

workhuman*

Thanks, but No E-thanks

WHY RECOGNITION AND SERVICE MILESTONES NEED
TANGIBLE REWARDS TO BE EFFECTIVE





According to Gallup, only one in three workers in the U.S. strongly agree that they received recognition or praise for doing good work in the past seven days – and those who do not feel adequately recognized are 2x as likely to say they'll quit in the next year.

Organizations simply looking to check off a box to help prevent their employees from feeling unseen may opt for a recognition or years-of-service program with e-thanks alone, relying on employees to provide value through thoughtful messages. If this kind of free motivation looks and feels too good to be true, that's because it is.

People like to be genuinely thanked when they work hard. Employees want specific, authentic words of appreciation. They also want recognition to be fair and equitable. To make this possible, companies must invest in a differentiated rewards experience.

A review of extrinsic and intrinsic motivation

There's been a lot of back and forth from organizational psychologists about what kind of motivation makes the biggest impact on performance, engagement, and job satisfaction.

Scholars tell us there are two types:

Intrinsic motivation comes from within the employees themselves – it's what drives them to achieve and excel.

Extrinsic motivation comes from outside, where companies or other people inspire great performance.

Today, organizational psychologists say that **extrinsic motivation, in the form of tangible rewards, is necessary to accompany intrinsic motivation**. This is particularly true for companies in which employees are encouraged to take responsibility for their performance and ownership of their engagement.

Neither intrinsically nor extrinsically motivated employees are particularly motivated by e-thanks alone.

Putting reward strategies to the test

So, what actually works? It's recommended to tie recognition to some form of tangible reward, then provide options for employees to redeem those awards for their own meaningful, personalized choice of merchandise or experiences.

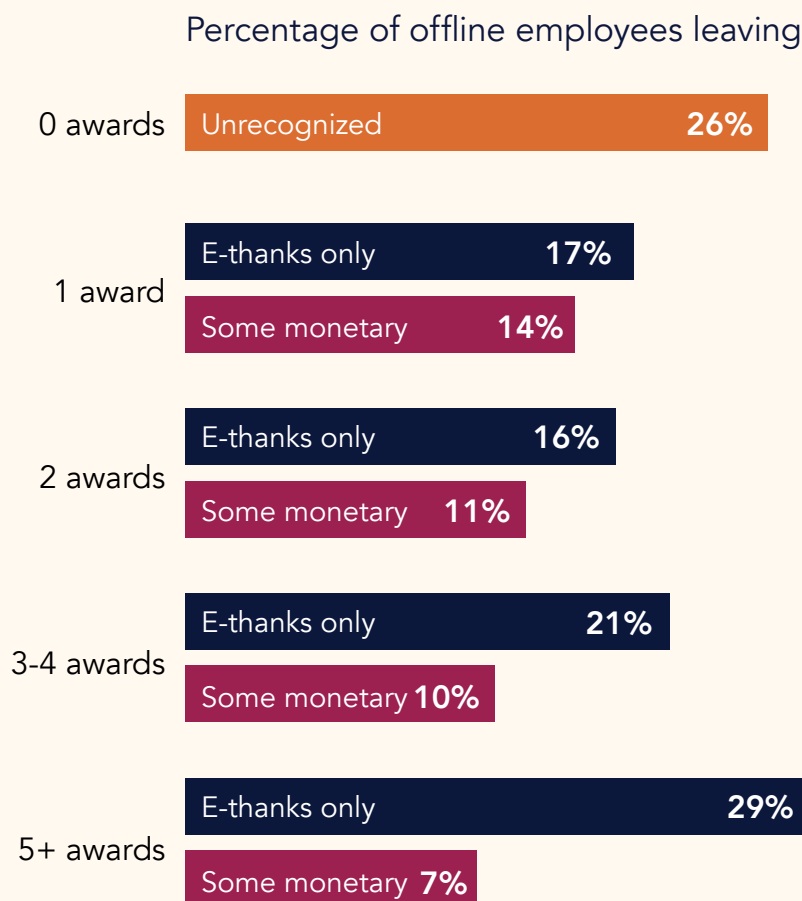
This applies to years-of-service awards, too. Extending recognition and the power of choice brings a modern approach to service anniversaries, retiring tired trinkets and leveraging crowdsourced social experiences and a personalized redemption experience to build powerful expressions of achievement and gratitude.

Workhuman® research shows **employees who choose a tangible gift or experience enjoy 3x more perceived value from a reward than an equivalent cash-value experience**. People are more likely to use cash for monthly expenses, which are forgotten, rather than choosing a more memorable award for themselves or a family member – whether that's physical merchandise, a gift card to their favorite retailer, or an unforgettable experience.



