



The Guide to Employee Recognition: Beyond methods



Introduction

The purpose of this guide is to establish a shared knowledge base that can help cultivate, empower and grow a culture of recognition within your organization. We will start by going over key terms and definitions that can help you “talk-the-talk” before moving on to the importance and implementation of employee recognition programs in the workplace. We want to provide you with a framework that will help your team establish a meaningful recognition-focused environment across your organization, no matter the size.

A guide for any level

In case you are just starting out and are new to employee recognition methods, we recommend going through the fundamentals first and build it up from there. If you are well-versed in the subject matter jump ahead to any section you feel is most relevant. Nonetheless, this material is here to help your organization gain new insights and get a fresh look at today’s best-practices in employee recognition across all levels of the organization.

Let the journey of recognition begin!

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Defining Employee Recognition

What is recognition?

Similar to a social context, employee recognition is the open acknowledgment and appreciation of an individual's contributions and value, specifically in their workplace. It ranges from the informal "well done" high-five, a call of appreciation in a team meeting, to material rewards in the form of bonuses (i.e. for reaching a monthly target).

Employee recognition encompasses tools, methods and practices that go beyond the responsibilities of the HR department in an organization. It should be part of an organization's culture and value proposition. Even framed for a KPI-focused business environment - good employee recognition programs reduce turnover, increase day-to-day productivity, boost employee engagement and establish a shared vision among individuals between all levels and hierarchies of an organization. Global corporations and small-sized businesses are adopting and rethinking recognition programs that increase employee appreciation to boost their competitive edge. In today's interconnected world it is your responsibility to start using it!

Defining Employee Recognition

Who gives recognition?

In an ideal situation, recognition is given out by everyone, no matter the job role and description. With that in mind, it is important to mention that every recognition scenario is highly context-dependent, each coming with specific. Below are a few examples:

Top-down recognition

A traditional recognition process is following the top-down system, where an employee's manager, or team leader witnesses and appreciates their contributions. This model works well because being recognized by a key decision-maker means that acknowledgment can also result in bonuses, a raise, or promotion. That being said, this requires managers to observe, document, be as unbiased and fair in employee recognition. Giving out realistic and relevant acknowledgments is not an easy task, especially in large teams. There are simply so many added-value tasks done on a daily basis, that it is very difficult to keep track of them all. No one person has the time and resources to keep track of everyone's hard work. An example of top-down recognition comes in the form of annual reviews. For those that have experienced one, it is not all rainbows and appraisal as these events can be highly stressful. Sometimes the focus shifts from "you have done well" to "here are areas of improvement" and so on. This method, whilst efficient shouldn't be the only method of appraisal in a company. Leading by example and encouraging the rest of the team to also contribute to the appraisal process is what should also motivate managers. Facilitate employee recognition across your environment's culture. This is where peer recognition comes into the mix and a culture.

Bottom-up & Peer recognition

Extending the top-down, a peer recognition system encourages and empowers not only managers but also other co-workers to acknowledge and reward the contributions of their teammates. Peers accompany us on a daily basis in the workplace having a deeper knowledge of what contribution and its appraisal can mean. Peer recognition is not only good for interpersonal relations, but it is also immediate and impactful. See a teammate doing something valuable, praise them for it. In healthy organizations, feedback loops work well no matter the hierarchy. Meaning a bottom-up recognition approach is just as meaningful. Managers at the end of the day are people and need recognition from their teammates. It works wonders for morale, no matter the seniority. In a 3600 recognition model, everybody has a chance to make their voices heard and impact the process.

Defining Employee Recognition

Will recognition work for my team?

No matter the size and stage a company finds itself in, every team can benefit from recognition programs. Be vigilant of failure, but never forget to celebrate success and a job well done. Employee recognition and engagement is all about interactions that help build and strengthen relationships. Even if you are starting out on implementing this practice in your company, be consistent and motivate your teammates to do contribute.

