



One10<sup>x</sup>

# Rewarding Behavior

Starting an Effective Rewards & Recognition Program





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## Introduction

Who doesn't love to be rewarded and recognized for doing great things? Reward and recognition programs are more common than ever at organizations, ranging from top performer awards to recognition for length of service or exemplifying a company's core values.

But not all rewards programs are created equal. Poorly designed or executed programs can backfire on an organization, leading to lack of engagement and motivation in team members. Read on to explore what goes into creating the most effective programs, ones that employees love and that drive greater success and engagement.

## Psychology of Rewards

Reward and incentive programs are highly effective in motivating employees, fostering loyalty, and enhancing overall productivity. The first element of why they work so well goes back to basic human psychology: the power of positive reinforcement. When desired behavior is followed by a reward, we repeat it. When organizations reward team members for their hard work and achievements, they tap into this principle, encouraging them to continue their best work and motivating others to do the same.

Another psychological key to the popularity of reward programs is the human need for recognition and appreciation. When organizations recognize employees, they foster a positive culture of belonging and self-worth. Knowing their contributions are valued and respected helps motivate employees to excel.

To start, you may want to reward behaviors rather than outcomes. Employees are better motivated when they know they can attain the reward. Goals that are too high may backfire and discourage engagement and performance.

Opportunities to reward behaviors over outcomes include touch points such as work anniversaries, exceptional attendance, exemplifying a core value, or being recognized by a customer for service. Those opportunities keep your larger body of employees from feeling that rewards are only granted to specific classes of workers such as sales or call center teams.

Every organization includes people who are naturally competitive. Those people are automatically more likely to be motivated by rewards. But you should also focus on the people whose performance is in the middle of the pack. When you can motivate the middle, their achievements will push your top performers to do even more.

Choice can be an important factor in reward programs. One10's **Richelle Suver** says that

**[...] while service anniversaries and acknowledging milestones are still very important, I think that the shift over the last 10 years has been to allow people the power of choice. And so we often see clients moving towards a model where they recognize folks by a point system, which is maybe nonmonetary. But within that, they can award them for discretionary behavior. Maybe you stayed late working on a proposal one evening, and your manager sent you a note and said, 'Hey, thanks for that, we really appreciate you. Here's 500 points.' We also say that in the service anniversary example, you can give points for milestones and anniversaries, and allow people to aggregate those with all the other programs that may be a part of your total rewards philosophy.**

Of course, rewards programs have downsides too. It is possible to overdo a great thing. But crafting the program correctly from the ground up can prevent that.





## Giving Gifts Employees Love

Before you hit “purchase” on that branded coffee mug, reusable tote bag or water bottle, consider this: **your employees probably don't like these gifts in the first place.** Rather than waste company money on items that will be stuffed in a corner and forgotten (or worse, thrown away), now's the time to think differently about employee gifts.

Don't just throw in the towel on gifting! Instead, double down to really show your team how much you appreciate them. Your employees really do want to be recognized, and according to our study of 3,000 U.S. employees, they want recognition to happen more frequently than during their annual review. In fact, 74% of our survey respondents stated they were more likely to remain an employee of that company if they felt like they were being properly recognized.

Give your employees what they desire and don't save recognition for the end of the year. Instead, add special celebrations to recognize milestones, or create “surprise and delight” opportunities to recognize your team throughout the year. These will help build trust within your teams, enhance motivation, and strengthen the relationship between you and your employees.



### Choose the right gifts

The right gift can go a long way in helping your employees feel understood and supported. But, choose the wrong gift, and you may send the message that your employees are an afterthought. Not all employees are the same, and neither are their interests, which makes gifting extremely tricky. Popular gifts include those that help your employees stay active, healthy, and feeling innovative. Think exercise equipment, tech tools, and culinary experiences.



### Learn the power of points

What if you did something new this year by giving your employees a choice of what they want for their end-of-year gift? Better yet, you could create a rewards program that awards points to your team throughout the year to recognize them for a job well done and celebrate their accomplishments. These points could be redeemed by your employees throughout the year on millions of prizes that appeal to everyone's distinct interests and lifestyles, wants, and needs.

