



In Post-Recession World, Recognition Boosts Recovery

By Christine D'Angela

The reality of an economy recovering from the worst recession in more than 30 years is drastically different from just a few years ago: Businesses have undergone massive change to survive, and employees are frustrated by increased workloads, lack of advancement and a sense of not being appreciated.

In its 2009-2010 U.S. report "Looking Toward Recovery," Watson Wyatt Worldwide (now Towers Watson), re-

ported that 72% of its survey participants noted restructuring or layoff actions since 2008.

Today's climate demands faster results with fewer resources. In this environment, it's easy to understand why workers may resort to "short-cuts" to achieve quicker results even though it can impact internal and external relationships, undermining performance and the company brand. "Value" is the new maxim;

customers want value as they compare more and purchase less. Employees want to be "valued" for the "above and beyond" efforts that are the new norm.

In its Employee Engagement Index survey of 42,000 participants, Gallup estimated that U.S. companies lose as much as \$350 billion a year due to disengaged workers. Businesses emerging from the recession can't afford such losses. Instead, they

need to view the situation as an opportunity to redefine human resource (HR) strategies around better ways to make employees feel “valued.”

Insightful companies know that recognizing and rewarding performance can boost engagement and improve profits. They realize that using incentives and recognition as



part of a total compensation/rewards approach is an effective way to let employees know they are valued—especially when expectations have changed.

The power of attention

A June 2009 McKinsey Quarterly survey showed that “praise from immediate managers” and “leadership attention” are more powerful motivators than cash bonuses, raises and stock options. While economic uncertainty and increasing workloads have made people apprehensive, employees still find reassurance as a strong contributor a powerful motivator—they feel more connected to the organization and its success. In difficult economic times, people look harder for assurance. So, positive attention can be exactly what a stressed employee needs.

Consider the power of recognition as an engagement catalyst in creating a more productive culture.

As Dr. James Oakley of Purdue University pointed out in the Forum for People Performance Management and Measurement study, “The Road to An Engaged Workforce” (www.performanceforum.org), which discussed the impact of compensation on a company’s culture, all forms of cultural devices should be employed to help drive a culture that’s right for

the business yet non-cash methods are all-too-often underused. In Oakley’s context, non-cash rewards can be a powerful tool for re-enforcing the right workplace behaviors and helping to sustain the desired culture. For companies deeply concerned about an economy in which raises and bonuses are scarce or non-existent, well-designed recognition programs could prove to be more effective than cash in building employee engagement.

Recognition as an engagement catalyst

Recognition becomes particularly relevant against the backdrop of the current economy. As a result of the recession, most jobs have grown by as much as one-third, leaving employees feeling overstretched and unappreciated, according to “Overstretched,” a May 22, 2010, article in *The Economist*. At the same time, the Hay Group tells us that as many

as 59% of the employees they surveyed are thinking about or actively searching for new jobs. This employee unrest poses a great danger to the increasing need for the innovation that can contain costs and find new ways of growing business. The knowledge base of the workforce has been stripped down by staff reductions and reshuffled by re-organizations.

There has never been a time when companies have been in greater need of a strongly aligned, loyal and engaged workforce. Yet, many business leaders are reluctant to question the traditional wisdom that “money is the great motivator.” As many studies show, today’s employees are looking for something more than money; they need to know that their efforts matter.

In some cases, workplace changes have shaken beliefs or created confusion about an organization’s mission and strategies. Workers are unclear about their purpose. Many are feeling that their best course may be to leave. They need reasons to re-commit to company values and processes.

Incentive Marketing Association (IMA) Performance Improvement Council President Mike Ryan, senior vice president of Marketing and Client Strategy for the Madison Performance Group, says that “a leader’s positive feedback can help to offset the anxiety coming from other aspects of an employee’s life; it’s ok to simply say ‘nice try’ as a way of acknowledging an employee’s effort.”

Strategies that help employees feel valued for their alignment with

the re-designed mission, as well as rewarded for their performance in a different environment, can re-invigorate a changed organization. And acting on these strategies now will help companies enter the post-recession period in a stronger position.

Leveraging options

The beauty of recognition programs is that they come in all shapes and sizes. The best ones are designed to meet the specific needs of individual segments of employees and their particular situations. While there is no silver bullet, there are options.

IMA Recognition Council President Tom Miller, CRP and president of the Miller Company, advises: "It would be a mistake for a company to try to copy another company's recognition approach—it's fine to benchmark, but do so only to understand generalities and to stimulate ideas for your situation. This is an area where having the expertise of an industry professional will be a benefit—they can bring insight and experience that will support your unique situation."

By beginning with a clear understanding of organizational goals and the employee segments involved, leaders can work with incentive professionals to create programs that not only meet their needs, but also can be observed and measured for effectiveness.

Leaders should also consider the power of intrinsic motivators. In his book *Drive*, author Daniel Pink outlines the concept of Motivation 3.0 and describes how "autonomy, mastery and purpose" motivate work-

ers. As Ryan points out, "Rewarding people for how they go about their work reinforces that their ambitions and their employer's value sets are aligned. And that shared purpose can go a long way toward sparking and sustaining engagement."

"A good recognition and reward system can reinforce Pink's theme and create greater exposure to how the organization defines success," Miller concurs.

