Recognizing and Rewarding Employee Performance

by Kevin Scheid

Importance of Employee Recognition

Although the Bible clearly calls us to give God glory, rather than seeking it ourselves, it is right to honor others for the good things that we see them doing for God's glory. Romans 13:7 says, "Give everyone what you owe him: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor." An early American philosopher, William James, said "the deepest principle in human nature is the craving to be appreciated" (Geller, 1997). William James may have overstated the case a bit, but from personal experience we know it is important and research tells us that employee recognition done well brings positive results. Nelson (2002) states:

> Nonmonetary recognition improves job performance. 72.9 percent of managers reported that they received the results they expected when they used nonmonetary recognition either immediately or soon thereafter and 98.9 percent said they felt they would eventually obtain the desired results.

Geller (1997) takes this further and connects the positive reinforcement of employee recognition with employee success. Success, Geller claims, is a motivator and a much better teacher than failure. Although motivational theory is far more complex and far less understood than Geller's claim might suggest, it appears recognition plays a significant role in employee motivation and development.

Possibly the issue of employee recognition is rooted in a sense of fairness. Just as the academic world fiercely defends intellectual property, ensuring scholars receive recognition for their work and are not plagiarized, any employee should receive the same consideration for recognition of their work. Just as plagiarism is intellectual theft and is unfair to the original author, not recognizing workers for their accomplishments can be considered worker theft and unfair to the employee. Whatever the reason, proper recognition is important to employees and they expect fair treatment in this area. In a study of 598 employees conducted by Nelson (2002) 77.6% thought recognition from management was "very or extremely important". 90% of those employees expected to be recognized for good work and most of those expected immediate recognition.

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Despite the importance of rewards and recognition, Christian organizations are not rated highly by their employees in this arena. On a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree, the average response to the statement "My organization effectively rewards top performers" was 3.25, out of a possible 5.0, compared to an average of 3.72 to the statement "I am satisfied with the recognition I receive for doing good work". These results come from surveying over 25,000 Christian employees. Both of these scores are significantly below the overall average of 3.95 on the survey. These low scores indicate that recognizing and rewarding good behavior is a weakness in Christian organizations.

So why don't managers prioritize employee recognition? Nelson (2002) indicates part of the explanation may be from differences in generations. According to Nelson, older managers are more resistant to the idea of recognizing and rewarding good employee performance. The Best Christian Workplace survey may shed some light on the generational issue related to recognition. Four questions asked of over 25,000 Christian workers between 2007 and 2009 were examined to determine the relationship between generation (age) and recognition.

We can see from Chart 1 that even though all generations are content with the fairness of leadership, people over 65 years old are significantly more content with the fairness of pay, recognition and rewards. People between the ages of 56 and 65 are consistently more content with those three issues as well. Since this data indicates the older generation is more content with pay, recognition and rewards for themselves, we can see that Nelson's (2002) interpretation of the data is likely wrong. It appears the older generation is not more resistant to recognition and rewards but simply has a different standard and expectation for the level of recognition and rewards. Put another way, younger generations expect more recognition and rewards for their work than older generations. Knowing this may be useful for managers of cross generational workforces. As a culture with older workers takes on younger workers, the organization will need to be more intentional about how they provide rewards and benefits.

Other reasons employee recognition is not put at a high priority according to Saunderson (2004) is because employee recognition is not always communicated as a priority by upper management, senior management does not model it, there is little training and managers are not evaluated on their effectiveness in providing rewards and feedback. So a good recognition and rewards system is reliant on senior management modeling the behavior, training managers and evaluating the effectiveness of the recognition and rewards program. Unfortunately, senior management generally believes that their reward program is better than what the rest of the people in the organization believe (Chart 2). Although some of this difference may be related to senior management generally being in the older generation, much of the substantial difference is likely related to their different position in the organization. That is, as leaders, they receive more recognition.