We aren't alone in our thinking. A recent Incentive Research Foundation (IRF) **study** details just how powerful points can be as a motivating tool, especially when it's part of a larger incentive and recognition program. If you need more motivation to get started, survey respondents shared that they preferred to work for an organization that offered a points rewards program.



### Avoid cash

Though cash may seem like the easy option, cash isn't a good reward. Multiple studies show that cash isn't effective as a reward or recognition. It doesn't lead to long-term motivation, because your employees don't find lasting value in the cash reward. Most likely, the cash will be used on everyday purchases or paying off debt. As quickly as the cash comes in, the cash is gone again. Because cash is so transactional, it doesn't contribute to the long-term motivation of your team.



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## More Examples of Employee Rewards and Recognition

We are all motivated by different things. The same is true for your employees. No two employees are the same. Your employees have different lifestyles, different backgrounds, and different ages. All of these differences must be factored into **the rewards and recognition** you decide to offer in your program.

As noted above, cash isn't a good reward. It doesn't lead to long-term motivation, because it may feel like just part of their paycheck. When the cash is gone, your employees forget all of the hard work that helped them earn the cash in the first place.

Giving your employees choice in their rewards and recognition is important.

Your reward and recognition program participants can earn points throughout the process and then redeem these points from an eCatalog. The catalog offers a variety of prizes at varying levels, which increases the motivation from your team to keep earning points. Plus, the catalog can be customized for your organization, increasing your brand identity and organizational pride among your program participants.

### Top items include:

- Merchandise, like electronics, technology, appliances, and athletic equipment
- eGift cards for popular retailers like Amazon or Home Depot
- Event tickets for local attractions
- Individual travel, such as discounted airfare or hotels





# Do's and Don'ts of Recognition

Successfully recognizing employees can be a challenge. What motivates one may not work for another. To implement an effective recognition program, follow these dos and don'ts.

## The Do's

### Do Make Recognition Attainable

Make rewards and recognition something that one can actually earn. Everyone in the company should be eligible to receive recognition, and you should never exclude any employee or group of employees.

### Do Reinforce Core Values

Many companies miss the opportunity to tie their core beliefs or values to their recognition program. Communicate criteria aligned to your values clearly.

### Do Give Timely Recognition

Timing is everything. Give praise and rewards as soon as possible once an employee has met criteria for recognition. A 2021 Incentive Research Study found that neurotransmitters in the brain are triggered every time a recognition is received and again when it is redeemed!

### Do Use the Three S's of Recognition

When it comes to effective recognition, always be sincere, specific, and special.

### Do Remember to Say Thank You

Recognition isn't just about who can earn the biggest prizes or get the most expensive recognition gift available. At its core, recognition is about showing appreciation.

## The Don'ts

### Don't schedule it

Recognition isn't something you put in your calendar reminder. Eventually your people will realize that their recognition is just another task in your day.

### Don't Choose Favorites

Anyone who meets the criteria for recognition should receive a reward.

### Don't forget to use peer to peer and manager discretionary recognition

Sometimes a simple "thank you" is enough. In fact, when asked, employee studies have shown that people most often say that they just want to be recognized for the work they do.

### Don't Criticize Under-Performing Employees

It is never okay to call out an employee publicly for not meeting criteria for recognition such as placement on a leaderboard or achieving salesperson of the month.

### Don't Use Cash

Recognition programs and variable comp programs are different. Gifts lead to a feeling of appreciation from the recipient that cash just doesn't generate.

Showing employees how much they mean to your organization can be fun! Giving recognition has many lasting benefits for employees and employers. Remember these simple Do's and Don'ts and you will be well on your way to a meaningful recognition program.



