



**Rechnice**

recognize employees

## Why did we address recognition?

The global epidemic has compelled a rethink of the work environment in most businesses, and our company is no exception. Fortunately, productivity remained unaffected by the remote work format, and staff seemed to like the added freedom and independence. However, the majority of employees mentioned the lack of social connection and interaction. And while technology helps bridge communication gaps at work, it can't solve the socialization problem.

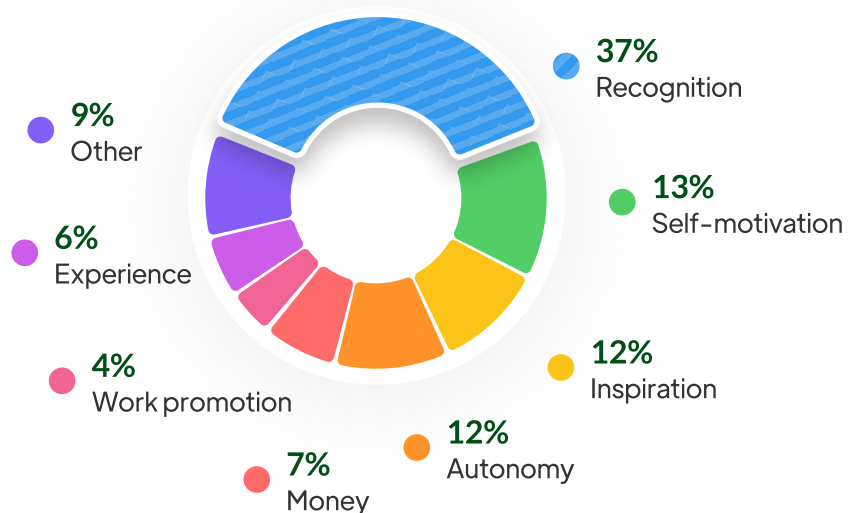
To address this issue, we turned to the practice of recognition based on regular reviews (real-time feedback) and acknowledgment of professional accomplishments. It turned out that team motivation and corporate culture are strongly impacted by recognition: prompt and frequent appreciation raises staff engagement and productivity, enhances internal transparency, and boosts social contact.<sup>1</sup>

## What do statistics say?

O.C. Tanner asked employees about the most important thing that motivates them to perform great work. Recognition was named the most effective motivator besides work autonomy and inspiration. Employees specified that recognition must be personalized and include verbal affirmation, feedback, and rewards.

- **81%** of employees are motivated to work harder when acknowledged for their work.<sup>2</sup>
- Employees work **17%** more productively and request **41%** fewer days off when engaged.
- Engaged teams demonstrate **24% to 59%** less turnover.<sup>3</sup>

## The drivers of great work



1. <https://www2.deloitte.com/ie/en/pages/deloitte-private/articles/recognition-programmes.html>

2. <https://www.glassdoor.com/employers/blog/employers-to-retain-half-of-their-employees-longer-if-bosses-showed-more-appreciation-glassdoor-survey>

3. <https://news.gallup.com/businessjournal/200108/damage-inflicted-poor-managers.aspx>

4. <https://www.greatplacetowork.com/resources/blog/creating-a-culture-of-recognition>

On the other hand, demotivated workers are less committed to their jobs and more inclined to start looking for other opportunities. As a result, skilled workers leave for competing businesses, and the expenditures associated with hiring, onboarding, and training a new employee surpass two times that individual's annual wage.<sup>5</sup>

## Peer-to-peer recognition

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Research shows that peer-to-peer recognition helps to improve productivity and job satisfaction. Helping coworkers raises their participation in the workplace and corporate culture. Receiving appreciation enhances team dynamics and fosters constructive behavior. This way, workers are more likely to feel emotionally involved in their work, which in turn enhances productivity by 8 times, boosts job satisfaction by 5 times, and drastically decreases the likelihood of burnout.<sup>6</sup>

## Management-to-peers recognition

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It's important to note that management-to-peers recognition has the highest value for staff and is a crucial part of an effective recognition program. Managers sometimes fail to recognize this step for several reasons, including: the fear that showing appreciation may cause their employees to slack off (or "relax"), the desire to avoid jealousy among peers, and the fact that they are not always able to have an objective perspective.

