workhuman

The ROI of Social Recognition

7 WAYS IT DRIVES BUSINESS SUCCESS

What is it?

Social recognition is the act of publicly acknowledging your people for who they are and what they do. Social recognition puts the power of gratitude to work, aligning your people and culture with a shared purpose. The key to achieving a culture of gratitude is the correct reach, frequency, and value.

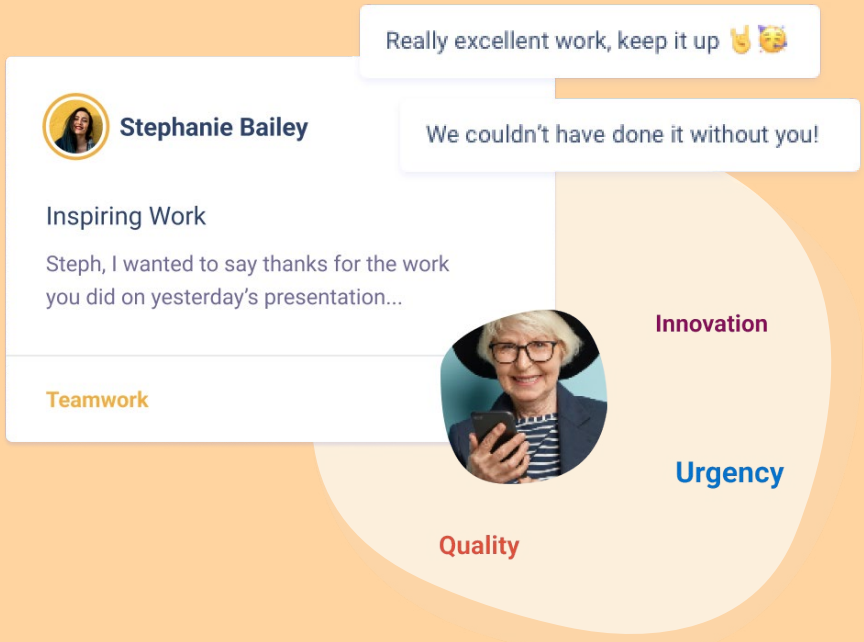
A consistent stream of positive interactions fuels unparalleled, provocative human insights and draws on your entire organization as a community – unlocking human potential and motivating people to do the best work of their lives. The data proves it, again and again.

Traditional employee recognition consisted of managers giving their employees tactical forms of rewards – like pins or watches – for simply sticking around. In the days of lifelong employment and strict organizational hierarchies, that may have worked. But today's employees want purpose, mastery, and empowerment – not a pen with a company logo on it.

Making work more human through social recognition drives business results by capturing, amplifying, and echoing recognition moments across the organization.

Social recognition is different from traditional recognition because it's:

- **Democratic – anyone can participate, regardless of job title**
- **Tied back to core values**
- **A source of unparalleled, provocative workplace data and human insights**



Why does it matter?

Great organizations know that the more gratitude in a company, the better it performs. Social recognition is the foundation for creating a culture of excellence – one which fosters recognition and appreciation while empowering individuals, strengthening relationships, and providing a clear purpose aligned with achievable goals. A human workplace allows business leaders to make significant progress on ever-present issues like retention, culture, and employee happiness – by connecting people and culture to shared purpose.

How can you use social recognition to drive business success?

- Reinforce company values and culture
- Unlock true performance development data
- Reduce voluntary turnover
- Increase shareholder returns
- Build a magnetic employer brand
- Boost employee happiness
- Drive employee performance

ONE

Reinforce company values and culture

Did you know that organizations that focus on living their corporate values are more profitable?

Companies that have strong core values also have strong cultures. And how does strong company culture affect a business's bottom line? It increases productivity, retention, and employee happiness, to name a few benefits.

In fact, experts say that having core values is essential for resilient organizations. In the book "Built to Last," Jim Collins and Jerry Porras found that "Companies with strong positive core vision and core values have outperformed the general stock market by a factor of 12 since 1925."

