

Employee recognition: What works and what does not work

Author: Munodiwa Zvemhara . April 2021

Employee recognition, according to Harrison (2005) involves the timely, informal or formal acknowledgement of a person's behaviour, effort or business result that supports the organization's goals and values which has been beyond normal expectations.

Recognition has been held to be a constructive response and a judgment made about a person's contribution, reflecting not just work performance but also personal dedication and engagement on a regular or ad hoc basis. It may be expressed individually or collectively, privately or publicly, and monetarily or non-monetarily (Brun & Dugas, 2008).

As stated by (Nyakundi et al., 2012) employee recognition aims to allow individuals to know and understand that their work is valued and appreciated. It provides a sense of ownership and belongingness, improves morale, enhances loyalty, and increases employee retention rate in the organization.

Employee recognition has been identified to be a strong motivational tool that enriches employees' energies towards the accomplishment of organisational goals and objectives (Imran et al., 2014). It also has a positive relationship with employee performance (Rahim & Daud, 2013).

The ability of organisations to achieve their business strategy and have a sustainable competitive advantage depends to a large extent on the performance of employees. In their bid to motivate employees to achieve high performance, organisations often emphasized financial rewards at the expense of non-financial rewards such as recognition.

However, considerable research has shown that though financial rewards positively reinforce performance-enhancing behaviours and satisfy employees to some extent, but for committed employees, recognition must be given to keep them motivated, appreciated and committed (Danish & Usman, 2010).

With organisation success tied to the performance of employees, recognition is now globally more relevant and embraced in organizations determined to succeed in an economically competitive era (Nyakundi et al., 2012). Recognition encompasses a variety of practices and experiences that expand and enrich employee capabilities.

Brun and Dugas (2008), identified four approaches- personal recognition, recognition of work practices, recognition of job dedication and recognition of results. They added that these four recognition practices recognize employees as full-fledged individuals as well as workers capable of being committed to their jobs by investing time and energy to perform duties competently and deliver concrete results.

Use of employee recognition

In a survey of 573 US organisations, Garr (2012) found that 75% had a recognition scheme. Data collected by the Chartered Institute for Personnel and Development (CIPD) suggests that recognition awards are also growing in popularity in the UK.

In 2013, 35.3% of organisations who participated in their annual reward survey used individual non-monetary recognition awards (CIPD 2013), compared with 31% of organisations surveyed in 2009. The public sector has seen the most significant increase with 37.2% using recognition awards in 2013 (CIPD 2013), compared with just 17.2% in 2011.

Purpose of employee recognition

Long and Shields (2010) found that non-cash recognition schemes are widely used by western organisations to recognise both individuals and groups of employees. However, they do not substitute for cash-based reward. Several significant positive relationships between non-cash recognition and cash-based reward practices suggest that most organisations believed that it was useful to have both non-cash recognition and cash-based reward elements in their total reward management system.

Stajkovic and Luthans (2003) showed that the use of social recognition programmes increased employee performance by an average of 17%, money by 23% and feedback by 10%. Although this does seem to suggest that money is more effective than noncash recognition, this analysis does not take into account the relative cost of each approach in delivering performance benefits. Once the costs are incorporated, non-cash recognition may well represent a better return on investment than money.

Criticisms of employee recognition

There is evidence that recognition awards might not provide universally positive results and might instead have unintended consequences. Johnson and Dickinson (2010) found that, in a simulated work setting, the employee of the month scheme failed to improve performance over time and, in some cases, the performance of recipients fell after they received their award.

Another study by Gubler, Larkin and Pierce (2013) found that an awards scheme designed to improve attendance did, on average, reduce tardiness and increase punctuality, however, productivity also fell by 1.4% and employees with previously high attendance suffered a 6-8%

drop in productivity following the start of the scheme. Gubler et al. suggest that these employees were demotivated by the offer of awards for good behaviour which they already exhibited.

The concern is that rewarding employees for organisationally desirable behaviours or activities may decrease their intrinsic motivation to perform the behaviour or activity. However, as Gubler et al. noted that offering a reward for one behaviour can lead to “crowding out” of another completely different behaviour.

