

The Practical Guide to Employee Recognition

Get the foundational knowledge on creating an employee recognition program that boosts employee engagement and helps them feel valued.



How to set up an employee recognition program at your organization








Get the foundational knowledge on creating an employee recognition program that boosts employee engagement and makes them feel valued.

This guide will explore:

- What employee recognition is and why it is vital for company success
- Different ways to show appreciation within a team
- Examples of rewards and recognition that work
- The process to create employee recognition programs
- And more!

Let's dig in!

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Introduction

In today's incredibly competitive and often disconnected work environment, it can be easy to forget how strong company culture and employee recognition are. A recent Microsoft study showed that over 41% of global employees feel like they are struggling at work and are considering quitting, while...*drumroll* the employers said that their employees have been thriving. It is quite a disconnect to think about, especially with more and more businesses moving to remote work, which already strains company culture.

Employers have been making strides in improving company culture and often go with easy wins like free snacks or drinks. It is undoubtedly a fun and neat way to show employees you care, but rarely does it solve a deeper appreciation and recognition problem.

Employee recognition is often viewed as a nice to have perk rather than a foundational retention and loyalty tool. People might take the job for the money/opportunity/title, but they stick around because they are valued.

What's employee recognition?

What does employee recognition mean?

Employee recognition is an internal program showing appreciation and recognition for employees' performance and work. It is usually tied to rewards that one can get once their company or organization recognizes them.

Employee recognition is an everyday/week/month recognition for what was accomplished and should be ingrained in the company culture. What comes to mind when you hear the words 'employee recognition'?

A dull 'thank-you' slide with the name on it at the company yearly kick-off? Is it a note in your annual review? Employee recognition is not, and should not, only mean a yearly bonus or an occasional generic 'good job' from your boss.

What's employee recognition?

The feeling of accomplishing something and putting all the heart and soul into it is incredibly uplifting; however, if you multiply that by others taking notice, it will be a tremendous confidence and morale boost.

The link between recognition and retention is quite known. Many companies use a decrease in turnover as a sign of the retention program's success, which is a critical objective for many companies.

What's employee recognition?

How do you show employee recognition and appreciation?

A great way to recognize employees is to empower them to celebrate each other and combined wins. Allowing employees to share how someone helped with a project, went out of the way to answer a question, or simply did a stellar job is an example of recognition that is small in investment and has high potential.

An exciting reward for implementation could be adding non-monetary yet exclusive elements to the recognition program. Think about how fun it would be to offer employees an option to earn an extra day off or lunch with an executive of their choice.

Rewards and recognition don't have to be something boring - they should align with companies' values and bring them to life. Core values get to live out through recognition and retention.

Why is recognition important?

What is the outcome?

Employee recognition is crucial to company growth, retention, and employee satisfaction. Recognition is important because it gives way for employees to show to each other the value they bring and celebrate them. Finding and hiring good talent is time-consuming and challenging.

Think about all the hours and work that goes into creating a job post, interviews, onboarding, etc. There are a lot of tools out there that help simplify the process. Once a person is in, companies tend to assume their work of impressing and woo-ing employees is done. What is more challenging than hiring? Employee turnover. Out of 600 US businesses, over 60% said retaining employees is much harder than hiring them.

The link between employee engagement and retention is well established. Employees who are highly engaged are 87% less likely to leave an employer.

Why is recognition important?

What makes employees feel valued and what does not?

The way to keep employees happy is through consistent recognition of their work and value. It's truly a win-win - the company gets a happy, hard-working employee, and the person feels like what they do matters.

Survey Monkey found out that 63% of employees who are consistently recognized in the company are very unlikely to look for a new job. Prevention and retention > repair and despair.

Types of recognition & rewards

What are rewards, and what is recognition?

Rewards and recognition are often used interchangeably, but there are some apparent differences. Rewards are usually tied to employee performance and are treated separately from the salary.

More and more companies are finding ways to build rewards systems into their budgets. Recognition, on the other hand, can be monetary or not and is used to show appreciation for the work employees are doing.

Recognition is often used to boost morale and highlight departments of specific people doing a great job. It is usually tied to a particular time rather than an overall performance and doesn't include a monetary reward.

Types of recognition & rewards

What are the types of recognition and rewards?

Recognition and rewards can vary from company to company depending on their values, size, location distribution, and budget. Some of the most common ways employees get recognized through bonuses and praise.

Typically there is a structure in place for an annual review tied for a potential bonus or raise. Another way to go is using All Hands meetings to bring the spotlight on specific employees.

