

# THE EFFECTS OF EMPLOYEE RECOGNITION AND APPRECIATION

## IT'S NOT JUST A FLUFFY IDEA AFTER ALL

### RECOGNITION'S INCREDIBLE INFLUENCE ON WORKPLACE SATISFACTION

#### THE TIE TO RETENTION



Employees who feel valued are significantly more likely to stick around.

#### THE TEAM SPIRIT OF THE WORKPLACE



The more recognition an employee receives, the more fun they believe their workplace to be.

#### THE PEER INFLUENCER



The more valued an employee feels, the more satisfied they are with their colleagues.

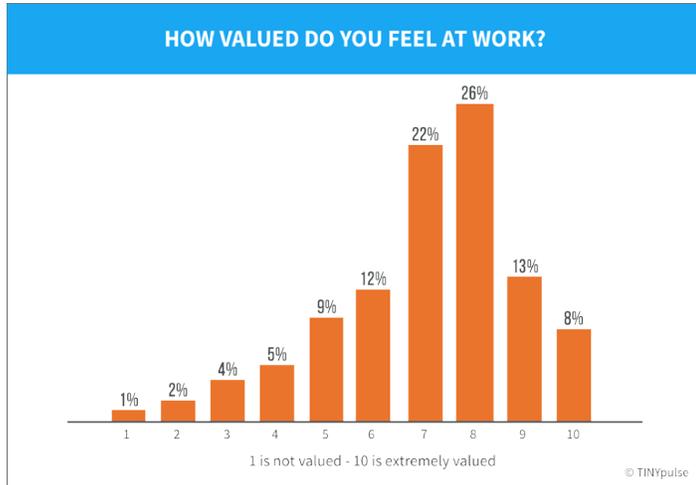
#### THE SUPERVISOR'S ALLY



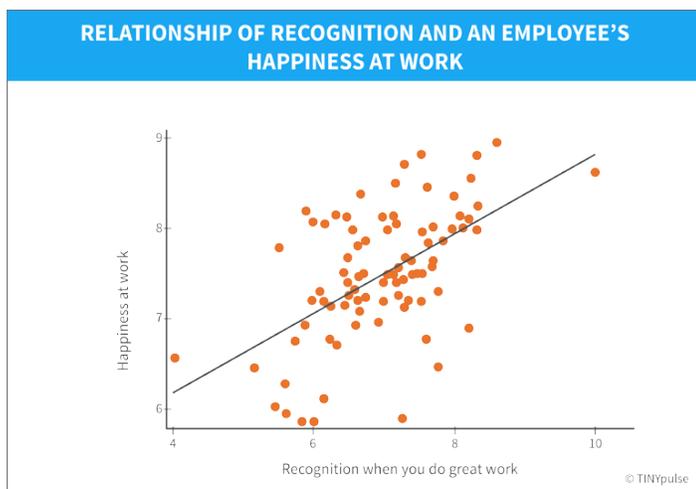
An employee who feels valued will rate their direct supervisor more positively.

# INTRODUCTION

Employees work hours on end to contribute to their organization's success — some even compromise sleep, time with their family or friends, and personal activities to complete their work. But is that effort going unnoticed? Unfortunately, it is. In our [2014 Employee Engagement Report](#), we discovered that a massive 79% of employees don't feel strongly valued for the work they put in.



You would think that making an employee feel valued at the workplace is a no-brainer. Frankly, who doesn't want to feel appreciated for their efforts? Especially considering the huge impact that recognition has on an employee's intrinsic happiness ( $r=0.55$ ).



Since employee recognition plays such a vital role in impacting employee happiness, we had to find out what other factors it affects too. Luckily, TINYpulse's data bank holds a wealth of knowledge. Over 4,500 employees were surveyed around the world to find out how important employee recognition truly is.

Here are the trends we uncovered:

- 1. Retention is tied to recognition:** Employees want to work for an organization that not only values their work but also shows them appreciation. We found a strong relationship between recognition and likelihood to stick around at the job.
- 2. Praise sways the perception of the work environment:** No one wants to work at a place that ignores its employees. Our research revealed the positive link between recognition and an employee's perception of the workplace.
- 3. Appreciation improves peer-to-peer relationships:** Employees want to recognize their peers. When someone feels valued, they're more likely to rate their colleague with a higher score.
- 4. Employee-supervisor relationships rely on recognition:** The same goes with managers. Employees want to work for someone who appreciates their contributions to the organization, and our research validated that point.