One likely reason for the crowding out of intrinsic motivation may be perceptions of unfairness. Indeed, there is a growing body of literature in the field of organisational justice concerned with employee perceptions of fairness.

Feys, Anseel and Wille (2013) found that participants’ emotional responses to co-workers receiving recognition were moderated by the quality of the relationship between the two. Where the quality of the relationship was low, recognition led to the highest amount of negative emotions towards the coworker, whereas the highest amount of positive emotions towards the co-worker emerged when then relationship quality was high.

The study also revealed that recognition of a co-worker may lead to harmful interpersonally targeted behaviours such as verbal or physical abuse or deliberately failing to help a co-worker. Where the quality of the relationship between the two was low, recognition of the co-worker led to the highest amount of interpersonal counterproductive behaviour, whereas the lowest amount of interpersonal counterproductive behaviour was found when the relationship quality between the two was high.

The findings of this study indicate that understanding how employees react to their co-workers receiving recognition requires consideration of the quality of the relationship which they share.

Furthermore, although recognition can have a positive effect on the motivation of the recipient if applied in settings where the quality of relationships between co-workers is low it also has the potential to undermine the motivation of co-workers and lead to behaviours that may be harmful to individuals and the organisation.

Employee recognition programmes

Most companies see recognition and reward programs as a fundamental part of employee engagement, the employee experience, and workplace culture. Rewards range from simple spoken or written thank-you notes and "spot" bonuses of cash or gift cards to catalogue merchandise and gift certificates for retailers or restaurants.

Organizations may even provide vacation packages for employees' special achievements. Some programs that reward excellent work provide nonmonetary awards such as public recognition or staff appreciation events.

Although organizations typically recognize employees' length-of-service milestones and instances of a strong individual or team performance, many organizations are beginning to focus on other, less traditional areas for recognition (Deloitte, 2021). Among them are the following: the ability to manage or champion change, innovation, systems improvements, customer or client retention, morale-building or talent acquisition and retention.

Nevertheless, for a recognition program to be effective it should meet several criteria. The program should be well-funded, aligned with organizational goals, appropriate for employees' achievements and timely (Deloitte, 2021).

The methods of presenting awards must be managed well, with managers themselves playing key roles. The process for choosing and recognizing employees should be straightforward, and the program should be reviewed and evaluated regularly (Delitte, 2021).

Conclusion

Employee recognition has gained popularity as an essential activity in business organisations, both in the private and public sector. To date, organisations have moved towards less traditional areas for recognition including innovation, systems improvement, morale-building and talent acquisition and retention.

The purpose of recognition is shown in areas including employee engagement, organisational health and social capital. Particularly, non-cash recognition has been advocated as a cheaper and more effective alternative to cash, a tool of leadership, a means of improving performance and productivity and reducing absenteeism.

References

Baker, W. & Dutton, J.E. (2007). 'Enabling Positive Social Capital in Organizations' in Exploring Positive Relationships at Work: Building a Theoretical and Research Foundation, Dutton, J.E. and Ragins, B.R. (eds.), London: Lawrence Erlbaum Associates, pp. 325-345.

Chartered Institute of Personnel and Development (CIPD) (2013). Annual Reward Management Survey, London: CIPD.

Danish, R.Q., & Usman, A. (2010). Impact of reward and recognition on job satisfaction and motivation: An empirical study from Pakistan. International Journal of Business and Management, 5(2): 159

Deloitte. (2020). Perspectives: Recognition programmes. Are they important? Available at: <https://www2.deloitte.com/ie/en/pages/deloitte-private/articles/recognition-programmes.html>

Munodiwa Zvemhara is a consultant at Industrial Psychology Consultants (Pvt) Ltd a

management and human resources consulting firm.

Phone +263 4 481946-48/481950/2900276/2900966

Cell number +263 783168453

Email: munodiwa@ipcconsultants.com or visit our website at www.ipcconsultants.com

<https://thehumancapitalhub.com/articles/employee-recognition-what-works-and-what-doesnt>