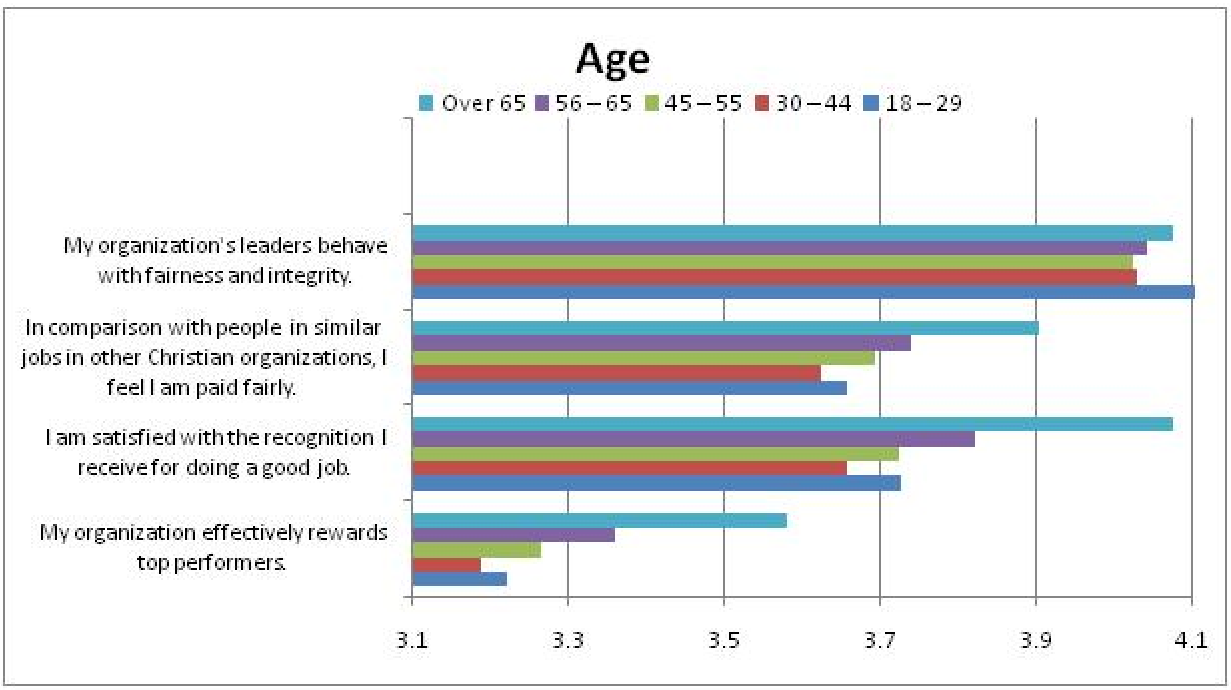

Chart 1. Components of Rewards and Recognition Broken Out by Age Ranges.

Regardless of the reason for the difference, the understanding of senior management that they are doing a relatively good job of rewards and benefits, obviates additional effort at improvement and keeps it at a lower priority.

How to Effectively Give Employee Rewards and Recognition

From Chart 1 we can see that in addition to the shortcoming Christian organizations have with recognizing and rewarding employees, employees believe pay and recognition for good performance is done much better than rewarding people for good performance.

Saunderson (2004) posits that there are three systems of rewards: formal, informal and everyday. Of these three systems, everyday recognition provides the foundation which makes formal and informal systems believable. Providing recognition is consistent with Geller's assertion (1997) that recognition should be given during or immediately after the desired behavior. If the recognition must be delayed, then the behavior should be relived in the presentation. Saunderson's survey of 312 public service employees supports the importance of giving rewards and recognition in a timely manner as timeliness of an award was rated as the most important factor in effective recognition.

In addition to timeliness, Saunderson's research indicated that providing formal recognition with an appropriate and well planned ceremony along with involvement of the CEO were also considered extremely important by employees. At the root of these two issues is the authenticity of the recognition. Saunderson points to the authenticity with the findings on the distinction between recognition during a celebration and recognition from a presentation. Presenting awards has taken on the reputation of a perfunctory ceremony which managers feel obligated to get through, whereas recognition during a celebration is considered more authentic. In addition to the more spontaneous nature of a celebration, the opportunity to connect the recognized behavior with higher values and make it personal are critical aspects in making the recognition authentic. An in-authentic ceremony can actually become a negative experience

