



The Power of Recognition in a Recession

HOW CREATING A CULTURE OF CONNECTION DRIVES POSITIVE
BUSINESS RESULTS



**In times of change,
culture is not the
place to cut corners.**



After multiple years of pandemic life, hybrid and flexible work, and other changes to the workplace, people and organizations around the world are still coping with economic uncertainty and recession fears. Many HR and business leaders remain concerned about the wellbeing – both physical and emotional – of themselves, their employees, and their loved ones.

The psychological effects of a recession can hit employees hard. It becomes easier for them to disengage, especially if they are concerned about finances or vulnerable loved ones. A recent Workhuman® and Gallup research report highlights the power wellbeing can have on employees' emotional and professional success.

The report found that employees who lack meaningful connections at work are up to 9x more likely to be disengaged and as much as 3x as likely to be looking for a new job.



Workers have had to pivot in more ways than one, and it's up to leaders to provide the connection they need to remain focused, to collaborate, and to do world-changing work for their organizations. A 2020 Gallup study of more than 10,000 employees found that people need four main things from leadership: trust, compassion, stability, and hope. That's why establishing and maintaining a culture of recognition, gratitude, and connection is more important now than ever.

The impact of connection on culture

Some organizations are being forced to make tough decisions in terms of benefits and people, but are still wisely choosing to invest in their recognition programs. Why?

Because peer-to-peer employee recognition is one of the best ways to help employees maintain connection, especially in the new world of remote and hybrid work. Successful recognition programs focus on small, frequent awards that employees give to each other. Because everything else comes from the company to the employee, putting the power to recognize and reward each other into your employees' hands is an especially powerful tool.

The power of connection is an inherent need, and it starts with lifting each other up with genuine recognition, seeing the good in everyone, and saying, "Thank you."

A grateful mindset provides vast emotional, physical, and social benefits, such as being more alert, a stronger immune system, and combating feelings of isolation and loneliness. In fact, a study found that out of 24 strengths of character, gratitude was one of the strongest predictors of overall wellbeing.

On a webinar from SHRM and Workhuman, representatives from Workhuman and our customer Merck shared some statistics:

30 days

Workers who have been thanked for their work in the past 30 days report experiencing **significantly less stress** versus their other hardworking peers.

2x

Workers thanked in the last month at companies that have been through stress in the last year are nearly **2x as likely to trust** in their company's leadership team.

5x

Recognized new hires are more than **5x less likely to leave** within the first year.

Recognition data unlocks talent insights and provides leaders a window into how work gets done, day in and day out, within and across teams. It can be analyzed to gain deeper insight into organizational trends that transcend the traditional reporting hierarchy and the human connections that motivate and inspire people, which ultimately drives business forward.

How to strengthen culture during a recession

These four steps can help you engage employees and boost company performance during uncertain times:

ONE

Focus on shared mission and values

Employees who have a sense of meaning and purpose, and whose personal values align with company values, are more than 4x as likely to love their jobs. It's crucial to clearly articulate those values and how they contribute to company culture, as well as demonstrate how they can come to life for everyone at the organization – especially with more workers now hybrid or permanently remote.

By aligning your values with award types in your employee recognition program, you not only reinforce them, but you also bring them to life and remind your humans what's most important right now.



TWO

Counter fear and discontent with communication and recognition

Keep your people engaged by communicating frequently with a positive, hopeful tone. A peer-to-peer employee recognition program helps show your commitment to employees, as well. Encourage everyone to use it to reward peers, managers, and direct reports – up and down the organization – for demonstrating actions aligned with your mission and values.

THREE

Lean on recognition when merit increases and/or bonuses become cost prohibitive

Research from NeuroImage shows that frequent, small, positive experiences have a greater impact on our life satisfaction than a few epic events. We see this play out in the data: The return on investment from a small recognition budget tends to be considerably higher than the return from annual merit increases. Cash-based rewards and bonuses mingle with an employee's paycheck and are often used to pay bills or for routine needs such as gas and groceries. While this may fill a need, it doesn't contribute to a memorable experience that makes an employee feel good again and again.

To that end, 60% of best- in-class organizations have found employee recognition to be extremely valuable in driving individual performance – so to make a real impact in terms of productivity, it's critical to combine heartfelt messages of gratitude with frequent, tangible, non-cash rewards.



FOUR

Realize the business benefits of remaining agile with compensation

Companies reacting best to the current situation are the ones with agile cultures, according to Kevin Martin, chief research officer at the Institute for Corporate Productivity (i4cp). Further, research from McKinsey & Company shows agile organizations have a 70% chance of being in the top quartile of organizational health, the best indicator of long-term performance. Recognition is the most agile, flexible part of compensation – and now is not the time to abandon it or let it fall by the wayside.

People will long remember how their leaders reacted and treated them during difficult times. Building a culture infused with frequent recognition inspires loyalty and delivers impressive returns to the bottom line: Organizations that score in the top 25% on employee experience report nearly a 3x return on assets and a 2x return on sales.

Recognition creates three opportunities for businesses to double down: It enables employees to connect; teaches your humans to model and recognize behaviors such as focus, resilience, and leadership; and helps leaders approach compensation more flexibly and efficiently.

To learn more about the benefits of prioritizing a culture of recognition, reach out to your Workhuman contact or visit workhuman.com.

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