When you take into consideration the high cost of turnover and an increasingly improving job market, these findings ought to get you thinking about your own recognition strategies. How can you expect employees to stay at your organization if they're not getting the appreciation they deserve?

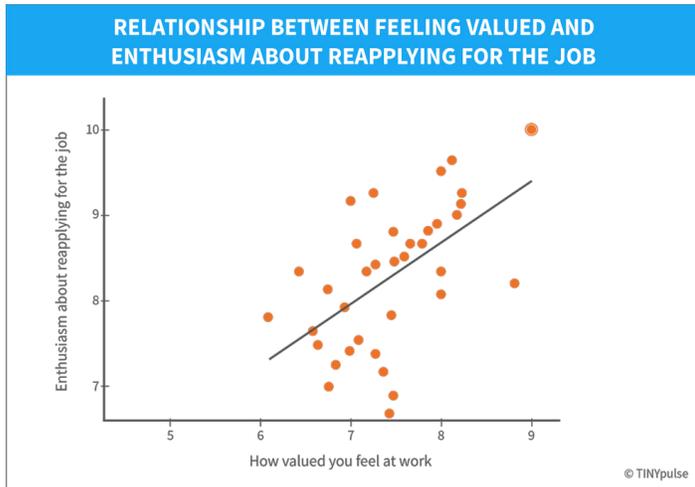
But of course, if you're ready to commit to dishing out praise, leveraging peer-to-peer recognition tools, creating collaborative spaces, and assessing cultural fit, then you're laying down the right groundwork to retain your star employees.



# The Tie to Retention

Turnover hurts! The effect of one employee leaving results in a hard hit for your bottom line.

But surprisingly, recognition plays a huge role in fighting attrition. We found a strong relationship ( $r = 0.56$ ) between how valued an employee feels at work and the likelihood that they would reapply to their job.



If an employee shows enthusiasm to reapply to their current position, it's an indicator that they are currently satisfied with their work and will be there for the long haul. When we asked employees how likely they would reapply for their current job, it was apparent that feeling valued and getting recognized play a critical role:

*We work in a space where everyone is well recognized for the work they do and anything they contribute to the office environment. Makes coming to work each day very well worth it.*

*"I often receive recognition when I do inspections, thanking me for the hard work and being willing to travel far away from home. It makes me feel great to get that kind of acknowledgement and appreciation."*

*"My manager always makes it a point to tell the team that we are appreciated and that she knows how hard we work. Just those kind words really make my day."*

And if you're not thinking about turnover, think again. Just look at the stats [TalentWise](#) discovered:

- When employees leave, they take 70% of their knowledge with them
- To replace an employee, it costs up to 150% of the annual salary associated with that position
- It takes eight months for a new employee to become fully productive

When it costs that much to replace and ramp up one single worker, imagine the nightmare you'll face if they start leaving in droves. This is where recognition comes into play. It does wonders for your retention rate and doesn't even cost you a dime.

Consider this: [Globeforce](#) found that 55% of workers say they would leave their current jobs for a company that clearly recognizes its employees'

efforts and contributions. By leveraging recognition, you can potentially save over half of your workforce without eating into your budget.

Reuben Barrett, Managing Director of [Coalters](#), explains how "TINYpulse [is] instrumental in building a culture of recognition." Because we all spend so many hours at work, the environment can either make or break our happiness. Barrett understands this very well. "We strive to make Coalters a good place to work, and we believe that recognition, even just a simple 'thank you,' is a key part in that. We want managers to recognize their teams, and we also want each member of the team to be responsible for recognizing each other. TINYpulse has helped us to do that in a routine and regular way that is easily understood by everyone, which has an ongoing positive effect on team happiness."

## Leadership Tip:

### Building a Culture of Recognition

The traditional supervisor-subordinate recognition is outdated. That's why a peer-to-peer recognition tool is the first step in fostering a culture of appreciation. Back in our [2014 Employee Engagement Report](#), we found that peers, in fact, want to recognize their colleagues if you give them a simple tool to use.



