

A photograph of two women in an office environment. The woman on the left has long brown hair and is wearing a green top. The woman on the right has curly hair and is wearing a light-colored collared shirt under a dark jacket. They are both smiling and looking at a tablet held by the woman on the right. In the background, there is a window with greenery outside and a potted plant in the foreground.

Achievers

THE CASE FOR EMPLOYEE RECOGNITION

—
Build your case for an
employee recognition
strategy

The Modern Workforce and Changing Workplace

Organizations now complement hierarchy with cross-functionality

In the last year, organizations have undergone tremendous changes that have impacted nearly every aspect of their operations. But the seismic shifts brought by the pandemic only added to other significant changes that were already developing in the workplace. Digital technology has sped the pace of work and required employees to develop new skills. Organizations have become flatter. Thirty-one percent of respondents in a Deloitte [survey](#) said they have shifted from hierarchies to teams.¹

Although the evolution of the workplace sometimes requires painful adjustments, it also provides more opportunities to work together, even in remote and virtual environments. All told, today's employees now have more accountability and opportunities to take ownership and collaborate cross-functionally. As a result, leaders can support and drive these changes to maximize employee performance, benefitting business.

The evolution of cross-functional companies:

As organizations become flatter, today's employees have more opportunities to collaborate and thrive. Employees have more accountability and opportunities to take ownership and collaborate cross-functionally.

YESTERDAY

- Hierarchical
- Top-down
- Information on a need to know basis
- Status and rank determine control
- Recognition is ad hoc and disconnected
- Employees primarily work in offices
- Remote employees are outliers

TODAY

- Authority broadly delegated
- Collaborative and bottom up
- Open information flow
- Status and rank are not key factors
- Everyone recognizes each other's success
 - Flexibility of schedules and work location prioritized
 - Hybrid workplaces normalized

Unengaged employees will lead to mass turnover

Even with these new opportunities, companies and employees are at a critical crossroads. For the last year, employees have operated in crisis mode. Some industries and companies thrived, while others struggled to keep their doors open. But feast or famine, both situations escalated the stress and demand on their workforce. While many employees have demonstrated admirable flexibility and creativity amidst rapidly changing requirements, employee engagement has suffered, and employee commitment is not expected to last.

In fact, employers may soon see a [turnover “tsunami”](#)—a mass exodus of employees quitting their jobs after the pandemic ends.²

- The Achievers Workforce Institute’s [2021 Engagement and Retention Report](#) found that 52 percent of employees plan to hunt for jobs in 2021³—up from 35 percent in 2020.⁴
- Separate research found that a [quarter of workers plan to quit their jobs](#) outright once the COVID-19 pandemic subsides and recruiting efforts ramp up.⁵

With COVID-19 cases trending downward, vaccinations increasing, and safety restrictions easing, employers can’t afford to wait to engage and retain employees.

The financial fallout by itself is great. According to [Gallup](#), disengaged employees in the U.S. alone already cost organizations **\$450 to \$550 billion a year**.⁶