The challenge for many companies is how to make those core values attainable. That's where recognition comes in. Because social recognition is designed to tie back to core values, it integrates those ideals into employees' everyday thoughts and actions. Workhuman® research, in collaboration with SHRM, found values-based programs to be more than 2x as likely to be focused on reinforcing/driving business goals.

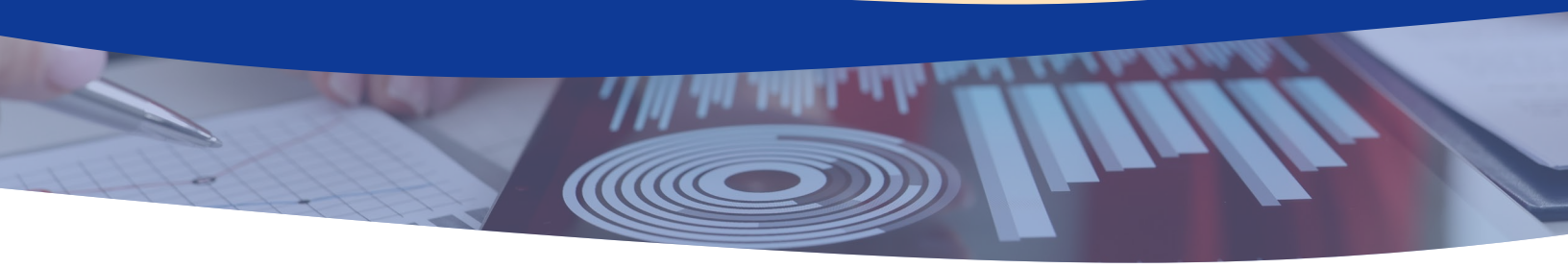
Values are a key driver of culture – everyone has heard that "culture eats strategy for breakfast," and the data agrees. Strong organizational trust is a key indicator for profitability. Research has shown companies with high trust are more than 2.5x more likely to be a high-performing revenue organization.

Recommendation

Find out how your core values resonate with your employees. Do core values match the organization's culture? If the answer is no, social recognition can help. Use gratitude, mapped to core values, to show employees how their work connects to your culture.

TWO

Unlock true performance development data



The hiring process doesn't end when a candidate accepts a job. In fact, that's only the beginning.

Yet, onboarding – an opportunity to introduce culture, core values, and the day-to-day routines of an organization – is all too often an afterthought. According to Gallup research, only 1 in 10 employees strongly agree their company's onboarding was effective.

Many organizations, including SHRM, recommend following the 4 C's of effective onboarding: compliance, clarification, culture, and connection. Onboarding materials and training can go a long way toward compliance and clarification. But how can you productively integrate your new hire into your culture and your community?

Giving and receiving recognition visibly helps establish connections between employees and reinforces the behaviors that drive the culture of your organization.

Workhuman research has found that people thanked at work in the last month are:

- Half as likely to be looking for a new job
- More than 2x as likely to be highly engaged
- More than 2x as likely to feel respected at work
- More than 3x as likely to see a path to grow in the organization

Once you've successfully onboarded your new employee, coaching and feedback become the critical components of successful talent development.

Gallup found that employees who've had conversations with their managers about goals, progress, and wins in the last six months are 2.8x more likely to be engaged. And employees who get daily feedback from a manager are 3x more likely to be engaged.

Creating a culture of feedback is essential for employees to do their best work.

Social recognition, along with a continuous performance development solution, is an ideal platform to promote a coaching culture because it offers immediate and specific positive feedback and delivers that positive reinforcement at a time when it will be most impactful – when it happens, rather than six months later at a performance review.

As you look to the future, how do you find your true stars? And more importantly, how do you retain them? One way is to prioritize internal mobility. The Human Workplace Index found 92% of workers surveyed are willing to learn new skills for their job. Knowing that, it's critical for you to be able to identify your best employees so that you can retain, promote, and cultivate them.

Workhuman's Social Recognition® provides the crowdsourced data required to gain deep insights into performance and quickly spot your cultural energizers and positive outliers. With the help of Workhuman® iQ, crowdsourced data goes from numbers on a page to digestible and actionable insights to better your organization – and your humans.

