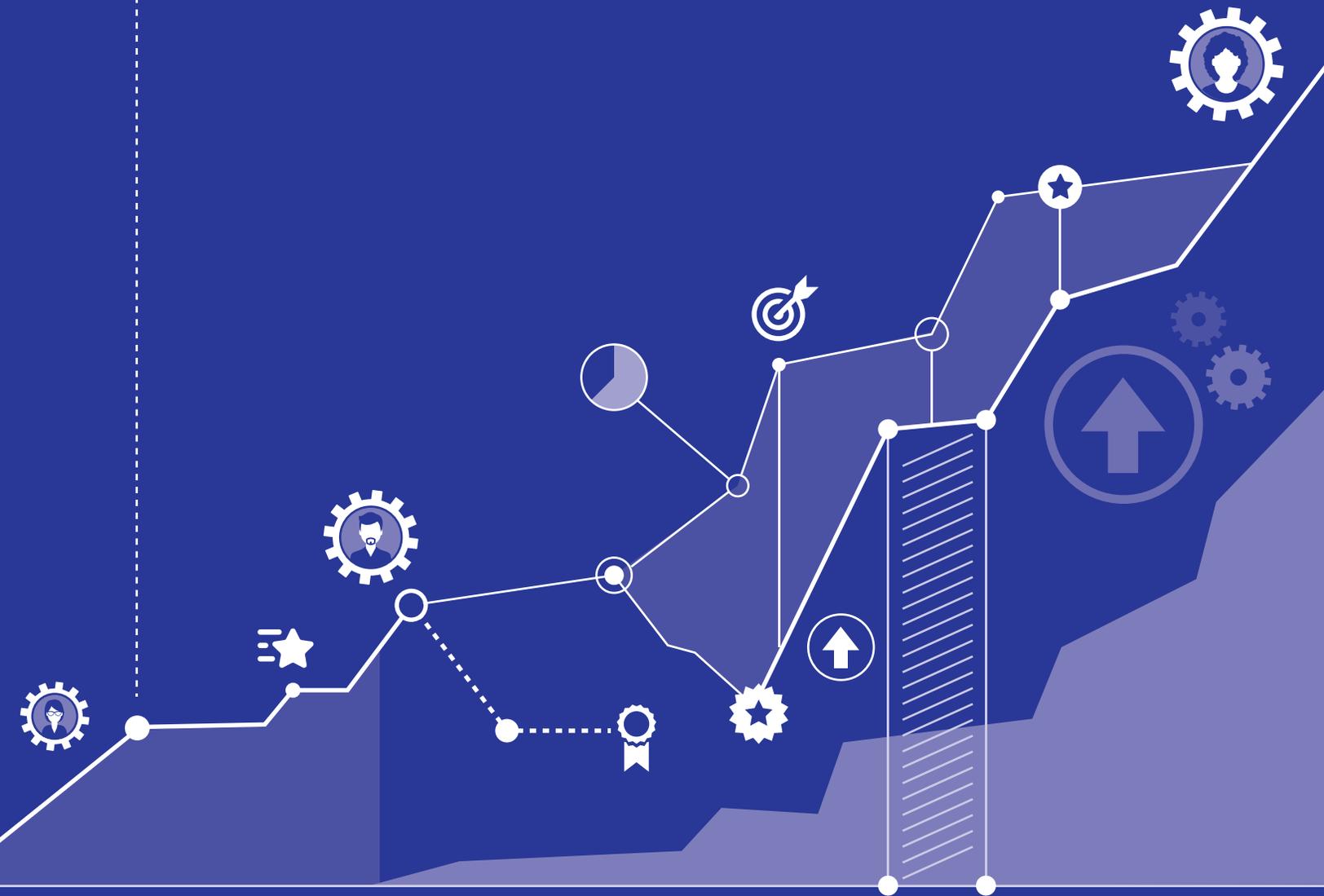


- **What's the True ROI of Your Organization's Recognition Program?**



What's the True ROI of Your Organization's Recognition Program?

Recognition is crucial to an organization's engagement strategy. Like most leaders, you intrinsically know recognition supports your organization's productivity and top-line growth. But, how do you prove it to other executives who are looking for a return on the investment in a recognition program?

While no organization is the same, there are four key areas to consider as you look to quantify the value of your recognition program.

Recognition fosters a sense of belonging that unlocks employee potential

In EY's Belonging Barometer study, the authors write that employees are increasingly looking for belonging at work. "In fact," the report states, "research shows that **when people feel like they belong, they are more productive, motivated and engaged and are 3.5 times more likely to contribute to their full, innovative potential.**"¹

Public recognition is one action employers can take to increase this sense of belonging. Employees feel like they belong when their managers publicly acknowledge their contributions, but it doesn't have to be just managers. Small acts of praise can happen anywhere and by anyone, from leaving a sticky note on someone's desk to leaving a comment on an engagement platform.

These everyday acts of public recognition enhance the employee experience and create an inclusive workplace culture. In the Belonging Barometer study, 34% of respondents also said they feel they belong most when their unique contributions are valued.

One important point about recognition is that acts of recognition must be tied to company values in order to build a sense of belonging that matters for organizations. For example, a program that embodies company values — such as going the extra mile for the client, being a team player, or suggesting an innovative idea that helps the company — will ensure alignment across the organization on its mission, driving value over time. If organizations focus on listening to employees and using that input to create a positive workplace culture, they will deliver on the promise of employee fulfillment and business success.

How to Create a Sense of Belonging

There are several ways you can create a sense of belonging through a recognition program.

¹ Karyn Twaronite. "EY Belonging Barometer Workplace Study." EY.