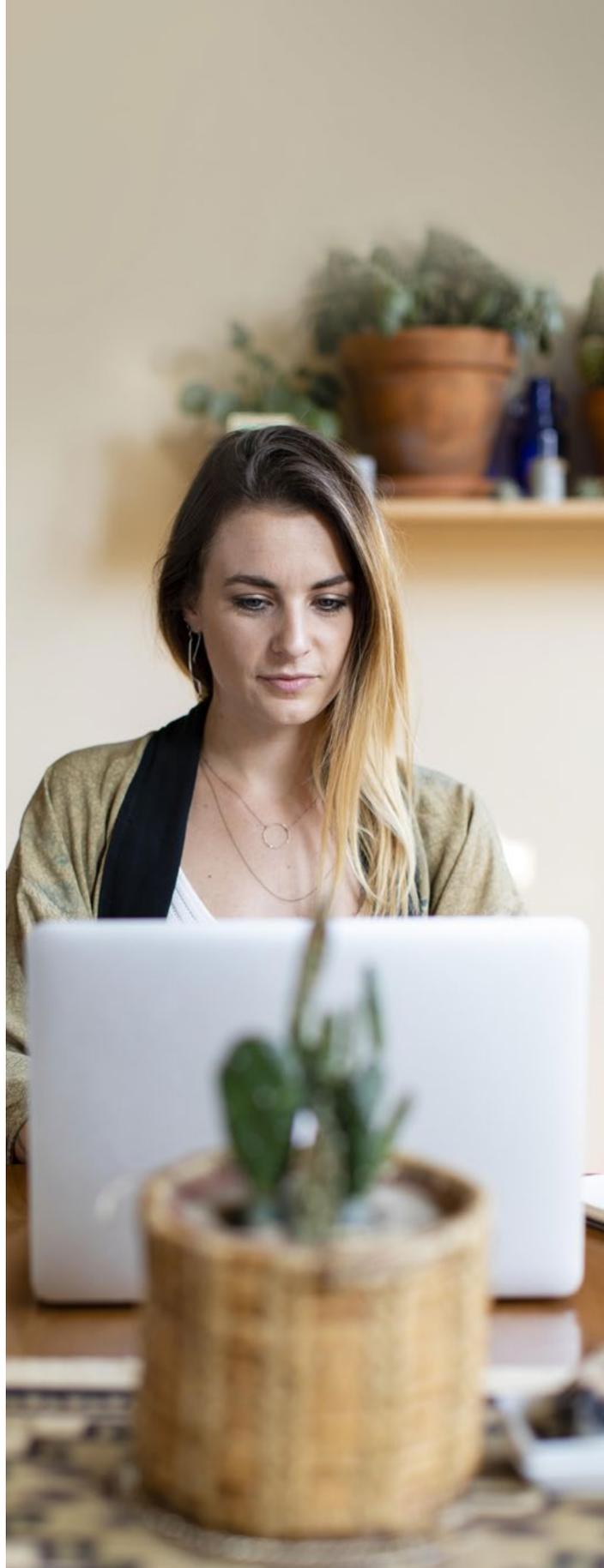


Hiring Boom and Turnovers are Symptoms of Uncertainty for Employers

The anticipated end-of-pandemic hiring boom, coupled with the expected turnover tsunami, boils down to additional periods of uncertainty for companies and employees. And it's in this period of uncertainty where further disengagement can occur.

Companies should also keep in mind how much the last year has changed employees. The pandemic brought very real fears for physical health and safety, financial insecurity and, for many, additional responsibilities. Civil unrest highlighted longstanding painful social justice issues, and employees looked to companies to take a stand internally and in their communities.

Even before the pandemic, employees were demanding changes to their work-life balance. Although many of these expectations were attributed to younger generations of employees, the last year has erased some generational divide. Today's employees expect more from their companies and their jobs. They want more opportunities to balance work and personal lives, work in organizations that see and value them and recognize their contributions.





Companies Face New Challenges to Inspire All Employees – Whether In or Out of The Office

During the pandemic, even companies that were initially opposed to remote working changed their tune, realizing that their knowledge and service workers could work anywhere productively. Now, as some return to the office, while others work from home or have a hybrid schedule, employers will need to create a culture that engages and retains employees wherever they are.

The Shifting Workplace



[75% of executives](#) anticipate at least half of employees will return to the office by July 2021. In contrast, 61% of employees expect to spend half of their time in the office by then.⁸



[23% of all workers](#) would continue to work remotely if that were possible.⁹

Office occupancy is gradually increasing. In ten major U.S. cities, March 3, 2021 building occupancy [averaged 24.8%](#), a .7% increase from the previous week.¹⁰

Some companies, like [Twitter](#), announced plans to stay remote indefinitely, but over time, others, like [Google and Amazon](#), have revamped plans to include a hybrid workplace.^{11, 12}

According to the Society for [Human Resources Management](#) (SHRM), the hybrid workplace is likely to be the norm in 2021.¹³

