REWARD, RECOGNISE & RETAIN:
7 SUCCESS FACTORS FOR BUILDING A CULTURE OF
EMPLOYEE RECOGNITION

WHITEPAPER

Employees like to be appreciated. In fact, regular doses of appreciation and a 'thank you' when they do something well can actually be bigger motivators than a pay rise.

With staff retention and productivity posing challenges for many organisations, it's essential to acknowledge and reward staff for the things they do well. HR departments are seeking out new ways to recognise good work and increase employee engagement, and formal employee recognition programmes are on the rise – rewarding staff for success, performance or tenure in different ways.

Rewards and recognition make employees feel valued. A person who feels like what they do is appreciated is more likely to stay in their job. The trickle down effect means you'll see increased productivity, reduced turnover and reduced recruitment costs – translating to a measurable return on investment and a tangible improvement in your all-round business performance.

A ten-year global workplace productivity study by HealthStream Research, which included 200,000 staff and employer interviews, found 79% of employees who quit their jobs cite a lack of appreciation as a key reason for leaving.

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7 REQUIREMENTS FOR CREATING A CULTURE OF RECOGNITION

- **Make it tangible:** Recognition, through praise or thanks in front of peers, is a powerful emotional motivator for staff. You can make that feeling even more memorable with a certificate.

BUT WHAT'S THE BEST WAY TO REWARD THE BEHAVIOUR OR ACHIEVEMENT YOU'RE RECOGNISING?

Money – whether in the form of cash or gift cards – is not as powerful a reward as you might think. A 2004 study by the University of Chicago found that non-cash rewards were 24% more likely to boost performance than cash incentives3. Small amounts of cash don't have a 'trophy' value; they are often forgotten and used to pay for essentials such as groceries or petrol. And gift cards are lost or expire. (According to HRO Today, the chance of a gift card being used is just 30 per cent to 50 per cent.)

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WHAT IF YOU GAVE EMPLOYEES MORE CHOICE OVER THEIR REWARD?

Tyre company Goodyear set up a virtual 'store' for its length of service recognition programme, where points could be redeemed for thousands of different products. The response from employees was enthusiastic.

"Businesses sometimes tend to decide for their employees. When I look at the sorts of products people are redeeming I realise just how far off the mark we could be," says Natalie Inglis, Senior Compensation and Benefits Manager ASEAN, Taiwan and South Korea at Goodyear. "By giving them control we're getting more meaningful engagement with the programme."

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Darlene Winston, SNP Security's General Manager of People and Partner Strategy says that for SNP's 24/7 security workforce, rewards like movie tickets weren't seen as meaningful. "They work long hours. We found giving staff the chance to accumulate points they could eventually use to buy Christmas presents for their kids had real value – and encouraged them to stay with us."

- **Make it timely:** When SNP Security launched its STAR (Staff Thanks And Recognition) programme in 2014, it already had a successful paper-based reward and recognition programme. But by taking the programme online and making it more accessible, staff could recognise each other in real time, wherever they were working.

If you wait to recognise behaviour once a month or even once a year, you miss your chance to provide instant gratification, which would likely lead to consistent behaviour or performance improvement.

Organisations that regularly say thank you to their employees out perform those that don't. 5 Best practice programmes reach 80% of the workforce with high-frequency, low-value awards 6, and combine years of service awards with ad hoc recognition, sales or KPI incentives, and rewards for training, health and safety, sustainability and company values.

When energy retailer Lumo Energy launched its employee recognition programme, it also wanted to have awards and nominations available 24/7.

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"You might recognise someone doing something good as you're walking out the door at 5pm," explains Kerrie Erskine, Remuneration and Benefits Manager at Lumo. "Now people can access the programme from their smartphone and nominate someone as and when they see a strong behaviour."

- **Focus on values, not just performance:** Your company values should form the foundation of any recognition programme. By turning values into recognisable and repeatable behaviours, you bring them to life. This way, all employees can see those tangible outcomes of good behaviour.

"Before we launched Eagle Rewards, I think some people would have been scratching their heads to work out what our shared values were," says Goodyear's Inglis. "We'd had posters on the walls for years, but I don't think many people stopped to read them. Now we've based our recognition programme on our shared values, people are more aware of what behaviours are expected."

Winston agrees. "At SNP we recognise anything anyone does that is over and above what would be expected of them across our five values – it could be teamwork, growth and development, leadership, safety or service. This direct link reiterates the importance of these values to our overall business success, and gives very tangible examples to employees to model."

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Renee Murty, Corporate Facilities Coordinator for Dun & Bradstreet, says that while the organisation's MyRewards programme is designed to reward call centre KPI achievements, it also recognises the demonstration of values. "In the call centres, especially for teams working on debt collection, the work can be challenging. So it's important to keep them motivated, and recognise their achievements." When introducing levels, you also incorporate an element of gamification into your program, which will help keep partners more engaged.
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- **Be completely transparent:** One of the benefits of an online, peer-to-peer recognition system is that it offers transparency that a paper-based, management-driven system simply can't. It empowers every single employee to choose who is being rewarded and why.