When executed successfully, these methods benefit an organization both short-term and long-term. By recognizing individual contributions you'll be able to establish: better interpersonal connections, a richer company culture and have motivated employees on all levels.

What's the cost?

Even if a workplace doesn't have a formal recognition program, there are many expenses that are linked to it. Most workplaces are spending money on recognition without recognizing it. Budgets for celebratory lunches, team events, buying bulk gift cards, team-building events are considered a pure decision-based HR practice or cost. Companies make these impersonal budgets in order to "keep everyone happy". These are recognition methods but framed in an old paradigm. Shift the mindset of your leaders and employees to accept recognitions as a new alternative to outdated bureaucratic practices. It requires more involvement of everyone on the team, yes, but establishing a working program pays for itself down the line. Depending on your measuring stick, recognition pays for the effort via: increased motivation of employees, productivity, engagement, and retention. These will be discussed at length below.

The importance of Employee Recognition

Why is Employee Recognition Important?

Employee recognition is a key factor in a business's success. The numerous [reports, data and statistics](#) on the world-wide-web in 2020, emphasize its importance. This means that a lack of, or poorly implemented recognition programs not only decrease motivation but can push employees away.

[49% of people](#) have left jobs for not being recognized. Take some time to consider the following:



Retention / Turnover

Retention and employee recognition go hand in hand together. Motivated employees that feel accomplished at their jobs are less likely to leave a job that helps them thrive not only from a material standpoint but also in a personal way. On the other side of the spectrum is turnover and the high company costs that come with it. The need to fire/hire an employee comes with direct costs like severance pays, screening time and interviews, negotiating relocation packages, paying referral or retainer fees, bonuses, etc. And these are only a few of the direct costs involved.

Now consider the indirect human cost (of losing an employee) that constitutes employee productivity, morale and loss of knowledge base. When a key employee leaves, it is usually the remaining team that feels the immediate impact. Additional work can lead to burnout, water cooler discussion about the why and what adds to criticism and has repercussions for management. Even when someone else is employed, consider the training and on-boarding processes, it takes time and money.

That is why recognition is important at all stages - be it for new employees that are coming in the team, or high tenure teammates that need to feel engaged and recognized for their contributions.

The importance of Employee Recognition



Productivity

Productive employees do more than just deliver high-quality products and services. A study by [Harvard Business Review \(HBR\)](#) links productivity to profits very closely positioning the best-performing companies as 40% more productive than the competition, and have higher margins of up to 50%. This links to recognition - as giving the right feedback, recognizing a job well done at the right time and being consistent on it results in higher levels of employee engagement and thus, better working environments. It is not just a matter of healthy competition between your employees, but recognizing each person's contribution to the bigger picture, that keeps them productive and happy. Take the time to appreciate your team and it will impact the organization's bottom-line.



Morale

It is hard to quantify and easy to observe. Employee morale is what separates the leaders from the followers. You need high morale to radiate from the top-management and for their actions to be an inspiration to the juniors of your team. Especially in highly competitive and creative industries. Try comparing your team's productivity levels and get to know the interactions between the co-workers of said teams. You'll see that places that have informal dialogues, common catchphrases and authentic care for one another, will score higher on the morality department. Employee recognition also means acknowledging the state of things and address moral issues when these appear. You will need more than just daily stand-ups and quarterly reports, to keep your teams inspired and high-functioning. Company values, vision, emotional connections and empathy are all factors that contribute to maintaining morality at its best (even while navigating the tough times). Recognize when morale is high and low and always look for ways to improve it. That's why a genuine how are you and vibrant high-fives feel great.

The importance of Employee Recognition



Purpose

Recognizing employees' work in a transparent way while showing them how it all fits in the bigger narrative of a company is what drives purpose. As humans, we're motivated by knowing that our work helps others, so frequent and visible recognition helps everyone feel like they are riding in the same boat. Written mission statements and company values need to be translated into sustainable action and fosters a sense of community and belonging. It is virtuous circles that keep employees engaged and purposeful at their jobs. Make sure that statements containing "sustainable" and "value-driven" don't get lost in the day-to-day, reinforce good practices.