Customer Centricity is the Rule

Today the customer is in complete control. During the pandemic, they became accustomed to new ways of shopping; they used different retailers, vendors, brands, and services when their familiar ones were not available. Companies must now make every effort to win back customers and keep the loyal and newly acquired ones. A significant part of that success lies in providing exceptional customer experience (CX). The tie between business success and CX is inarguable. For example, companies that focus on CX through a formal voice of the customer program have [better customer loyalty, higher revenue and lower costs](#) than those without.⁷

To increase the focus on customers, employers must focus on employees. The connection between the employee experience and the customer experience is strong. Your employees are ultimately responsible for creating repeat customers, so you must empower them to OWN the customer experience.

Adapting to the modern workforce and changing workplace is critical to long-term business success. The foundation for new strategies begins with focusing on your employees and prioritizing what needs to change based on the reality of this new talent landscape. **You'll be set for success if you create a future-focused recognition strategy to engage and align employees.**



Recognition catalyzes engagement and alignment

Employee recognition helps companies align employees to business objectives by reinforcing behaviors tied to corporate results – and it solidifies employees’ emotional connection with your company and its values, making them more engaged. Recognition is a proven catalyst for engagement and alignment.

These three ingredients (alignment, engagement and recognition) are key to driving remarkable business success every single day.

That’s because engaged, aligned, and recognized employees will work harder to satisfy your customers, and in turn, create greater shareholder value. Otherwise known as the service-profit chain, employee engagement and customer loyalty are inextricably linked. These employees have been given the development and tools to delight the customer and deliver exemplary service that creates repeat business. This translates to higher revenue growth and profitability.

Strong employee alignment requires that all employees “get” the big picture. **Only 28 percent of employees feel connected with the company’s purpose, and a mere 39 percent clearly see the value they create.**¹⁴ Employees need to understand how they directly impact your business success and the bottom line for their jobs to feel worthwhile.

Alignment is dependent on communicating your business objectives and core company values across the company.

Recognizing employees for living your core values every day helps connect employees with the bigger picture and purpose and reinforces the right behaviors for your company.

Make sure employees understand the behaviors being measured and why. This requires frequent and effective communication, especially from managers to employees. Organizations that have leaders who are highly effective communicators have 47 percent higher total shareholder returns.¹⁵

If you reinforce desired behaviors with positive feedback, they will be repeated. Engagement and alignment are the invaluable results of employee recognition. Recognition makes it possible to better leverage your best resource—your people.

Numerous studies reinforce the impact employee recognition programs have on employees, companies and customers

- 69% of employees said recognition and rewards would motivate them to stay with their company.¹⁶
- Reward and recognition programs enhance employee engagement, customer retention and company performance.¹⁷
- Employees say the most powerful recognition comes from the direct manager (28%), a high level leader (24%), the manager’s manager (12%), a customer (10%), and peers (9%).¹⁸
- Peer feedback (recognition) can enhance employee performance up to 14%.¹⁹

Before digging in to define your recognition strategy, considering how to frame the plan for senior management will go a long way to secure buy-in.

Securing senior management buy-in

When senior leaders are actively involved in employee recognition, companies are **nine times more likely to have strong business results.**²⁰ Everybody wins.

They're probably reluctant to admit it, but your C-level executives view your employees as your number one cost. And they're right. They also think in quarters, semi-annual, or annual timeframes, while employees work hourly and daily. However, your executives will warm up to employee recognition if you speak the same language: using data—such as how [employee recognition increases retention](#) and saves hiring and training costs (which is even more important during the pandemic and thereafter). That will mean ROI for financial leaders, customer satisfaction for sales leaders, and engagement for HR. Provide evidence of the outcomes that can be achieved from a recognition strategy that engages and aligns employees.