In today's fragile recovery, programs based on the premise of recognizing an employee's extra efforts can help counteract the impact of a shaky economy—as long as such recognition is tied to the organization's mantra, applied consistently and often, and adjusted for the situation.

Role of the manager

While there is debate about the degree of responsibility that managers should have for engagement, it is clear that employees look to man-

agers for support. In its 2008 State of Employee Engagement study, BlessingWhite found that 75% of employees trust their managers, but only about two-thirds of managers satisfy their employees' needs for encouragement.

"When a manager expresses

appreciation, it does not go unnoticed," according to IMA Recognition Council Executive Vice President Susan Adams of Dittman Incentive Marketing Group. "As the manager is the embodiment of the company culture, teammates feel part of the success and are more likely to opt-in and get engaged."

Today's managers are more challenged to recognize employees as they cope with increasing workloads, shifting priorities, disappearing support systems and restricted budgets. They have their hands full just keeping operations afloat.

According to Performance Improvement Council Vice President Louise Anderson, CPIM, president and CEO of Anderson Performance Improvement, "Most managers have to supervise more employees than ever. If they were more enlightened about the benefits of employee recognition, they would see that revenue per employee grows when well-designed recognition is used."

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One way to cope with growing manager responsibilities may be to use new technology. "As companies evaluate how to provide the right recognition tools, they should strongly consider available technology solutions that facilitate the recognition and reward process," says

Miller. "An additional benefit to having a technology platform in place is that the reporting generated serves as an on-going program audit and accountability tool."

As the 2008 Towers Perrin Global Workforce Study concluded: "There is no single 'right model' for a high-performance culture; the most effective approach depends on an organization's strategic priorities." Managers are the ones workers rely on to understand an organization's priorities. For all practical purposes, managers embody and become the "face" of the culture within an

their managers," says IMA Recognition Council Board Member Michelle Smith, CPIM, CRP, vice president of Business Development at O.C. Tanner. "Managers are the key factor in employee retention. Yet, too many companies still choose to ignore the data and the enormous potential for significantly improving business performance by helping managers become better leaders. This is the 'low hanging fruit' opportunity for improving employee engagement and talent retention, and an investment in training managers is one that will provide substantial return on invest-

to attract and retain the best employees by extending the qualities of their external brand to create an "employer brand" that will win over their workers. HR managers have morphed into brand proponents as they counsel leaders in securing and promoting the talent the organization needs to realize its objectives.

As Smith explains, "The structure of work is becoming more adaptive and collaborative, more informal, and less focused on static design solutions as organizations become flatter and more global. To engage culturally and generationally diverse employees, HR leaders need to balance the need for a unified global culture with local differences, and make core global values locally relevant and easily understandable for all employees. Work is being redefined and the boundaries of work and life are blurring due to greater workforce mobility and the technology that supports it. HR needs to lead out in these initiatives and help employees successfully navigate an ever-changing work environment if they want to keep and develop the best and brightest talent. Integrating incentive solutions into the mix will help."

New tools such as advanced diagnostics can help HR professionals analyze, control and create accountability for recognition and rewards programs. The degree of utilization can be used both as a strategy and an activity. Controls and compliance can be built into the program and, as pointed out earlier, technology can be used to establish and monitor the process.



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organization. Given the profound changes that have occurred, managers must be "front and center" on a daily basis. If they want employees to be more engaged, managers need to communicate and interact with their employees, stay connected and be more accountable.

"A wealth of data from the best research organizations in the world has established that, in the vast majority of cases, people don't leave their companies—they leave

ment. There's simply no excuse not to do this. Do it now, and start reaping the rewards immediately."

The changing role of HR

While the judicious use of recognition can propel enterprise initiatives in any organization, the repercussions of modified business strategies and the state of company financials can let the best of intentions fall by the wayside.

Companies are already on a quest

Make employees feel valued

"The popular perception is that we're climbing out of the recession," declares Miller. "Perhaps, but there's still a great deal of fear in the workplace and companies need to deal with it. A recognition and reward system that's solidly aligned with organizational goals can help create focus and give employees short term and long term targets to achieve. When people look forward toward achieving objectives, it reduces fear and uncertainty."

"Even peer-to-peer recognition can help re-shape an organization," says Anderson. "Peers learning from peers is effective. We've seen tremendous progress in a wide variety of organizations that have incorporated comprehensive recognition programs as part of their re-align-

ment strategy. To be truly effective, organizations need to spread the concept of recognition across the organization to drive the right behaviors—now."

Remember, today's employees are looking for more than money; they want to feel "valued."

About the Performance Improvement Council and the Recognition Council

The Performance Improvement Council (PIC) and the Recognition Council are strategic industry groups within the Incentive Marketing Association.

In today's economy, people are the primary source of competitive advantage. Progressive businesses across the globe are becoming in-

creasing reliant upon performance improvement initiatives to drive incremental business outcomes.

PIC is an organization of professional performance marketing executives, who are collectively focused on helping companies optimize their investment in human capital through proven and innovative reward and recognition solutions. www.thepicnow.org.

The Recognition Council was formed to provide an awareness of how recognition and rewards, in their many forms, are part of an effective strategy for achieving better business performance. The Council's focus is to educate and promote the benefits of recognition and rewards to the worldwide business community. www.recognitioncouncil.org