Employees become demoralized by a lack of open communication and contact with management, which leads to social unrest and separation into classes. What advantages can management recognition provide, then? Let's review some statistics:

- **79%** of employees mention lack of recognition as the major reason for quitting jobs, while **82%** didn't receive appreciation from their supervisor during the last year.<sup>7</sup>
- **90%** of employees recognized for accomplishments reported high trust in their company.<sup>8</sup>
- Employees who feel connected with their management and a team keep working for the same company for **3 years 11x times** more often than those who feel isolated.<sup>9</sup>

## Problems and challenges of recognition program implementation

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Inspired by the statistics and advantages of recognition, we decided to adopt it in our company. Since each business implements recognition in a unique way, the first step was to explore several approaches to adopting this practice. We saw it as a chance to identify the best strategies and steer clear of typical blunders.

90% of businesses, according to polls, have some kind of recognition program in place.<sup>10</sup> After conducting the proper analysis of Ukrainian companies, we discovered that:

5. <https://www.americanprogress.org/issues/economy/reports/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/>

6. <https://www.octanner.com/content/dam/oc-tanner/images/v2/culture-report/2022/home/INT-GCR2022.pdf>

7. <https://www.nbcnews.com/better/lifestyle/here-s-no-1-reason-why-employees-quit-their-jobs-ncna1020031>

8. <https://www.forbes.com/sites/williamcraig/2017/07/17/3-reasons-why-employee-recognition-will-always-matter/?sh=5f98e59763c9>

9. <https://www.octanner.com/content/dam/oc-tanner/images/v2/culture-report/2022/home/INT-GCR2022.pdf>

10. <https://www.benefitspro.com/2017/06/12/vast-majority-of-employers-have-employee-recogniti/>

- **42%** of employees are not satisfied with the existing reward system.
- **50%** of employers express gratitude to their employees quite rarely or only on holidays.
- **81%** of employees are not happy about the frequency and quality of feedback.
- **77%** of HR managers believe that more acknowledgments would positively impact their company.

The HR department is frequently the sole one responsible for the operational aspects of implementing recognition programs. And underestimating the process' complexity might have an unexpected outcome. The recognition process requires the right technical tools to be effective, ensuring comprehensive feedback collection and processing. On the flip side, using instruments like performance reviews and 360-degree feedback frequently ends in failure, lowering performance indicators and adversely influencing employee motivation.<sup>11</sup>

However, a lack of employee involvement is one of the most serious issues. According to our observations, businesses rarely provide additional incentives to encourage feedback sharing. This causes employees to lose interest in the recognition process over time. We realized that reward plays a crucial role in motivating employees to recognize each other.

## The secret of effective recognition

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A monetary award is an established and universal form of recognition. So, what can possibly go wrong?

We decided to check this statement. It turned out that monetary rewards have a negative effect on staff motivation.<sup>12</sup> It's well-known that abuse of external motivators is associated with a rise in excessive justification (overjustification effect). When employees are paid based on performance, the incentive takes priority over internal motivation, which results in a loss of enthusiasm for tasks.<sup>13</sup>

Feelings of attachment and emotional connection are of utmost importance since humans are fundamentally emotional beings. When extrinsic and intrinsic motivation are used together, employees perform better at work and are happier overall, especially when they are praised for exceeding expectations or making a remarkable contribution.<sup>14</sup>

We have concluded that real-time feedback combined with small rewards is the best way to create an effective recognition system. Rewards motivate workers to provide feedback, while feedback boosts their internal drive.<sup>15</sup>

11. <https://www.bbc.com/worklife/article/20190501-why-appraisals-are-pointless-for-most-people>

12. <https://www.employment-studies.co.uk/system/files/resources/files/mp4.pdf>

13. <https://www.apa.org/science/about/psa/2018/06/motivation>

14. <https://www.sciencedirect.com/science/article/pii/S0747563215000527>

15. <https://doi.apa.org/doiLanding?doi=10.1037%2Fa0035661>



## Corporate currency as a recognition tool

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Given that we are aware that financial incentives are ineffective, how can we encourage staff members to share feedback?