Categories of Employee Recognition and Rewards

When peeling the layers of a company's recognition methods and rewards you'll be able to observe that these vary from company to company. Size, scale, industry all play a role when defining employee recognition and rewards. For example, a team could be motivated by company-sponsored parties or events, a thoughtful appreciation email, or a gift card to their favorite store. As leaders within an organization, you'll need to establish meaningful ways to show employee recognition and reward contribution. You can find a few examples below:



Bonuses

Bonuses vary in shapes and sizes. Monthly, annual or quarterly bonuses are important, but in the context of recognition, these can also be small monetary rewards (tips) between colleagues for a job well done. It still requires a system to be established in order to enhance responsibility, transparency and accountability. This way bonuses will be regulated and have an immediate impact.



Written praise

When showing appreciation tangible proof can work wonders. It can be done both digitally and in written form. The latter has more sentimental value. These are flexible, well-received ways to show appreciation across an organization.



Verbal praise

Nothing beats a good old thank you followed by a non-verbal cue of appreciation. It is the oldest peer-to-peer relationship-building tool and it is one of the more informal high impact methods of recognition overall.

Categories of Employee Recognition and Rewards

The time and place for recognition

“Everything has a time and a place”, the same thing can be said about recognition. In itself it is timeless, but you don’t want to overdo it or make it an irrelevant meaningful act. Below are a few events and milestones when a well-timed recognition act can leave a lasting impression.



Events

First day on the job

Every company has its unique onboarding process. If a candidate managed to get through all interview stages and is becoming a part of your team, it will work wonders for both individual and team morale to get them settled in right away.

Birthdays

Birthdays are special for everyone. A lot of times an employee is spending that special day of the year at their workplace. It is a great way for a gesture of appreciation to be shown to them on the occasion. Different personality types take it differently, but a true act of recognition will always be heartfelt.

Employee Appreciation Day

Employee Appreciation Day is a semi-formal holiday founded by Bob Nelson, a founding board member of Recognition Professional International. Many companies and leaders across industries use it as a great opportunity to recognize in a typical workday environment. Today many teams use this day for small going-outs like barbecues, office parties, or bar hopping!

Categories of Employee Recognition and Rewards



Milestones

Work anniversaries

Reaching a work anniversary is a key milestone for employees when a lot of times it comes down to the “is this worth it?”. People balance the good vs the bad and find new resolutions to go for. So if you want your employees to reach the 5-10-20 year anniversary make sure to mark it for them with memorable recognition actions that speak to their value as a co-worker, employee and individual. This fosters a companies sense of acknowledgment.

Project completion

That’s a given, so just remember that a completed project is usually a monumental task for any team, no matter the size or complexity, so it is good to have a sort of “ritual” surrounding it. It is when you not only analyze how it was executed and what is the expected ROI, but can identify and recognize those that contributed both big and small-time.

Quarterly review

Employees’ time and skill should be properly compensated. Quarterly meetings are a good way to motivate, provide feedback and create spaces of acknowledgment. Monetary gains mix well with formal appreciation letters or a face-to-face appraisal from a supervisor or manager. It is the small things that matter.

Year-end meetings

Depending on a companies’ financial results and HR processes, the year-end is a time for bonuses and evaluation of employees. Don’t make this a bureaucratic tool of results, find the time to shape a culture of recognition and appreciation around it.

How to build a successful Employee Recognition programs

Nike, Apple and Google are one of the many of the world's largest organizations that have understood how relevant employee recognition programs can be. As mentioned in Chapter 2 with the help of such programs employers reduce turnover, increase engagement and promote a culture of recognition among their employees.

