

Reward and Recognition Toolkit

Companies set up employee **reward** systems to promote better performance and motivate employees on an individual and/or group basis. The reward are tangible, transactional, transferable items normally separate from the salary and is often either monetary in nature to be consumed or otherwise has a cost to the company (i.e. paid time off, a gift or party). Companies set up employee **recognition** systems in order to acknowledge an individual and/or groups behaviours, efforts or accomplishment that either the company want to encourage or that support the companies mission, goals and values. Recognition is a relational and personal issue; there is not a one-size-fits all method, because it is intangible, non-transferable and thought needs to go into what would be appreciated by the individual and/or group being recognised to provide an experience or value to the receiver.

This all sounds so simple yet it can be very difficult to implement and may have huge or long-term unintended consequences that can be both positive and negative in nature. Rewards can become expected based on outcomes and be impersonal, whilst recognition is almost always a surprise when it is based on personal behaviours. As rewards are of fixed value, these can wrongly be interpreted as the value attributed to a level of effort expended by individuals, when in fact people would often prefer positive affirmations, constructive feedback or celebrations that come with the knowing that a particular achievement is truly valued and appreciated. Rewards are ephemeral, however feelings and recognition can last a lifetime. [Ref 1]

Research document by Pink [Ref 2] suggests that the current business model of rewards that is built around external and carrot/stick (only works in the short-term) methods do not work in the long-term. Money or performance bonuses are not very good reward mechanisms, because once you pay people enough and treat them fairly to take these issues off the table, money thereafter has no positive effects; it actually can become a de-motivator. Drive and motivation are very tricky and complicated issues because you quickly get into the whole human psychology and behavioural dynamics. Rewards are good at focusing/concentrating the mind and gaze in a very direct and narrow way which is good for some tasks, but not very good for creative, complex or conceptual problems where narrow focus and straight-ahead gaze actually hurts or hinders problem solving. Pink outlines three essential elements to all future motivational models that involve: (1) **Autonomy** – Recognition of the desire of people to direct their own lives; (2) **Mastery** – The urge within people to get better and better at things that matter to them incorporating a feedback process; (3) **Purpose** – The in-built yearning to do what we do in the service of something larger than our individual selves. We have moral and personal obligations of doing certain things, and these should not be linked to economic transactions, because to do so you risk entering dangerous territories where lines get blurred and wrong assumptions start getting made. All this can be achieved when organisations create the right environments for people to work. One particularly interesting idea was to allow staff to spend 20% of their time on projects of their own choosing and report back on progress.

Everyone needs to understand a little about the underlying science of rewards and the neural responses (associated with wants/desires, hedonic pleasure likings and reinforcement learning) associated with them that drive approach/appetitive or consummatory behaviours. There are three types of rewards: (1) **Primary** – associated with survival, homeostatic and reproduction; (2) **Intrinsic** – attractive and motivational elements that are inherently pleasurable; (3) **Extrinsic** – conditioned in terms of being attractive and motivational elements that are not inherently pleasurable, except when they are derived from elicited or unexpected pleasures. Remember that with every reward there are downside issues of expectation, dependence, addiction and ultimately withdrawal, which drive behaviours of increased usage (sanitisation) and increased dose (diminished effect resulting from

repeated exposure of the same dose) to gain the same level of stimuli, until the eventually the rewards is removed and an adaptive state has been reached where there is no dependence on the reward.

In approaching and designing reward systems, traditionally they have been created in a way that they are:

- Linked to the companies or groups goals that need to be supported;
- Aligned to expected, legal and desired employees performance and behaviours that also reinforce the companies and groups goals;
- Determined through key measurements of performance or behaviours, often linked to individual or groups previous achievements, however make sure they are not achieved through individual targets being met at the expense of others or by sabotaging other business goals;
- Connected to the end result for the company bearing in mind that conflicts can exist when trying to connect two mutually exclusive criteria together (quality and quantity – you can only have one or the other);
- Communicated in such a way that everyone knows how the process works , it is communicated often to people in a simple and easy to understand way, and that any changes to the system are quickly and efficiently communicated;
- Awarded and distributed in a manner that promotes individual initiatives as well as group cooperation and performance;
- Cognisant of emergent and unintended consequences that result from the awarding of rewards to minority and the effect it has on the wider population of the company, and actions are taken to reduce or limit any negative effects through collective shared rewards and events so nobody is left out if the company achieves the overall goals.

When approaching recognition systems, a different approach needs to be established because of the individual nature and value this has to each individual, such that they:

- Know in advance what an individual values and holds as important to themselves and their close family, friends and colleagues (it is a kind of recognition register for an individual and team that can be initiated as required);
- Understand that timing is the key and acknowledging exemplary or desired efforts as they occur ensuring that people are informal, spontaneous, specific, descriptive and if possible measured in their appraisals of what constituted the triggering of the recognition so everyone can understand;
- Put in context and appropriate in scale (structured event, provided privileges, symbolic gesture or artefact) that matches the company goals, business result, opportunity seized or effort expended (recognition of good tries or attempts is often necessary to gain major breakthroughs because the chance of succeeding with every attempt is impossible and often perseverance is what is needed in the long run);
- Authentically delivered and do not become an automated system that gets initiated at every weekly or monthly meeting. People need to know that when they come, they come wrapped in a big large box delivered by Santa and they have meaning and offer an experience that can be remembered for a long time afterward.