Most companies already provide benefits, such as gym memberships, health insurance, etc. These benefits are offered to all employees equally and have nothing to do with recognition. Instead, smaller prizes provide greater flexibility in how rewards are given and used. Introducing a point-based system is a good idea for this reason.

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Recognition is equal to points and corporate currency. The management can award points to the most proactive and engaged employees. Employees can send each other points in appreciation for assistance. Points are transformed into corporate cash, which can be accumulated and used to purchase items at the corporate store.

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The corporate shop allows you to pick presents and prizes based on employee preferences, seasonality, and company budget. This raises employee interest in exchanging feedback as well as overall job satisfaction.

This strategy also gives the recognition program space for customization. The company may come up with innovative ways to use its internal money – for example, rewarding employees with corporate currency on special occasions like company anniversaries, public holidays, and employee birthdays. In addition to physical presents, employees can be eligible for special advantages like a day off or lunch with the CEO, among other perks. This lets companies use the reward system as a stand-alone motivational tool. At our company, we use it to run our referral program, training, and certifications.

The corporate currency streamlines the HR department's processes by centralizing the administration of all incentive and recognition programs under one roof. Especially when peak loads appear around the holidays, along with the preparation of numerous gifts. Accumulating points automatically eliminates the need for human intervention, and both order fulfillment and gift delivery proceed in a more systematic and straightforward way.

## Implementing a recognition program: our experience

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We have created a system that unifies all employee recognition practices and introduces a single measure of appreciation.

The system consists of two parts: the Employee portal and the Admin portal. The Employee portal's main purpose is to provide real-time two-way feedback between workers through point-based exchanges. Would you like to thank your coworkers for their assistance on the project? All you need to do is decide on a total amount, include information about the project, and describe what you're thankful for in the transaction details.

The HR department uses the Admin portal to configure the entire system. The system allows users to set up rules for the automated accumulation of corporate currency for greetings on significant days. On Company Appreciation Day, for instance, workers get points that can be used as a present or put toward a larger incentive later on.

The system immediately informs employees when points or money are earned according to the settings.

Every letter template is editable. Having the ability to set your budget and monitor statistics is quite advantageous since it enables you to improve the effectiveness of the recognition campaign.

## System capabilities / features

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Management of employee groups



Flexible scoring criteria and rewards



Automatic rewards for workers on their anniversaries, birthdays, etc.



Supervision of the corporate shop



Allowing awards to be given at any moment (manual mode)



Automatic letter sending with the option to modify the template



Estimating and preparing the budget



Processing customer orders

## Outcomes

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Implementing the recognition program and corporate currency increased employee involvement in the company's internal operations.

Employee interaction and recognition grew due to the gamification of the feedback process. Real-time feedback let us reveal the hidden value we missed through the use of 360-degree feedback and improved the objectivity of performance assessment.


Gaining corporate money is a guaranteed reward system for any and all accomplishments. By rewarding staff members for developing their professional abilities through courses, training, and conferences, we stimulate business growth and establish a strong corporate culture. Additionally, encouraging proactive behavior among employees boosts productivity and inspires them to reach new heights and come up with fresh ideas.

Overall, our company has made significant progress toward keeping the recognition process open and easy to comprehend for everyone involved.

The corporate store's content is constantly upgraded to provide even more perks and maximize employee satisfaction. On top of that, we shifted from the previous benefits package to the new system.

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If you find this helpful and need more information about the recognition system, please contact us at [contact@recline.com](mailto:contact@recline.com)

Sign up for a [30-day trial](#)  and start building a culture of recognition in your organization today.