There are processes that you will need to implement and a learning curve you'll need to go through. As with all good things in life, it takes time, practice and consistency to make it happen. Below you'll be able to find the building blocks for a successful employee recognition program

1. Set-up a business case for recognition

A good way to frame your recognition project is within a particular project that you feel can work as a business scenario down the line. The management team will need to identify which recognition methods work best within their teams, what are the problems they are looking to solve and how does this correlate to the business objectives of the organization. Even if this isn't a regular spreadsheet, power-point presentation, or SWOT analysis it is still important to document the rules, guidelines and identify some KPIs that you are aiming to improve. It is a balancing act since you are dealing with people, emotions and data. You'll want your managers aligned for the process and make sure everyone "Get's it".

In terms of costs, [!\[\]\(23d9fc146e83b5c3013cfa32c784f8d5_img.jpg\) a 2017 study by WorldatWork](#) shows the added value of recognition programs quite well. When companies with a recognition program in place were asked, "What percentage of your payroll budget is used for recognition programs?" - 51% of responders said that it accounts for less than 1% [page 19]. The numbers speak for themselves. This doesn't mean "0" cost as you'll need to plan for logistics and rewards, but they shouldn't be an impediment for a company committed to the task.

As mentioned before, you'll need to account for your organization's size and office locations to be as efficient as possible, but with today's technologies, setting up recognition programs is easier than ever before.

How to build a successful Employee Recognition programs

2. Build a team to champion the program

Once top-management is onboard, the next step is to find the right people from within the teams that can help in implementing the program. Informal leadership can be just as important for the process since it can facilitate the transition. Show them this guide as they will need to know the basics of employee recognition. Search for individuals with a natural affinity towards acknowledgment and appraisal for their co-workers. They are usually solid business performers, have a good mix of empathy and business realities and are respected among their peers. These are the thought-leaders that can be responsible for the success of the program.

3. The characteristics of effective recognition

Common ground helps in establishing a recognition program, so those responsible for implementing it need to understand the following characteristics of effective recognition:



Timely

Before something becomes part of a culture and is habitual, people tend to easily forget new methodologies. The connection between contribution and recognition can weaken over time, especially when routine falls in. Make sure to give recognition on time, sooner rather than later in order to strengthen its added value.



Frequent

In the grand scheme of things, employees contribute on a daily. Recognize that without waiting for some huge milestone to be completed or a quarterly review to take place in order to acknowledge that. Find time within the weekly team meetings to give a “shout-out” or mention a job well done, so that people get used to the practice of it. Small victories can be just as important as the big ones.

How to build a successful Employee Recognition programs



Specific

Context is crucial and specific always beats vague in terms of recognition. Support appraisal with data or examples of how a developed tool or executed task helped the project in a specific way. Expect to provide feedback on it to the employee that did it. Aim for sincerity and authenticity, not an “appraisal check-box” that you need to fill.



Visible

While private recognition is important on a person-to-person level, giving public recognition has a bigger impact on a team. Visible recognition of an individual or team provides concrete examples of commendable actions and it is something other teammates can repeat. Sharing praise encourages cooperation and is a good topic for discussion at the water cooler.



Inclusive

Inclusiveness within an organization caters to a sense of equity, belonging that goes beyond the workplace. Making sure that employees are included in the recognition process, helps stress the importance of each individual's value. Never aim recognition only at particular groups. Recognition is not a game of favoritism. It is a way to empower individuals from all levels to impact this culture. Leaders are responsible for coming up with a good employee recognition program, but it is the entire organization that needs to contribute to implementing it. For example, a good practice is to diversify the parties responsible for giving recognition. This way people will rotate and get to experience the practice first-hand.



Value-based

Just as people, organizations have different value-systems. Aligning an organization's recognition program to its core values encourages employees to work toward the same vision. For example, if “sustainability” is at the foundation of an organization's value system, reinforcing it by acknowledging actions and results that come to support sustainability. It is one of the best ways for employees and people to align themselves with the vision and values of an organization.

How to build a successful Employee Recognition programs

Recognition programs - Best Practices

1. Define clear recognition program goals

Recognition programs should be aligned with the business objectives of a company. Set up your goals by framing them in actionable questions such as: “Do I want a more cohesive unit with more individual interactions based on peer-to-peer recognition? Am I looking to increase employee retention, via material and intrinsic motivations? Is the goal of my program to increase employee engagement via different recognition events? As with any new initiative, make sure to be able to quantify results in actionable items.