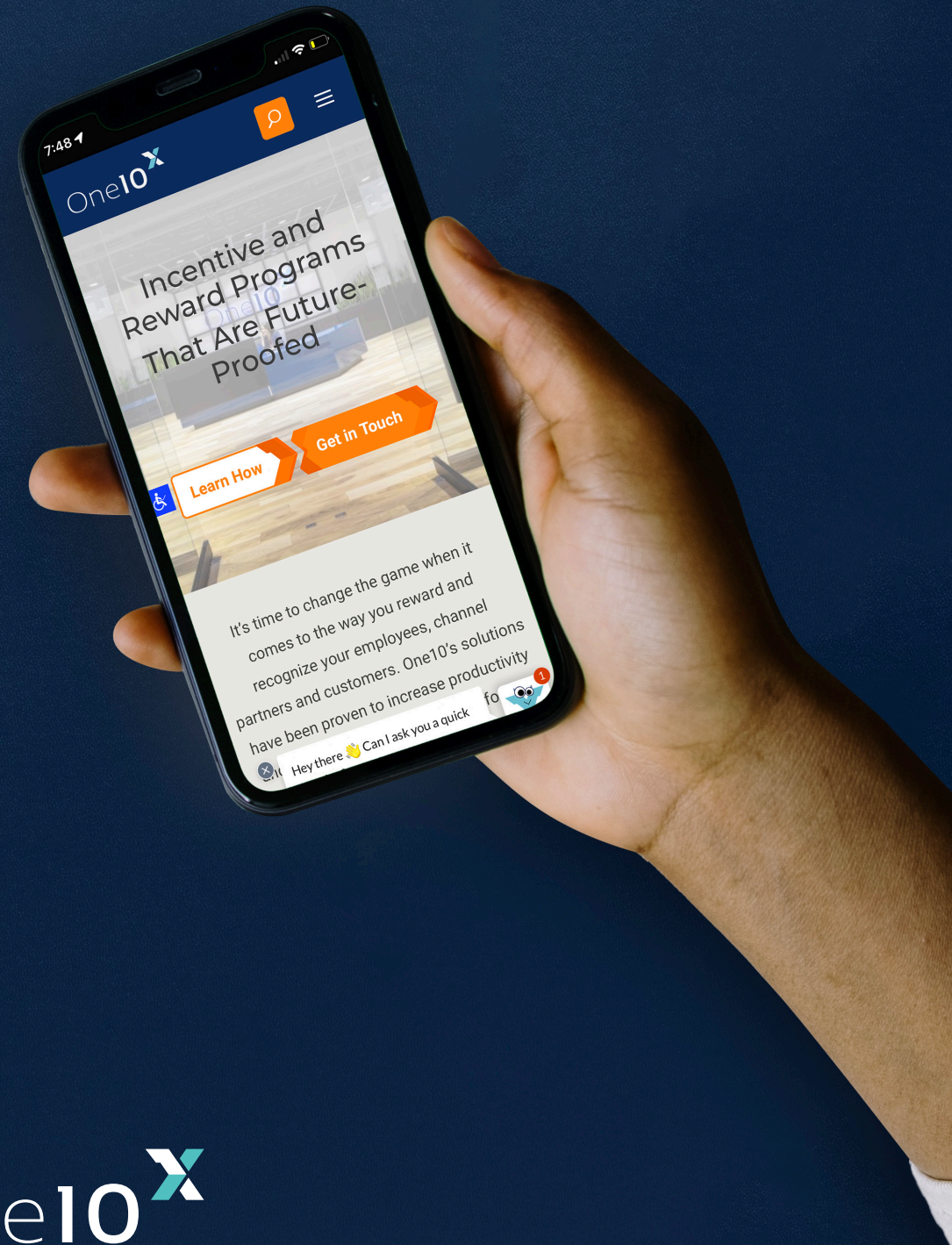


## Conclusion

Effective reward and recognition programs are more than extras: They're critical to today's workforce. A well-designed program will reflect a company's culture, vision, and mission statement, as well as its core values. Rewarding behavior that aligns with your values and culture strengthens the culture over time.

Rewards don't just recognize good behavior once—they drive continuous improvement of that behavior. Choosing the right rewards increases employee engagement and boosts desired behaviors. The PerformX® platform can help you create an effective rewards program that everyone in your organization will love, one that drives improved success at every level.

**Contact us** to explore the power of PerformX.



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