"I think sometimes we miss the fact that reward and recognition have a significant human element, where people want to be recognised in front of their peers and in front of the organisation," says Padam Chirmuley, Group General Manager of Human Resources at call centre outsourcing provider Stellar. Its programme offers consistency across all centres, for over 1,500 staff.

When all staff are allowed to nominate each other, they are always looking out for values and behaviours, reinforcing the educational and awareness-building aspects of your programme.

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"It was a big thing for us to hand control back to our people and say, 'You tell us who is doing a good job, and we will reward them,'" says Inglis. "But that is what our engagement surveys consistently told us people wanted. A peer-to-peer system brings a feeling of fairness and accessibility. It's a much more powerful tool."

Murty agrees. "A simple 'job well done!' from your leader is great, but coming from your colleague it has a much greater impact," she says.

Encourage social sharing of rewards, and you can keep your programme engagement alive. "We see a lot of cross-social conversations, on our internal Facebook, Twitter, LinkedIn or SNTV sites," says Winston.

It's only fair to ensure all staff, in all departments and in all locations globally, can access the same programme. This means everyone is working towards the same values, and one platform with localised products can keep costs and management time to a minimum.

- **Build advocacy at all levels:** The secret to implementing any successful workplace programme is getting endorsement at all levels of the organisation. A recognition programme is no different.

  If the senior executives fail to see the value in the programme, it will become very difficult to build recognition into your culture.

  Middle management, with direct responsibilities for the teams being rewarded, will also have a major impact on whether your programme is effective. When they lead by example, they can be great advocates for your efforts.

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"We carried out a lot of surveys to understand what rewards and recognition meant to our staff," says Winston.

"We then put together a steering committee, across our middle management, and they actually built the change plan and became the instigators. They determined how it should be structured and used, and their role as sponsors of the programme. Every month that steering committee gets an update on how many STAR points have been given, how many are using the programme and so on."

Maintaining regular communication is essential to sustain visibility of the programme across the business.

Make sure you have a plan to manage the first three months after launch, the crucial time for training and building momentum. And then postlaunch, ongoing promotion will help to keep people engaged.

"I don't think you can just launch these things and expect them to run themselves, you need to remind people that it's out there," says Inglis.

At Dun & Bradstreet, each call centre has a Recognition and Rewards committee.

"They manage the competitions and communicate with the team so everyone knows what's happening and what's coming up," says Murty. They also send a monthly email highlighting items on 'special', which prompts people to log in and redeem their points.

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- **Make it fun!:** Gamification tools can make your employee recognition programme even more engaging because they tap into different types of human motivation – competition, a sense of achievement, and instant gratification.

This could include leaderboards to highlight the departments, teams or individuals that are doing well and why. Or break up the day and have some fun with random competitions. Wishlist tools can also be a great way to keep working towards a personal goal.

"We allocate part of our budget to serial cards as spot prizes for games and competitions. Staff type the barcode in and a random number of points are added to their balance," says Chirmuley.points.

Goodyear has had great feedback from using a Spin the Wheel game. "If we feel things are lagging a bit and we're not getting in the nominations we would hope to see, we might launch a game to get people to log into the system and get some extra points," says Inglis. "People see it as a bit of fun!"

This also gets staff talking about it again – face to face or on social channels. "We find there's a flurry of activity between people with gamification events," Inglis continues. "It's usually people comparing what they got – 'how many points did you get, did you get another shot at the game?' That can boost peer-to-peer recognition again."

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- **Measure and manage:** How do you monitor the return on investment for your employee recognition programme? Demonstrating ROI is crucial, helping you overcome any resistance from senior executives. But tracking the metrics and data your programme produces can also reveal some nteresting insights about what truly motivates your staff.

Make sure you can capture key performance data through monthly reports. It could be the number of points given and redeemed, the number of peer-to-peer nominations by department or team, and the number of people actually logging in and engaging with the programme.

"We look at the redemption rate as an indicator of meaningful engagement," explains Inglis. "We also use our annual engagement survey to see if the programme is making a difference."

SNP Security has dashboards for every line of business and for every region. "We're seeing a correlation between increased engagement and a reduction in other issues such as sick days or turnover," says Winston.

Stellar uses the data to encourage healthy competition between its call centres. "We can show leaders how much the programme is being used in centre A versus centre B," says Chirmuley. "The programme also allows us to see times when we have really strong performance in some of our centres because we can see an increase in the number of points issued."

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Keeping an eye on activity also gives you an opportunity to identify great business success stories, things you can share internally. This adds to the value of your programme.

The other side to the ROI equation is of course the amount you choose to invest in the programme. According to World at Work, the benchmark recognition spend for top performing companies is 2% or more of payroll. Companies that spend at least 1% of payroll have levels of engagement that are up to 85% higher than those spending less .

Most importantly, the programme needs to be easy to use – for staff, for HR teams, and for managers. One platform makes it easier to administer, with built-in reporting and game features. And with a simple user interface that looks and feels like your company brand and culture, you'll have the best possible chance of improving engagement – and retention – through your employee recognition programme.

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