurement.**

Senior leaders won't get accurate, real-time data across dozens of program metrics using a spreadsheet. Without measurement, neither planning nor change can take place.

Another reason is **communication.**

A recognition program serves as the hub to communicate corporate objectives and reinforce cultural behaviours, and it provides the tool to circulate that information consistently and evenly throughout all levels of the organisation.



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Human Resources

While senior leadership sets the tone for the organisation, it is typically the human resources business unit that owns the implementation and ongoing management of the program. However, this responsibility is almost always in addition to the team's other duties; it's not a project that gets its own dedicated resource.

The main priority for a formal recognition program is to provide **corporate control** while **minimising the resources needed** to do so. Using a recognition technology platform, HRIS data is seamlessly integrated into the system which reduces or eliminates administration time. Integration also reduces many of the frequent questions the team gets from employees due to inaccurate or lagging data. Real-time data removes workday disruptions, limits downtime and builds credibility with the program.

The recognition program also serves as a reporting hub and provides the HR team with **significant administrative control**. The team gathers real-time reports on participation metrics by individual, team, business unit, geography and more. The data is available graphically, in summary, in detail or downloadable to Excel and PDF.

The technology is also robust in flexibility, so that many programs run concurrently with different business rules, audiences, approval processes and budgets. Rather than monitoring every managers' separate recognition initiative, the technology allows managers to have their own trackable spend and communications that roll up to the administrative hub. HR teams can maintain control while still giving managers autonomy. The team can pull data on these programs at any time for review or sharing with senior leaders.

Purchasing

It's difficult to control costs that can't be measured – some organisations use cash, gift cards, team lunches, movie tickets... the list goes on. When it comes to the FBT on those items, the **documentation can be elusive** or non-existent.

With a recognition program uses the same awards media for all rewards given to employees, it's easy to track who earned a reward, the value, when and for what. Award budgets are set by senior leaders and capped by the system – no overspending and no late expense reports. With this data, the purchasing team can **determine the total spend in real-time**. This type of program also reduces the number of rewards vendors the organisation needs, **consolidating the spend and managing the overall costs** of recognition and rewards.

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The team can **deliver value to the organisation** not only through focusing on costs, but also through using the recognition hub as a communication tool, sales incentive platform and social network. The technology can integrate with other communication and training tools the organisation has already built to increase the usage, and value, of those as well.

Managers

Managers account for as much as 70% of variance in employee engagement scores⁴. Not surprisingly, strong manager performance in recognising employee performance increases engagement by 60%⁵. Since recognition makes a significant impact on engagement, a formal program makes it easier for managers to participate.

Managers are time-poor. Most like the idea of recognition and see the benefits, but the process of approvals, finding a reward, finding time to give it and submitting expense reports is too much. With a recognition hub, managers can give a quick thank you note and personalised eCard in **less than 20 seconds**. To add a reward, add another 5 seconds to enter the number of award points to issue. Even if they aren't at a computer, recognition is just as **accessible on a mobile phone** via website or mobile app.

As easy as it is to give recognition, it's just as easy to look at the recognition levels of the team. Managers have report access for their teams and can look at **real-time data** for who is being recognised, by whom, for what and when.

Managers also have several **do-it-yourself tools** on the technology platform so that they are empowered to communicate, motivate and engage their teams to drive local or short-term objectives. **Empowering managers increases their engagement levels**, but it also drives employees: 81% of employees say they'd be willing to work harder for an appreciative boss⁶.

Employees

Employees are typically the largest expense an organisation has, and losing them is incredibly costly: starting at 30% of the salary to replace entry-level positions and up to 400% for high-level or highly-specialised positions⁷. However, keeping the wrong employees can be just as detrimental. According to a Harvard study, an employee in the top 1% in terms of productivity adds about \$5,000 to profit per year while a toxic employee costs about \$12,000 per year⁸.

Having a formal recognition program provides several ways to **retain your top performers** as well as change the performance of your middle and bottom performing tiers.



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The program starts with communication – with this tool all employees at every level, and regardless of role-type, work status or geographical distance from head office, has a clear and **consistent message about expectations**. The program also has public recognition and social networking so that employees can see what “good” looks like and start **role-modelling**. It's also essential for every employee to have **access** to the program. Any employee can participate from any device, anytime, anywhere. With accurate data and real-time participation, employees have a hub for **two-way recognition and feedback**. They are empowered to give recognition at any time and have **more opportunities for receiving recognition**.

When asked what motivates them, Australian employees cited improvements such as staff engagement, wellbeing, motivation, rewards and recognition in the workplace⁹. In that same research, 85% of Australian workers admitted they could be more productive in their role. Other research draws a direct link between employee recognition and effort: a review of more than 50 studies about workplace motivation found that people put more effort in at the office when they were intrinsically motivated – that is, if the work itself interested or excited them and if they felt appreciated by their colleagues¹⁰. In another study, praise from immediate managers ranked 15% more effective than cash bonuses¹¹.

A Final Word on Formal

Recognition is effective in driving behaviours and achieving corporate objectives, but again, why make it formal? Ultimately it comes down to three things: **accessibility, visibility and measurability**.

A formal program provides **equal access to all employees** at the time and place of their choosing. Making it easy to participate removes obstacles that many paper-based and infrequently communicated programs have. *If they can't participate, they won't.*

Serving as a program hub, participants have **visibility to eligibility rules**, public and social recognition, corporate values, role-models and two-way conversations across peers, managers and leaders. *If there's nothing in it for them, they won't take action.*

Finally, the technology behind the program makes **data available and actionable on-demand**. Managers, HR teams and senior leaders have tools to make decisions, create programs and evaluate engagement. Correlated with business metrics like retention, training, productivity, safety and goal achievement,

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the organisation can continue to build programs that align behaviours to the objectives it needs to meet. *If they aren't being measured for participation, they won't repeat good behaviours.*

A formal program brings all the key pillars of driving performance together in one place: communication, education, motivation and evaluation. It also reduces the administrative workload of managing multiple programs and consolidates recognition spend. **Have you reached the tipping point?**

To learn more about how BI WORLDWIDE can help you inspire performance and implement formal recognition in your organisation, visit BIWORLDWIDE.com.au or email enquiries@au.biworldwide.com.

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