And what about the business impact of e-thanks, or awards without monetary value? We previously conducted a turnover analysis across 34 customers, totaling more than 67,000 offline workers. We found workers who received 5+ awards, with at least one having monetary value, were 4x more likely to stay with their organization. **Conversely, a worker experiencing 5+ e-thanks awards became 3% more likely to leave the organization than a worker who receives no recognition at all.**

In other words, programs that consist solely of e-thanks do more harm than good.



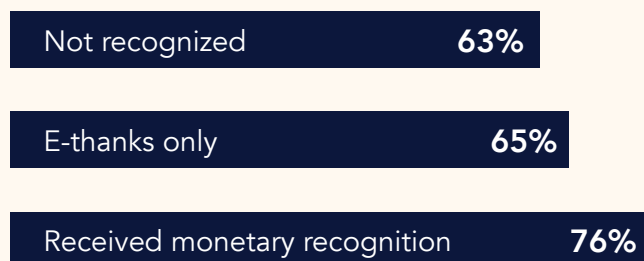
The impact on culture and equity

Employee recognition and years-of-service awards delivered with a heartfelt message and tangible rewards are a powerful reminder to the recipient that they are valued and appreciated, and that their colleague places an explicit value on their contributions. If that same employee only received e-thanks for continually going above and beyond, it would get old fast – and negatively impact your culture.

For one Workhuman customer, a financial services organization with around 200,000 employees, 76% of employees who received a monetary award within 30 days of our survey said they share a strong connection with their colleagues. The numbers were 65% and 63%, respectively, for those who received e-thanks only and those who were not recognized at all.

I share a strong connection with my colleagues.

Percent favorable
(responding with a 4 or 5)



Source: Customer Moodtracker® surveys, Workhuman, 2019-2020

There is also the question of equity. Our brains are wired to detect and react negatively to experiences that are perceived to be unfair. Every e-thanks award is the same – the equivalent of a digital thank-you note.

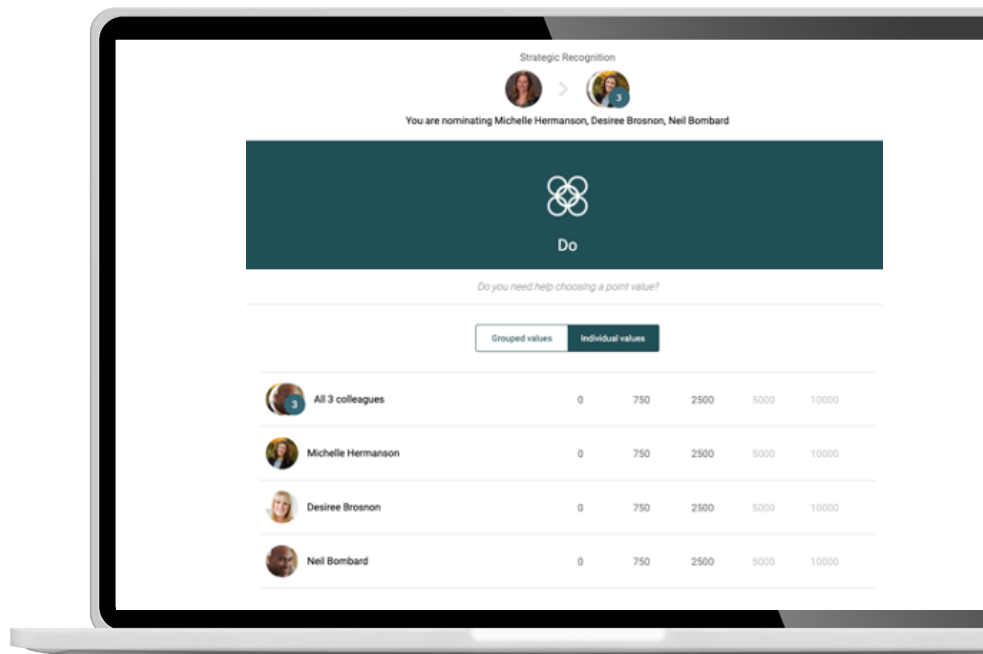
But what about projects in which one person is leading the rest and doing a significantly greater amount of work? Doesn't that employee deserve an award with higher value? **E-thanks trigger this sense of unfairness because they cannot equitably account for a differentiated range of contributions.**

Say, for example, someone is acknowledged for a small but important act of kindness like helping a colleague carry a heavy item to their car. In this situation, e-thanks may feel appropriate. When that same e-thanks is provided to another employee who, in addition to their regular responsibilities, raises their hand to lead four coworkers across a six-month project – saving the company half a million dollars – the experience feels unfair.