2. Use praise and tangible rewards in your recognition program

Think of people as both rational and irrational actors. At the workplace, it is not only the monetary gains employees expect. Set up recognition programs that mix and match between the personal appraisal and tangible rewards. Each company has a set of observable behaviors that managers need to identify and categorize: is “x” a good behavior given the context, does “y” require change, etc. Based on employee behaviors, set up what you want to recognize and incentivize. It is one thing to make a program that recognizes the on-time delivery of projects. Improving collaboration between departments and teams is another. The first can be recognized via bonuses and incentives while the second requires the identification of “why” is there a lack the motivation to collaborate. Sometimes it is as simple as having a meaningful conversation to get things back on track.

3. Listen to the voice of your employees

Establishing recognition programs can't be done in a managerial vacuum. Engage your employees to better understand the types of rewards and recognition that motivates them. Use surveys, informal conversations, team meetings to get a better sense of where things are and increase their personal investment in the program. A recognition oriented culture starts at the individual level. Different personality types have their own preferences regarding participation, but it is the responsibility of the leaders to make sure that voices are heard and choices considered.

How to build a successful Employee Recognition programs

4. Measure your recognition program

Recognition programs have an impact across different areas of an organization. A measurement system helps keep track of performance can provide a good framework to understand how recognition impacts metrics like retention, performance, productivity, and turnover. There are a number of ways to analyze changes in those areas, like survey tools, brief interviews, or feedback sessions. Just make sure to gather data on a regular schedule in order to adaptable.

5. Stay Lean

Establishing an employee recognition program is a lean process. It is important to set up, utilize, measure the impact, and improve. It is the virtuous loop and open feedback that you're looking for across all the teams and individuals involved. No program is perfect, especially in the beginning so adapt a mindset of constant improvement based on data.

Tools

Now that we covered the concepts and best practices, you will need the right tools to help with employee recognition. Using the right tools can empower your recognition program well beyond their implementation. The technological tools at our disposal today gives us a wide range of choices that an organization can tailor to suit their needs. The tools and applications a company uses a lot of times depending on its structure, industry and size. We won't be going into detailed presentation of the tools your organization can use, as it is highly unique for each organization. Here are a few considerations to take into account before choosing what sort of tools you will be using in your recognition programs.

1. Tailored for the team

A good tool or app should be able to seamlessly integrate into your team's workflow. Each program and service is impacted by your team's size, culture and location. So when considering, cloud-based software and instant messaging tools, memos, dashboards make sure to use them as tools of empowerment not nuisance in the implementation of a recognition program. Some changes will have to be made, make sure they are relevant.

How to build a successful Employee Recognition programs

2. Easy to integrate

The tools that you'll use need to be easily integrated with existing products the team uses. Software and service providers have a variety of .sdks and .apks that the technical team can connect to your existing ones such as: collaboration tools, human resources management systems (HRIS) and Single Sign-on (SSOs).

3. Scalable

When starting small, no business cares for the scalability of recognition-based tools. We advise you to find one that can work well both in a small environment of up to 10 people, to teams of 100+ people. Scaling means foresight and down the road when there is a lot of planning and organization involved around your recognition process, you'll be glad to have taken the time, to find scalable, cloud, and automation-friendly products.

4. Visible

We already mentioned that visible recognition has more reach and impact, tools that emphasize are relevant. Speaking of easy integration and visibility, Slack and Skype, Microsoft Teams and Google Hangouts are great examples of tools that can help boost the recognition effort. They emphasize and empower recognition globally, no matter the size of an organization. Use text, GIFs, images and videos to convey moods, tones generally understood and accepted across all levels of a company. Create channels and groups specifically focused on employee recognition and use them dashboards for every contribution that has been done at the job. They increase transparency and visibility of accomplishments across the organization and are highly customizable.