In both scenarios, the recognition is often top-down (manager initiated) and somewhat sporadic. Are employees only doing a great job once a month or a year? Most likely not, and they should get recognized more often as well.

Types of recognition & rewards

What types of recognition do employees usually get?

The types of recognition that employees are most familiar with are bonuses and praise. Bonuses are a small (or large) financial reward for overall performance or contribution.

Bonuses are typically given by a manager and are rarely public knowledge. Written or verbal praise is another way companies show appreciation for their employees. Those can be public (think: a company meeting, a kick-off event) or private (as one would during a one-on-one with a manager or during an annual review).

Those are the most common rewards types, and while appreciated, they rarely happen often and even more rarely publicly. It's essential to find ways beyond the basics to show the value employees bring and create a culture where appreciation is not just a word in the website's Core Values section.

Types of recognition & rewards

Recognition could take on many different shapes and sizes. Giving employees an ability to recognize each other with rewards that will add up helps create a work culture that fosters hard work, creativity, and humanity. Small written notes, shoutouts, and public acknowledgment can go a long way in preventing churn. Let's examine a few that are proven to improve company culture and morale.

Types of recognition & rewards

What are the examples of rewards and recognition?

Here are some examples of rewards that can be implemented in your employee recognition program:

- **Cash** – One of the most commonly used rewards is cash. It often comes in the form of a bonus and is typically tied to the employee's overall performance over a particular time. What is crucial to remember, as Patricia Odell reported before, "Cash is no longer the ultimate motivator," so even though people will appreciate the financial reward, it is essential to make sure it is not the only thing in the rewards system. "The study found," Odell wrote, "that non-cash awards programs would work better than cash in such cases as reinforcing organizational values and cultures, improving teamwork, increasing customer satisfaction, and motivating specific behaviors among other programs."
- **PTO** – Paid time off is another way a company can reward an employee for their performance. It can be a standard reward amongst bigger organizations and companies that tend to have a rather strict paid time off otherwise. It is an easy way to show employees that their hard work and dedication are essential and rewarded with extra rest.

Types of recognition & rewards

- **Stock Options** – A common way for startups and SMBs to show their employees that their performance has helped them grow revenue or achieve new goals is by giving out additional stock options. It is a huge incentive for employees who have been with the company for a long time and are invested in its success. The stock's performance and value are directly related to the company's success, so while rewarding an employee with stock options is beneficial for them, it also motivates them to work harder to succeed.
- **Nominations** – An employee of the month is a reward that management gives out to one employee at the end of the month to showcase their achievements and hard work. Often with the title of the employee of the month comes a small financial reward, but a monetary reward is certainly not required. In fact, fun trophies and medals can go a long way! Public recognition is a beneficial way to show employees their work doesn't go unnoticed, and they can be celebrated for their achievements every month.

Types of recognition & rewards

- **Lunch with an Executive** – A lunch with a member of the executive team is a great way to show employees that management is willing to notice and take time to recognize the best performers. Everyone knows how busy CEO or CMO could be, so having the ability to spend one-on-one time with them and learn more or share is a critical way to bring people and executives together while also recognizing hard work.
- **Personal Learning Time** – Time is one of the most valuable assets a company can give or take. Employees spend a considerable portion of their day and week at work, so recognizing their effort and time put in with an ability to take personal time to learn and grow will inevitably go a long way.
- **Explore A Different Role** – How fun and enriching would it be to learn more about what other people in the company do and get to share their responsibilities for the day? Employees who know other departments' work and pain points are more likely to be better coworkers, understand partners, and have fresh ideas.

Types of recognition & rewards

- **Company Swag** – Everyone loves swag - there is something extraordinary about exclusive pieces of clothing or other company-branded stuff. Allow employees to earn some exclusive for the rewards program swag. It will also serve as an extra promotion of the brand.
- **Coaching & Mentorship** – Mentorship is one of the most exclusive and valuable opportunities employees search for. Being able to get advice, grow, and get mentored provides employees with an understanding that the company cares about their personal and professional growth and is willing to invest in their success.
- **Paid Classes & Courses** – Employees need to have time to develop and refine their skills - it will make them better at their jobs, increase their area of influence, and bring more confidence. Adding company-paid courses or classes to how you recognize employees is one of the most fulfilling for both parties. Taking the time to grow and educate yourself is a significant reward that will keep on giving.

What does success look like?

How do I achieve success with my program?

Glad you asked! Let's dive into what can be done to strengthen company culture, grow customer retention, and increase employee satisfaction. Happy employees lead to happy customers.