- **Share the success.** Researchers at MIT's Sloan School of Management found that leaders who take credit for successes kill the culture. Instead, share the project's success by inviting the team into the process. "One leader," they write, "brought team members to a high-profile client meeting, allowing employees to see firsthand the impact they were making."
- **Have weekly video calls with your remote workers.** Recognition is often informal, over drinks or in the halls between meetings. But because workers are distributed to many teams in many time zones, remote workers don't get that same level of attention. By setting up weekly video calls with your remote (or office) workforce, you're able to give more consistent, informal feedback to empower your team.
- **Start a shoutout wall.** Many companies use digital "walls" for posting social feedback and recognition, but a physical wall is a great way to get smaller teams and departments involved. Post sticky notes with your team member's name on it, write down their contribution and which company value it's tied to, and post it on the wall to publicly show how valuable that team member is to you.

Recognition can help lower employee turnover

By creating a culture of trust and belonging, and then keeping your employees motivated within that culture, you can see real ROI in your workforce. A sense of belonging through recognition is more important than ever because turnover is on the rise.

In 2018, over 40 million people voluntarily quit their jobs in the US, a number that has increased for the ninth consecutive year, according to the Bureau of Labor Statistics.² Yet, data from the Work Institute shows that 77% of this turnover is preventable.³

One way to curtail turnover is through recognition. The American Psychological Association (APA) identified six organizations with healthy workplace practices. In those organizations, 91% of employees said their employers valued recognition.⁴

Recognition can encourage employee trust and drive revenue growth

Everyone knows creating value in an organization is mostly about ROI. Leaders at McKinsey wrote a classic book on value creation, in which they said, "The faster companies can grow their revenues and deploy more capital at attractive rates of return, the more value they create. In short, the combination of growth and return on invested capital (ROIC) drives value and value creation."⁵

² "Job Openings and Labor Turnover—January 2019." Bureau of Labor Statistics. March 15, 2019.

³ "2018 Retention Report." Work Institute. 16.

⁴ "American Psychological Association Recognizes Six Organizations for Healthy Workplace Practices." MarketWatch. March 11, 2015.

⁵ Tim Koller et al. "Why Value Value?" In Value: The Four Cornerstones of Corporate Finance (Hoboken, NJ: Wiley, 2011), 4.

This applies to your talent and culture as much as anything else. For example, research by Accenture has shown that a decrease in trust has a negative impact on revenue growth.⁶

By recognizing employees for their achievements objectively — and tying it to organizational goals — you can build a culture of recognition that increases trust, enhances the employee experience, and encourages growth. A positive employee experience matters more for companies who look to make an ROI case for recognition.

Research from Accenture has shown that companies with great employee experience outperform the S&P 500 by 122%.⁷

Recognition increases motivation, productivity, and engagement

One further step in driving value in the company through recognition is to increase motivation at the individual employee level. Many studies have shown that increased engagement rates lead to increased motivation, which leads to increased productivity.

A salary is traditionally seen as the biggest motivating factor for employees. Yet employees are motivated by many aspects of their work outside of pay, like culture and values of the organization, leadership quality, and career opportunities at the company.⁸

However, by simply acknowledging the unique contributions of the employee, research shows they're likely to stick around. Gallup writes, "Workplace recognition motivates, provides a sense of accomplishment and makes employees feel valued for their work. Recognition not only boosts individual employee engagement, but it also has been found to increase productivity and loyalty to the company, leading to higher retention."⁹

Recognition is one component that boosts engagement and productivity by keeping employees motivated to perform well at their jobs.

How to Increase Motivation through Recognition

There are several ways you can increase motivation through a recognition program.

- **Promote positive behaviors for a network effect.** By praising your team members' contributions, you create an example for others to follow, which ripples throughout the rest of the organization. Recognition has a cumulative effect, where the rest of the team will aspire to their level of performance and rise to meet the challenge, affecting those around your team similarly.

⁶ Jessica Long et al. "The Bottom Line on Trust." Accenture. 2018. 10.

⁷ Michael Liley et al. "Employee Experience Reimagined." Accenture. 2017. 4.

⁸ Andrew Chamberlain. "What Matters More to Your Workforce than Money." Harvard Business Review. January 17, 2017.

⁹ Annamarie Mann, Nate Dvorak. "Employee Recognition: Low Cost, High Impact." Gallup. June 28, 2016.

- **Provide specific recognition.** When you provide recognition, it's not enough to say your employee "did a great job." Tell them exactly what they did that was so impressive by answering these questions: Which value did the action exemplify? What specifically was exemplary about that action? How can others achieve similar results? This is the best way to keep your employee motivated because they're able to see firsthand what the company expects of them.
- **Connect the recognition to other events in the employee lifecycle.** If your employee has an upcoming milestone, or if you have other important initiatives like D&I training or health and well-being, simply make the connection between their contribution and how it might relate to that milestone or new initiative. This broadens their understanding of the employer value proposition as well as the entire employee experience.

Many aspects of a person's job can help create belonging and motivation. Yet one of the most powerful examples is the simple act of everyday recognition. By creating a culture of trust and belonging, and then keeping your employees motivated within that culture, you can see real ROI in your workforce.

About Inspirus

Inspirus believes employees make up the foundation of culture, which is shaped and evolved through every day experiences that are essential to the development of strong, high-performing organizations. Through our technology and integrated solutions, we elevate the employee experience and enhance organizational culture by providing a holistic approach to the entire employee journey. We seek to influence the employee experience through our six Quality of Life dimensions: recognition, health and well-being, personal growth, physical environment, social interaction, and ease and efficiency.

Only Inspirus combines an integrated rewards engine, learning courses, communication tools, and analytics into a single platform spanning recognition, service anniversary, well-being, and diversity and inclusion. Inspirus aims to bring joy to work, one experience at a time.

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