



## **Employee Recognition: An Important Workplace Currency for Lean Economic Times**

It's old news by now that the economic recession is having its impact on the workplace. But a less familiar idea may be that of the "psychological recession" experienced by employees during budget reductions, layoffs and reorganizations (Globoforce.com).

A psychological recession occurs when fear, stress, anger and focus on rumors and uncertainty drive employees' morale and energy down. In turn, productivity and creativity slow down, and perhaps even come to a halt.

Just as we need currency flowing through the markets to recover from the economic recession, we need workplace currencies to flow to keep morale and productivity high.

So, what are the currencies of the workplace?

Besides compensation and benefits, the employer's currencies include opportunities for training and development, job flexibility, open communication between management and employees, constructive feedback, and rewards and recognition.

Employees have a valuable workplace currency as well -- discretionary energy. This currency takes many valuable forms: increased productivity, energy and creativity; a positive attitude and good collaboration; and loyalty and dedication to the organization. Discretionary energy – sometimes known as employee engagement – is the key element above and beyond basic requirements that employees bring to the job.

Given the current global economic reality, most employees understand the need for financial cutbacks. In fact, many may be feeling grateful to still have a job with regular pay and benefits. But even in this climate, meeting the employee's most basic needs is not enough to help employees recover from a psychological recession.

Furthermore, employees have long memories and when the economy improves, they will remember how they were treated through the difficult times. Organizations need to maximize the use of other workplace currencies to motivate employees to spend their discretionary energy currency at work.

Through research by many top consulting firms, it's been shown repeatedly that the top driver for motivating and engaging employees is a positive relationship with the manager. The next section of this document gives some specific ideas that managers can use for rewards and recognition.

Food for thought:

- According to a report from McKinsey, a \$1,000 payment had 10 times more Return on Investment when given through a recognition program than when added to base pay.
- According to White Water Consulting Inc., the same impact of a 1% pay increase can be achieved through frequent thanks and praise. (from <http://www.globoforce.com/corporate/eng/innovation-center/podcasts/>)





## **Effective and Strategic Employee Recognition During Uncertain Times**

(Adapted from **Quick Takes: 14 Tips That Can Help Keep Staff Motivated & Effective** by Bob Nelson)

### **What makes employee recognition effective?**

- It is meaningful for the recipient and, at best, is personalized according to the person's interests and motivations.
- It is timely, frequent, and genuine.
- A hand-written thank you note or thoughtful email takes little time and can have a big impact. Sharing praise for an employee with his/her co-workers and/or superiors makes an even greater impact.
- Other non-monetary forms of recognition include job flexibility, opportunities for training and development, including staff in decision-making, and being respectful of people's differences.
- Be fair, open and consistent. Provide the same or similar recognition for similar achievement for all employees. "Fair" does not mean giving the same reward to everyone regardless of their performance.
- The recognition and rewards are appropriate in size and fanfare to the level of effort and achievement.
- Encourage peers to recognize one another. Make time at team or management meetings for people to talk about successes and things that are going well.

### **What makes employee recognition strategic?**

- Always align the recognition message to either a goal or value of the department or organization. A top driver for employee engagement is the employee's ability to see how his/her work contributes to the needs and goals of the organization.
- Provide specific examples of employees' accomplishments so that it's clear how they are role models for others.
- Reward employees for developing new ideas or showing initiative. This shifts them away from a "hunker down" mentality and a focus on routine or minimum requirements of the job.
- Engage senior leaders in delivering awards and recognition. Knowing that senior leaders are aware of staff achievements and that they care is a top driver for employee engagement.