People need an easy way to recognize their colleagues for the time and effort they put into their day-to-day activities — big or small. Cheers for Peers, a built-in employee recognition feature in TINYpulse, plays a critical role in making employees feel valued, and it includes all the features that allow for best practices in driving a positive culture:

- **Digital accessibility:** In today's digital world, everyone expects their tools to match. Make sure the tool you go with works across all electronic devices — computers, tablets, and smartphones.
- **24/7 availability:** Great deeds can happen any time. Look for a tool that is always available so people can recognize those random acts of kindness on the spot.
- **Shareability:** Getting recognized is great, but being able to let others know how hard you've worked is even better. Make sure your tool allows you to easily share recognition across your organization.

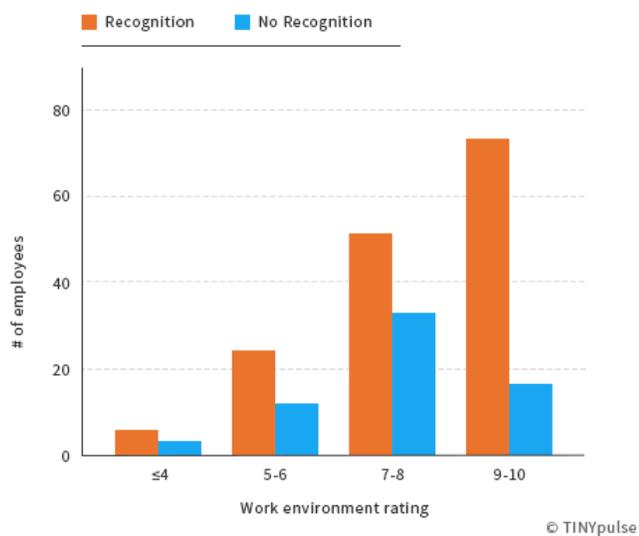


# The Team Spirit of the Workplace

People spend a majority of their waking hours at work. But spending all of those hours in a negative environment can be detrimental to an employee's happiness, engagement, and work satisfaction.

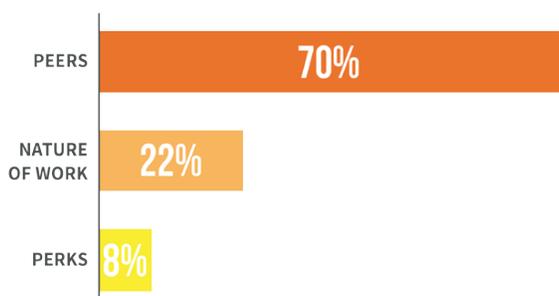
There's a surprising link between recognition and people's perception of their work environment. The more recognition they receive, the more fun they believe their workplace to be.

## RECOGNITION IN PAST 2 WEEKS AND FUN WORKING HERE



When we dug into what people defined as workplace fun, it turned out that it wasn't all about ping-pong tables and Friday happy hours.

## DRIVERS BEHIND FUN AT THE WORKPLACE



70% of employees credited their peers for creating an engaging environment, while perks such as work functions, parties, or amenities only accounted for 8%. And these employee responses tell it best:

*"I look forward to coming to work every day. The people are great, and we have lots of celebrations for the good work that we do."*

*"I've never once wished that I didn't have to go into work. Everyone here is awesome, and there is not one day that has gone by where I haven't laughed out loud about something, with someone here."*

*"Great people to work with, people I share my life with, people I trust, that support, and encourage me and my ideas. There is a team here that is for each other and builds all the others up instead of climbing over the backs of others. We laugh with each other and seem to truly enjoy each other. We get silly, eat too much, and treat other as family."*

There shouldn't be a clear, distinct line dividing work from fun. In fact, fun is a critical workplace motivator. [Badgeville's](#) survey revealed that 90% of employees find a fun work environment very or extremely motivating.

Randy Stocklin, CEO of [One Click](#), shares why he believes workplace fun and peers are intertwined. "Everything we do, from our culture to our corporate values and our customer experience, is dependent upon engaged and committed team members enjoying what they do every day. We believe that happy team members who are having fun make happy, loyal customers, and that is the key to building lasting relationships and highly respected brands."

Organizations should take a moment to celebrate their accomplishments and allow their employees to enjoy each other's company in and outside of the office. "At One Click, we take time to enjoy each other and celebrate our wins through quarterly and annual team events, an on-site game room, fitness classes, book clubs, team service days, and other events throughout the year."