Building blocks for a recognition-focused culture

Every great endeavor, requires a foundation, that we hope this guide provided for you. Begin the journey and the rest will follow, because by establishing a recognition-focused culture, not only do business metrics increase, it's the teams daily interactions that will also reap the benefits. Tailor it to the unique environment that is your organization, company, start-up and contribute to building better interpersonal relationships and global business. **Recognize!**

Our Values

Dear readers,

My name is Sandis and I am the manager of the company. I thought it would be useful to share my experience.

Due to the changing business environment, our data technology company SQUALIO required transformations. One company and one challenge — creation, implementation and maintenance of common company culture and values across different time zones and mentalities in more than ten countries throughout the world.

I understood that it was extremely important for our company, established in such a small country as Latvia, to do ordinary things in an extraordinary way, thus strengthening our competitiveness and facilitating the development of the company. It is the only way we can stand out as different. We are not big, though we have the same knowledge and skills as the others, and the only thing we can do is to offer and transfer this knowledge and these skills in a unique manner by providing excellent service — to present a product or service in exactly the way the client expected to receive it.

That is why I decided to learn from the best. The Ritz-Carlton hotel chain, South West Ireland and Disney Institute are among the world's TOP 3 in terms of customer service excellence. I chose Disney Institute, which is one of the global leaders and hard to beat when it comes to excellent customer service and skills, so I went there to acquire new knowledge in organisational management. It was important for me to learn and understand how to define the company's values and how to transmit these values in order to successfully implement them in the daily life of the company. Disney Institute certainly gave me priceless knowledge on the development and foundations of organisational culture, how to adjust it to achieve and attain the desired results, as well as on the operational framework of the organisational value formation mechanism to spread the 'virus' of common culture throughout the whole organisation.

Upon my return, inspired by my new experience and knowledge, we developed and defined four main values of our company:

Our Values



Wise

Our biggest value is our knowledge, therefore we constantly acquire and share new skills and competences. We do not want to call ourselves the smartest, but we want to be smart, as in our industry it is not possible to be competent in everything, but you can always provide smart advice.



Easy

Cooperation and communication with us and internally is simple and easy. Many in our industry do an excellent job, but they do not know how to talk about it, so we want to explain complicated issues in a simple manner and give advice.



Prompt

Our clients and cooperation partners do not have to wait, as we do everything promptly. We address any issue here and now.



Care

We genuinely care for the needs, desires and dreams of our customers, cooperation partners and employees.

These are the values that characterise SQUALIO. Now they are an essential basis for creating an international network for our company, developing new products and services as well as strengthening our competitiveness.

The first task was completed — the company's values were defined. However, it turned out that the biggest challenge was still ahead — implementation and integration of these values in the company's day-to-day affairs. In various ways, we strived to transfer and implement them in the everyday lives of employees, starting from writing the values on the walls to reminders at quarterly corporate meetings. Six months after we defined the company's values, I stepped on a stage during a regular staff meeting and asked my colleagues to name them. I was surprised, because the answer was... silence. At that moment, I understood that something was wrong. Either I had made a mistake or I didn't follow through sufficiently, or the company's values totally sucked. And this was when I experienced my aha moment!

Our Values

I understood that the company's values can be alive and present only if they are brought to life in day-to-day activities, present in every moment, in a modern and acceptable form, and that the way values are awakened must comply with the values themselves. This is how we created a tool in an effort to bring the company's values to life. Now the values that initially seemed to live only on paper can be recognised by every employee and seen in their daily work. All employees are given a chance to evaluate the performance of their peers by indicating and highlighting one of the company's values in a colleague's work. The company's employees or peers (Peero*) are those who help to maintain the company's values on a daily basis.

Thus, we have made our company a living organisation with living values. We achieved this by using game elements, engaging and motivating employees, maintaining a positive competitive spirit and encouraging positive feedback.

This was how the recognition technology PEERO was created in Latvia to help you with organisational management and teambuilding.

*From the English word peer.