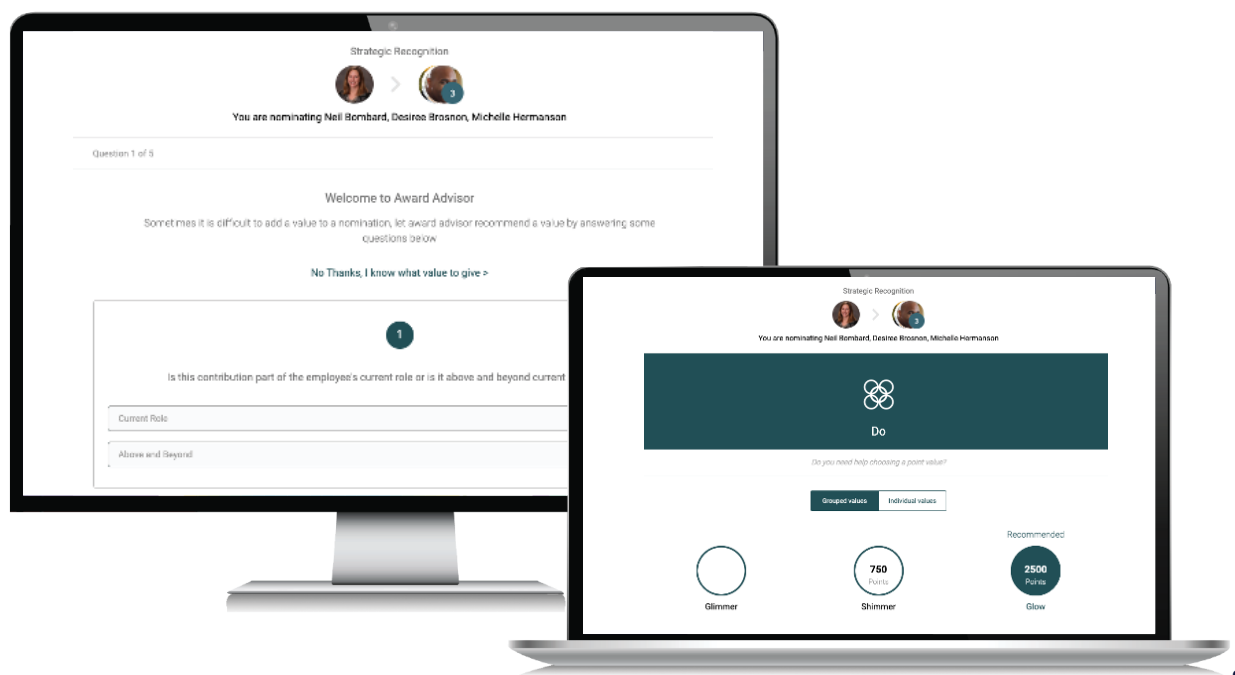
Fairness is a top driver for employees to give extra effort in their job, a key element for innovation and productivity.

Source: "[Fairness leads to higher levels of wellbeing and productivity at the Best Small and Medium Workplaces](#)," Fortune and Great Place To Work®, 2023

With monetary recognition, you can give that project leader 2,500 points, while their colleagues receive 750 points. These points can be redeemed for merchandise, gift cards, or experiences of their choice. And only the nominator and approver(s) will know who exactly got what, reducing any feelings of competition or jealousy. This image from the Workhuman platform nomination process shows what that looks like.



If the nominator isn't sure what is fair and equitable, Workhuman's automated Award Advisor tool can help. After the nominator answers a set of multiple-choice questions, the system will suggest which award level is most appropriate. See the next two images for examples.



Engineering a long-tail experience of gratitude

Recognition and acknowledgment earned from peers and managers, redeemed in the form of tangible merchandise or experiences, can be made even more effective by engineering moments of pause, reflection, and remembrance throughout the process

With a strategic Workhuman peer-to-peer recognition program, employees are reminded five times:

1. When they get the recognition
2. When they are congratulated publicly by colleagues
3. When they pick out merchandise or a gift card from the Workhuman Store
4. When they receive their merchandise or purchase something with their gift card
5. Every time they use the item or reminisce about their experience

“We have this really cool, online network where we can actually go and celebrate our coworkers’ anniversaries. You can post messages and memories. I just happened to be the lucky recipient of like 50 messages from people I’ve worked with congratulating me, which was pretty emotional and overwhelming.”

Annie Kao

VP, Strategic Partnerships and Engagement

Simpson Strong-Tie (a Workhuman customer since 2019)

Source: “The 4 Deadly Sins of Work Culture,” WorkLife with Adam Grant: A TED original podcast, 2022

An e-thanks message is generally only consumed once. Moreover, if it is held alongside other moments of e-thanks that represent a differentiated set of contributions, it can serve as an awkward or painful reminder that the program is unfair.

A cash-only program is similar. And because of the fungible nature of cash, it is often lost in the monthly paycheck that a typical person or family might put toward gas, groceries, diapers, or other expenses that are less than memorable.

Ultimately, Workhuman represents the opportunity to leverage best-in-class recognition and YOS technology, backed by science and infused with human connections – making work more rewarding and business more profitable. After all, according to Gallup, a 10,000-person company can save up to \$16.1 million in turnover costs annually by investing in recognition.

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Workhuman and important outcomes
we deliver for our valued customers.**

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