# The Team Spirit of the Workplace

## Creating Collaboration Spaces

Peers play such a vital role in creating a fun work environment. So give them the space to collaborate and work together. This is especially important with the influx of millennials in the workforce, who live and thrive on collaboration. Here are some ideas for informal and formal spaces where your employees can spontaneously come together to collaborate:

- **Meeting tables:** Scatter these around the office so people can quickly come together. Put up a whiteboard nearby, and you've got an impromptu meeting room. These tables are perfect for encouraging and promoting spontaneous ideation.
- **Break rooms:** Idle chitchat around the watercooler isn't a time waster. In fact, it typically revolves around work-related topics, so you never know when a brilliant idea might pop up.
- **Meeting rooms:** You can't leave out rooms that need to be scheduled. These enclosed spaces are ideal for when you need to discuss sensitive topics or gather a large party.

## Case Study: Cheers for Beers

**RETURN**  
**ON.DIGITAL** 

As CEO and Founder of [Return on Digital](#), Guy Levine needed a way to create a truly unique

culture. "We really want to create an atmosphere where everyone is working together as a big team, all embracing our core values."

Because Levine wanted to create a fun environment that brings out their competitive nature, they turned to gamification. "The cheers function in TINYpulse really helped us do this, and was central to the birth of Cheers for Beers. Any member of the team who receives a Cheers gets a beer on a Friday night!"

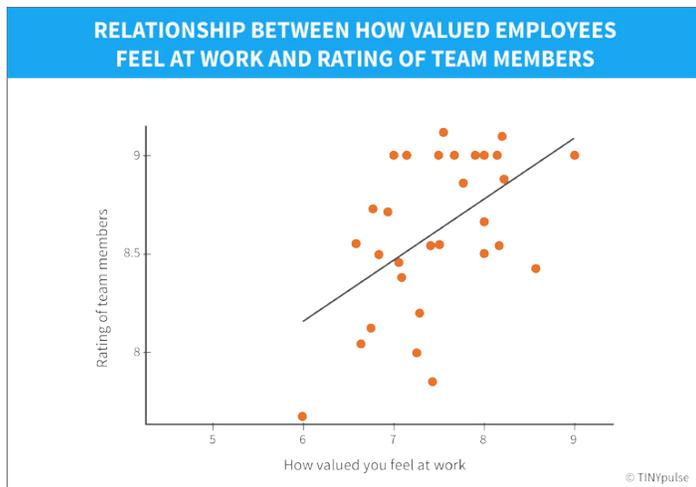
It was an ideal way to ensure that every employee was not only living by the company's values but also showing each other the appreciation they deserve. Levin states, "It gives us an opportunity to share our wins each week and adds a level of gamification which makes it fun."



# The Peer Influencer

As we saw above, peers are the biggest influencers in creating an engaging workforce. When everyone shares the same values and beliefs, they form a culture that functions as a tight-knit community — people support, encourage, and motivate each other.

So it's no surprise that the more valued an employee feels, the higher they rate their colleagues ( $r = 0.47$ ).



And it goes without saying that the more recognition an employee receives, the more valued they feel at work:

*"I've received emails from my colleagues for the emails I've composed to the manner in which I managed project executions. The positive feedback is very rewarding."*

*"My peers often say thanks or tell me when they feel I've done a great job."*

*"I appreciate the cheers from the staff. As part of management I don't really look for recognition, but my partners and many of my team have kind words and good things to say. Makes everything we do worth it."*

So there's a remarkable cycle that occurs with peer-to-peer recognition. The more recognition an employee receives from their colleagues, the more valued they feel, and the higher they would rate their coworkers because of the initial recognition they received.

## Hiring for Culture Fit

Our [2014 Employee Engagement Report](#) found that peers, not money, are the number one reason why workers go the extra mile. So when it comes to bringing people on board, you'll need to consider how well they'll mesh into your culture.

During your interview process, incorporate your organizational values into the questions. Don't wait until the first day's orientation to introduce them. Talk about them in your interview. For example, if one of your values is "Embrace Change," then consider asking the candidate, "Tell me about a time your company faced a major change, and how did you adjust?"

If a candidate can show you they are already living by your company's values, then you'll know they are sure to embrace them as part of your team. When you hire someone, they need to understand from the get-go what's expected from them. And if they don't fit in with your values, then it's better for both parties to find out as soon as possible rather than after they've accepted the job offer.