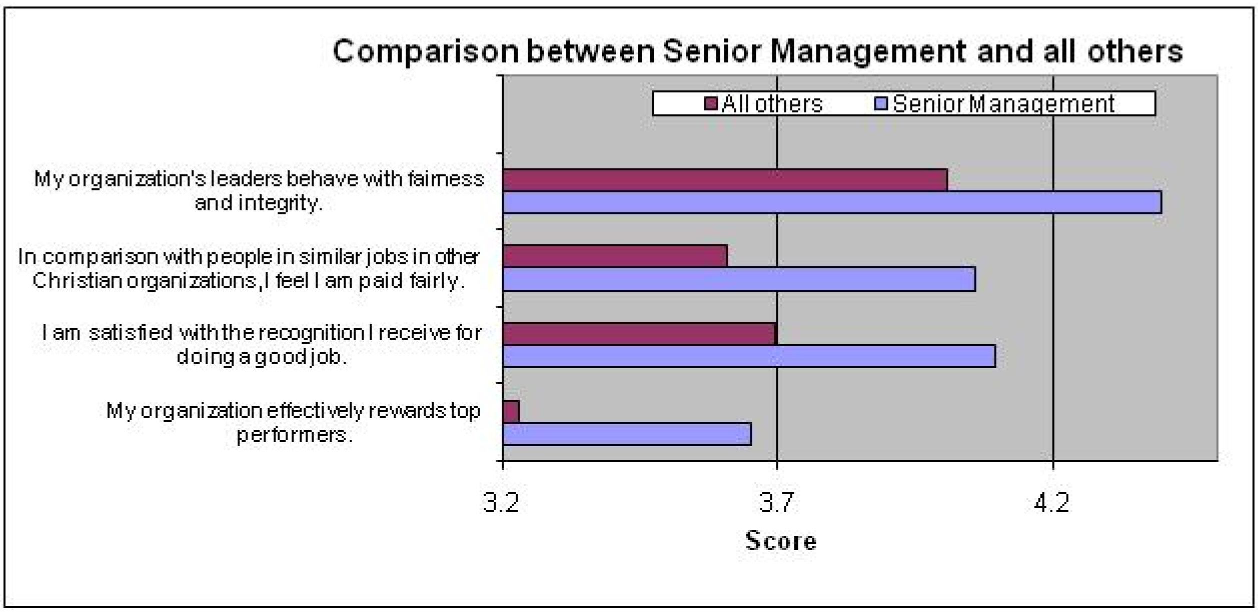

Chart 2. Difference in Perception of Rewards and Between Senior Managers and Others.

whereas a proper celebration can create a memory according to Saunderson.

Involvement of the CEO in recognizing and rewarding employees sets the standard and creates a culture of employee appreciation according to Geller (1997). In addition, CEO involvement makes the recognition more personal.

Another method in making recognition more personal is to give it in private. Celebrations and private recognitions are by nature mutually exclusive and judgment should be used to determine the best and most appropriate venue. Recognition should not be the same for every employee according to Nelson (2002), in fact you should have a variety of methods of recognizing employees. Sometimes it is best just to ask the employee how they would like to be recognized according to Nelson. Some employees may be more embarrassed than honored with a public display while others may feel shorted by private recognition.

When recognizing group success according to Geller (1997) it should always be done in public. However, in most groups there are loafers who do little yet still get the credit. Geller recommends the high achievers get private recognition in addition to the public recognition.

The difference between rewards and recognition.

The distinction between rewards and recognition can sometimes be fuzzy and is therefore important for managers to understand. According to Geller managers should be wary of attempting to reward performance. Recognition does not reward performance, however, when a manager presents recognition as a reward (essentially operating as payment for the work done) instead of a symbolic token (merely representative of the appreciation for the work done) and show of appreciation, the employee can feel their work and efforts are disrespected. An illustration of this is the military practice of awarding ribbons and medal for good performance. If a four dollar medal is presented for life threatening action as a reward and payment for the effort, or even worse, if a purple heart is presented to a deceased soldier with the attitude of “now we are even”, then the efforts of the soldiers are belittled. Although these examples seem absurd, trying to pay for performance with a symbolic token or a small stipend will also seem absurd to the employee. Pay-for-performance systems can provide commensurate rewards for achievement, but that is another topic. One solution would be to explicitly state that what is being given isn’t enough to repay them, but rather a token of your gratitude.

In conclusion, managers should put a priority on recognizing and rewarding good performance because it helps motivate employees to continue to do better. CEO’s should model, train and evaluate managers and be involved in giving rewards and recognition. Recognition should be given as close to the event which earned the recognition as possible and should be relived. An authentically sincere presentation or celebration which does not confuse reward with recognition is the most effective.

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