STEP 1. PRESENT THE ROI ON ENGAGED WORKPLACES:

Comparative Annualized Stock Market Returns²¹

A [study](#) from FTSE Russell, which analyzes the FORTUNE 100 Best Companies to Work For list, identified a significant market increase over 18 years between the FORTUNE's list and the S&P Russell 3000 and U.S. Russell 1000. **The FORTUNE 100 Best Companies outperform the market by 5 percent for nearly 20 years.** There's no denying it: companies that focus on providing the best working environments for their employees perform better than the general market.

The FORTUNE 100, S&P Russell 3000, and U.S. Russell 1000 outperform the market by providing the best work environments:



**FORTUNE 100
Best Companies
to Work for:**

11.66%



**S&P
Russell
3000:**

6.72%



**U.S.
Russell
1000:**

6.68%

STEP 2. SHARE THE IMPACT OF EMPLOYEE ENGAGEMENT ON FINANCIAL PERFORMANCE:

According to a recent [Gallup 10th employee engagement meta-analysis](#), the impact of engaged employees on business outcomes is strong and is applicable across countries, industries, organizations and teams.

Impact of Employee Engagement on Financial Performance:

Compared to companies that have low engagement, those with high engagement have:

- ✓ **10%** higher customer engagement
- ✓ **23%** more profitability
- ✓ **18%** more sales productivity
- ✓ **81%** less absenteeism
- ✓ **18%** less turnover for high-turnover organizations and 43% less turnover in low-turnover organizations
- ✓ **66%** greater wellbeing of employees
- ✓ **64%** fewer safety incidents

STEP 3. SHOW HOW RECOGNITION HAS A STRONG IMPACT ON EMPLOYEES:

Voluntary Turnover Rate:



Case Study: Employee Recognition Impacts Engagement

Meridian Credit Union, with \$8 billion in assets, saw measurable, positive business impact when they implemented an Achievers Employee Success Platform to engage, align, and recognize their workforce. The company serves more than 260,000 customers, has 63 branches and eight commercial business centers. The firm fully believes that the greatest leading indicator of success is employee engagement. In 2009, administrative and management costs of running their homegrown recognition program were greatly reduced by implementing the Achievers Employee Success Platform.

Analyzing the impact of engagement by comparing the top and bottom quartile of engaged employees showed that each highly engaged employee (top quartile) was responsible for over \$2 million in growth, while each of the least engaged employee (bottom quartile) were responsible for \$1.29 million. The most engaged employee was solely responsible for a 4.7 percent increase in the company's client-base, while the least engaged employee was responsible for just over 1 percent. Meridian's operating margins increased over 10 percent for employees within the top quartile of engagement. On the other hand, the bottom quartile of engaged employees caused -1.2 percent in operating margin growth. and alignment—every day. You'll build your reputation as a top employer and attract the best talent. So what should you do next? Make your case.



Your Next Move

With the uncertain employment forecasts, your recognition and rewards efforts must have an impact and deliver ROI. The traditional rewards methods simply won't be effective in this new world of work.

Instead, take strategic and specific actions:

- Start by gathering relevant information about your company and asking tough questions.
- Survey employees to determine whether you have low or average engagement scores.
- Present the findings to your executives and show them you can reduce your company's costs and positively impact the results that matter most, revealing the ROI of employee recognition.



Engaged employees were the key drivers of success for Meridian's improved financial results. Their recognition program was responsible for driving the behaviors that created better alignment and improved business performance.

An employee recognition strategy with buy-in from senior leaders can transform your company by creating a culture of recognition that promotes strong engagement and keeps the business strong, even in the face of crisis and uncertainty.



Customer satisfaction¹



Customer retention²



Employee Satisfaction³

Achievers' employee voice and recognition solutions bring your organization's values and strategy to life by activating employee participation and accelerating a culture of performance. Achievers leverages the science behind behavior change, so your people and your organization can experience sustainable, data-driven business results.

[Request a live demo](#)

1. Average customer support rating by Achievers program owners, FY 2019

2. Achievers customer base retention, FY2019

3. Average customer service rating by Achievers program members, FY2019

Appendix

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