## Case Study: Syncing Up Organizational Values and Recognition



★ Arctic IT employs a fully distributed workforce, meaning that every employee works remotely across five different time zones. They didn't have a way of fostering

employee happiness, so they turned to TINYpulse to improve retention.

Their leadership team recently released a set of core values, and they were aware that the values meant nothing if the employees didn't embrace them as well. After they were released, the leadership team created a peer-to-peer recognition challenge.

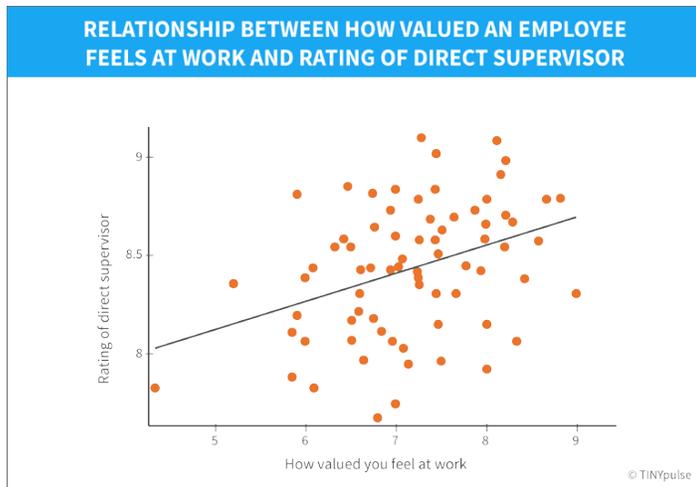
Sharon Miller, Senior Recruiter, explains, "We announced the new values with a contest challenge. Employees were encouraged to give each other Cheers and describe how the behavior they were celebrating synced up with one of our values." Having employees highlight how their peer exemplified their organization's values was the perfect way to prevent the company's values from being just meaningless words on the wall.



# The Boss's Ally

There's a saying that we hear all too often: "people quit their bosses, not their company." And it's very true! People don't want to work under a boss that doesn't value their contributions.

So it's no wonder that there's a relationship between how valued an employee feels and how highly they would rate their direct supervisor ( $r = 0.35$ )



Here's what a great boss looks like to employees:

*"[My manager] always has time to answer questions and concerns. Makes time to teach new things and helps you to understand the process of why you are doing something."*

*"My supervisor always has my back. She is clear about expectations and listens to my suggestions. She always makes me feel valued. I would not trade her for anyone."*

*"My direct supervisor is awesome. He challenges me when he needs to, he guides me, and he always stands behind me when needed. Every day I feel valued because of the way he manages me, and I will remain loyal to him (and this company) because of it."*

*"My supervisor always makes herself available to me for questions or help. She never sees any work as beneath her and will step in to handle any task. She is someone that takes her job very seriously, is passionate about the industry, sees the overall picture, and wants what is best for the company. She makes her employees feel valued, and let's be honest, without hard working employees to make the day to day work flow properly, success within the company would not be possible. She is someone I strive to be more like."*

Bobby Harris, President and CEO of [BlueGrace Logistics](#) shares how TINYPULSE's Cheers for Peers has fostered the supervisor-employee relationship. "We have been able to recognize top achievers and establish a better communication flow between managers and their downlines."

Having a digital tool that's easily accessible 24/7 allows managers to give recognition right on the spot. And employees don't have to wait until their performance review to hear how well they've been doing. So the more frequent managers give recognition, the more valued an employee feels, thus fostering a relationship where an employee will view their supervisor more highly.

## Deciding on Whether to Promote Someone

Top-notch employees don't necessarily make top-notch leaders. Great leadership requires someone who not only knows how to spot quality work but can also take charge of the team without stepping on anyone's toes. So as much as you want to promote your rock star, there are a few factors to consider before jumping the gun.

- **Plenty of praise:** As an employee, does this person regularly give their peers a pat on the back or praise them for good work? It's already evident that employees want frequent recognition, so you'll want someone who already gives out praise regularly and of their own will.
- **Clear communicator:** How do they communicate information to their colleagues? Because employees need clear direction and expectations, they'll need someone who isn't afraid to be open about communication in an approachable manner.
- **Motivational mentor:** Is this person a Debbie Downer, or are they always willing to lend a hand? You'll want to promote someone whom your employees can turn to for support at any given time.