There is not one model that can work for all companies and cultures. Each reward and recognition systems needs to be built for the people and the culture it serves to deliver to, and it needs to adapt and be modified as the people, culture and objectives/goals of the company change as well.

INCENTIVE STRATEGY

Does your company have an Incentive Strategy that helps answer the following 6 questions that people need to know?

- What is expected of me? Be **SPECIFIC & MEANINGFUL/MEASURABLE**
- Why is it important that I do this? Must be **ALIGNED** to company direction **& COMMUNICATION**
- Will the company give me the opportunity and time to perform? Must be **ACHIEVABLE, TIMELY**
- Do I have the required knowledge and skills to perform as the company expects me to? **LEARNING**
- How do I know if I am performing below, to expectations or above expectations? **EVALUATE**
- What is in it for me to go meet expectations or even go beyond the expected level? **REWARD & RECOGNITION**

Remember that not everyone craves for public recognition and that private/personal recognition will be far more appreciated, thereby removing the embarrassment or peer pressure issue. Companies need to let people know that it has occurred, but this can take the form of numbers of events over the year rather than provide the specifics of who the recipients were. It is important to recognise that some people just want to come to work to do their role to the standard expected. They do not want promotion, don't seek rewards or recognition, sit at the back of events or meetings, don't obviously or are collectively seen as actively contributing, often get average marks on the annual assessment, but just keep going on. I class these individuals into three categories and I am going to use a plane as an allegory to describe their contributions, namely: (1) **The wheel bearing people** – hidden away behind other systems, they keep the plane working, the wheels turning, without them the plane would not get very far and if they stop working, you will know very soon; (2) **The oxygen mask people** – when things go horribly wrong, you break the glass and these are the people that spring into action and save the day when you really need it. They are not the same as the project firefighters spend all their time putting out fires, looking very busy and have a great sense of purpose with in this case huge expectations of reward and recognition; (3) **The in-flight engineers** – people that are able to keep the plane flying; in the worst case scenarios they are building the plane as you are speeding down the runway or alternatively fitting extra fuel tanks in mid-air in readiness to be refuelled. These types of people can get their recognition from the reflective glory of company results, the pan-company events where there may be free food and drinks, or just wearing the company clothing that has been issued to them. Do under-estimate the power these people have in maintaining the wheels of industry that your company is built upon. So don't forget about collective rewards and recognition.

ANALYSIS OF BEHAVIOURS & PERFORMANCE

Companies must have a documented, fair and effective way of analysing their people, and the Skinner ABC Model is such a tool. It breaks positive performance into three principal factors:

- **Antecedents** – What are the objectives? (Communication Strategy, Clear Objectives, Roles, Responsibilities and Boundaries, Information/Workflow Handling Model of Transactions); Tell me what I must do and give me the tools to do it (Project Constructs, Individual Clear Prioritised Tasks, Tools and Techniques, Project Learning, Experiences and Adaptive Actions, Feedback Loop);
- **Behaviours** – How do you want me to do it? (Desired Behaviours, Company Values, Processes and Procedures, Best Practices, Company Templates, Speak Out and Identify Risks, Shortfalls, Deficiencies and Opportunities for Continuous Improvements, Targets/KPIs & Stretched

Targets, Outputs at the Required Quality Level, Outcomes & Results, Capacity & Availability Issues, Support);

- **Consequences** – What is in it for me? (Positive, Immediate & Certainty) with a clear line of sight between action and consequence in the short-term and staged signposts for the medium and longer term issues.

TYPICAL REWARD & RECOGNITION EXAMPLES

- Rewards don't have to involve giving money, as outlined in 101 ways (Ref 3);
- Themed team or employee lunches, especially outside go down well (Ref 4);
- Extra holiday/vacation time are always appreciated (Ref 5);
- Don't forget professional development opportunities for some people (Ref 6);
- Make it fun by adding a new dimension – best near miss or best try award;
- The Golden Award that employees pass between themselves (Ref 7);
- 1st March is officially Employee Appreciation Day (Ref 8);
- Let them come up with the way they would like to be recognised (Ref 9);
- Let the team come up with the way they would like to be rewarded collectively;
- A sincere word of thanks costs nothing and is very effective (Ref 8).

You will need to try them out, vary them, alternate them or adapt them to find out what works.

REFERENCES

1. <http://www.forbes.com/sites/meghanbiro/2013/01/13/5-ways-leaders-rock-employee-recognition/#2b70350b2b99>
2. <https://www.amazon.co.uk/Drive-Daniel-H-Pink/dp/184767769X>
3. <https://smallbusiness.americanexpress.com/ca/en/big-ideas-for-small-business/employee-retention-and-engagement/101-ways-to-reward-employees-without-giving-them-cash>
4. <http://www.insperity.com/blog/52-epic-ways-to-reward-your-employees/>
5. <http://www.snacknation.com/blog/ways-to-reward-employees/>
6. <http://blog.bonus.ly/15-creative-employee-reward-ideas/>
7. https://www.successfactors.com/en_us/lp/articles/rewarding-talent.html
8. <http://www.forbes.com/sites/kevinkruse/2013/03/01/25-low-cost-ways-to-reward-employees/#2cd9b17e2233>
9. <https://www.americanexpress.com/us/small-business/openforum/articles/51-ways-to-reward-employees-without-money-1/>