A lot of companies tend to deprioritize recognition programs. It can be viewed as a 'nice to have' rather than a 'must-have' and therefore doesn't warrant a budget. The truth is, it is just as much of a 'must-have' as the employees that do the work. The critical thing to remember is that a good recognition program will pay for itself with happier employees that are loyal to the company.

Of course, people could leave for other reasons, but reputation stays, and fantastic talent that you are hoping to attract will find out. Rather than spending money on often pointless and barely appreciated snacks or unlimited drinks, invest in the employees' confidence through a recognition program.

What does success look like?

What are the steps to create a successful employee recognition program?

Some steps that can help simplify the process of starting a recognition program:

1. **Develop the reasons why it is essential.** No one knows your organization, its' people, and their problems better than you do. Utilize your knowledge to build out the case for why employee recognition is critical to the company's success overall. The key is to focus on employee satisfaction, retention, and the effect turnover has on the company. Pull out company NPS surveys, feedback from past employees, or do a spot check survey to prove the need.
2. **Find advocates within the organization.** It's always easier to climb a mountain with others than all by yourself. Build a team of advocates within your company that recognizes the importance of happy employees and is willing to fight for its success. Having people from different backgrounds and departments contribute to the employee recognition program will only enrich it and make it more successful. They can help create a proof of concept program that can be tested and optimized as it expands.

What does success look like?

- 3. Understand & align on the type of recognition you employees expect.** Recognition and rewards can look very different as they should - no two companies are the same. Lean into the company values and bring them to life to make a program relevant and applicable. Employees tend to participate in recognition programs when it doesn't feel forced but instead encouraged, finding what motivates people and using that as a guiding force. A great way to get more ideas is to launch an internal survey or simply talk to employees to see what resonates and excites them.
- 4. Set yourselves up for success with benchmarks.** Measure and improve is the name of the game. To know the impact a program has on the company, make sure to set the benchmark. Build a quick survey to get an understanding of how rewarded and recognized employees feel before the launch. This will serve as a benchmark for the future and something to help show success. Follow tips and best practices that will prove the program's value long-term and measure success along the way.

What is the real impact?

How does recognition impact employee engagement?

The impact of employee recognition programs is vast. Implementing a way for employees to show appreciation and recognition for each other's work affects overall morale and helps with retention and happiness. Happy employees are less likely to look elsewhere for a position so investing in recognizing them for a job well done is highly important.

What is the real impact?

Are there measurable statistics for employee recognition programs?

A whopping 69% of employees say they would work harder if they were better appreciated at work. The cost of hiring new people and training them if that 69% don't perform well or leave is enormous.

An organization can only be as successful as engaged its employees are. Focusing on creating a successful employee recognition program will help improve employee engagement.

What is the real impact?

How would companies benefit from offering recognition to successful employees?

Successful employee recognition programs help employees feel valued and recognized by their peers and management. It helps employees feel like there is a reason to work hard, and it won't go unnoticed.

A recognition program also allows employees who are not as vocal about their achievements to get shoutouts and rewards from their peers. It increases overall transparency and removes the top-down recognition mentality within the organization.

Types of tools & resources

What Tools & Resources are there for employee recognition?

The tools you use to implement and drive employee recognition are just as necessary as the program itself. The software needs to be easy to use, sticky with the employees, provide insights, and reward participants.

- **Easy to use** – No one has time to learn one more tool that is not simple and intuitive. If it takes an hour to set it up, no employee will do it or go back to it. Focus on usability and time to onboard.

Employee recognition tools need to be sophisticated behind the scenes while seamlessly integrating into the existing flow. Better yet, use one that connects to your existing communication tools like Slack or Teams to increase the adoption rate.

- **Sticky with the employees** – It will be imperative to the program's success that the tool has high engagement month over month. People will be excited to start but making it easy and fun for them to engage consistently is key.

When deciding on the software, think about how often you would want to use it and how likely you will return it.

- **Insights deep dive** – Employee retention and churn are some of the companies' known measurements' success. Employee recognition programs should be a part of what contributes to retention, when done well.

Types of tools & resources

Ensure there is a quantifiable way to see how employees engage with the tool, how often they recognize each other, and what rewards they prioritize. This will help in making a case for renewals and a tremendous validation of the effort.

- **Employee rewards** – Rewards are a place to customize and truly make it relevant. Make recognition go beyond a thank-you but also have something that turns into a tangible reward. It can be anything from cool company swag to an extra paid day off - the sky's the limit, be as creative as you want here.

What are the free employee recognition tools?

Assembly is an incredibly easy-to-use tool that helps build a positive workplace culture and solves all employee recognition and rewards needs in a fun and seamless way.