Skills such as project management and metrics can be learned, but characteristics like "inspirational" and "approachable" are more difficult to pick up. So if your current rock-star employee doesn't showcase these qualities as a worker, then there's a good chance they won't do so as a leader in your organization.

# CONCLUSION

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You might've been under the impression that recognition was just a fluffy idea meant to boost an employee's ego. But that's truly not the case, according to our findings. It has a tremendous impact on retention, workplace perception, and interpersonal relationships. To foster a culture that encourages recognition and appreciation, here are some solutions that every manager can start leveraging:

- 1. Use a peer-to-peer recognition tool:** Recognition shouldn't be solely left up to managers. Organizations today are spread across the globe, and technology allows people to work remotely. Meaning, managers don't get the chance to see day-to-day activities. Peer-to-peer recognition ensures employees are shown appreciation from their colleagues so they feel valued for their hard work.
- 2. Create collaboration spaces:** Peers have the biggest influence on creating a fun work environment. So draw employees away from their desks by providing them with designated spaces where they can spontaneously get together for ideation.
- 3. Assess culture fit during interviews:** Create a culture where everyone shares similar beliefs by leveraging your organizational values during the hiring process. Tie your values to the interview questions to measure how well a potential candidate will fit into your culture.
- 4. Promote people with leadership qualities:** Before promoting someone from within your organization, you'll need to assess if they hold leadership qualities that are aligned with your culture. Measure how they recognize, communicate, and mentor their peers as an employee to gauge how well they'll do as a manager.

As the saying goes, Rome wasn't built in a day, so it will take time to implement some of these changes, such as incorporating peer-to-peer recognition tools and creating collaborative spaces. However, assessing for culture fit for employees and managers is something you can definitely tackle today.

Don't put employee recognition on the back burner. It does wonders for your employee's happiness and retention rate, driving a massive impact on your bottom line.

# About TINYpulse

Companies make an effort to consistently track revenue, financial returns, and productivity. But they're forgetting one of the most important aspects of their organization: their people. And that's where TINYpulse comes in.

## Our Mission

Founded in 2012, TINYpulse works hard to make employees happy. Our goal is to give leaders a pulse on how engaged or frustrated their employees are, helping managers spark dialogue that results in organizational change.

## What We Do

We believe that information empowers leaders to create an engaging work environment and culture where people can thrive. Here is how we do that:

- **Pulsing surveys:** Our weekly pulse survey measures employee engagement using just one question. TINYpulse is a lightweight solution that captures anonymous feedback from your team to reveal insights, trends, and opportunities so you can improve retention, culture, and results.
- **Peer-to-peer recognition:** TINYpulse's Cheers for Peers™ peer-to-peer recognition tool captures the appreciation, extra effort, and little things that are often overlooked by leaders. Peers can easily send a quick shout-out to their colleagues to brighten up their day — because a little recognition goes a long way.
- **Virtual Suggestions:** Our virtual suggestion box lets employees have direct input on how to improve the workplace. The anonymous format makes employees feel comfortable being honest and offering actionable ideas to improve their workplace.

## Who Uses Us?

Every organization wants happy employees. Our customers range across all industries and all parts of the world, from start-ups to enterprises. Organizations such as GSK, Living Social, Airbnb, HubSpot, Brooks Shoes Apparel, and many more are using TINYpulse to delight their employees and increase engagement.

**TINYpulse** Your responses are always anonymous ([Learn more](#))

This TINYpulse was sent to e@mail.org (not you?)

**On a scale of 1 to 10, rate your own performance in the last 6 months?**  
1 being extremely poor and missing all expectations — to 10 great and exceeding all expectations

1 2 3 4 5 6 7 8 9 10  
Extremely Poor Great

Please explain

**Cheers for Peers**  
Recognize someone who helped you, brought you sunshine, or went the extra mile with a Cheers! We'll send the recipient an email to let them know about your kind words. We'll also save your message under their name so the administrator can review and share.

Email of recipient: [dropdown] Enter email if not in dropdown

Cheers anonymously Cheers as e@mail.org + Another Cheers

**This week's virtual suggestion box**  
Please feel free to provide feedback on anything and everything. Of course, the best suggestions also come with your thoughts on potential solutions.

Do not share this suggestion

Submit