Recommendation

Evaluate the efficiency and accuracy of your current performance development systems. Implement a social recognition program and use the resulting crowdsourced performance data to analyze how employees and departments interact, where talent outliers and hidden influencers are, and how employees align with your culture and values.

THREE

Reduce voluntary turnover

Unwanted turnover is a costly liability and a pervasive business issue.

According to research by the Work Institute employers paid $600 billion in turnover costs in 2018 – and that wasn't during a global health crisis. In 2021, a record 47.4 million people voluntarily quit their jobs. Calculations from Gallup estimate the cost of replacing an employee can range from one-half to 3x the employee's salary. Using an average salary of 50,000 dollars, U.S. businesses paid at least *2.37 trillion dollars* on turnover in 2021 alone. When we factor in the time and productivity lost to vacancies and onboarding, we begin to see just how significant these "hidden costs" really are.

Research overwhelmingly shows that recognized employees are more likely to stick with you. Workhuman iQ research has found employees who have the strongest recognition experience have the lowest turnover. With recognition, LinkedIn's employee retention rate increased to 96% when employees received four or more awards in a year.

How can you be sure that employees feel appreciated? Recognize them. Witnessing public thanks is also associated with less burnout and stress, meaning appreciation benefits the whole organization. It also makes employees more motivated, more committed, and less likely to leave.

Recommendation

Calculate your turnover rate and annual turnover cost. Compare that against the investment in a social recognition program. Invest in recognition as a way of keeping retention high. However, you must make the proper investment in reach, frequency, and value. One award a year will not deliver transformative business results. Do the best for your employees so they can do their best for the organization.

FOUR

Increase shareholder returns

There has always been one proof point in business that tends to be more important than everything else: "It benefits the bottom line."

Social recognition is proven to retain employees, increase employee satisfaction, drive psychological safety, and improve motivation. It also drives engagement. In fact, 84% of those surveyed for Workhuman said that social recognition measurably and positively impacted engagement. And – this is where your CFO will sit up and take notice – engagement leads directly to improvements to the top and bottom lines, such as increased productivity, customer loyalty, sales, and profits.

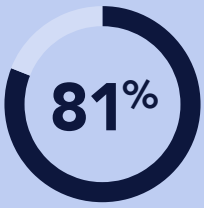
Let's look at JetBlue:
For every 10 percentage point increase in recognition, the company saw a 3 percentage point increase in retention, as well as 2 percentage point increase in engagement. If that wasn't enough to prove the power recognition can have on engagement, engaged flight attendants at JetBlue are 3x more likely to "WOW" customers. Talk about a return on investment. With its strong impact on engagement, social recognition drives business outcomes in a direct and compelling way.

Gallup research shows that engaged companies have a significant competitive advantage. In today's business landscape, where there is one disengaged employee for every 2.4 engaged employees, employee engagement can make or break a company. Compared to the bottom quartile, companies in the top quartile for engagement experience 23% higher profitability, 64% fewer safety incidents, and 18% lower turnover rates for high-turnover industries.

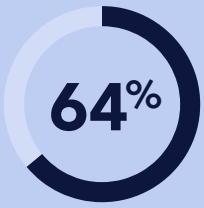
So, engagement is key. But how do you get it? "The powerful thing about recognition is that it reminds people of what matters most," says Mary Ann Masarech, former lead consultant, employee engagement practice at BlessingWhite. "This is a key part of engagement – to redirect employee effort and attention to the top priorities of the organization. Regular recognition throughout the year is a reminder of what you need employees to keep doing."

Returns by the numbers

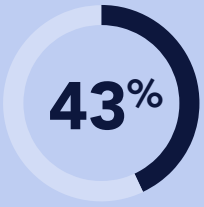
Gallup's extensive employee engagement study found businesses in the top quartile of employee engagement significantly outperform those in the bottom quartile on these business outcomes:



Lower absenteeism



Fewer safety incidents



Less turnover in low-turnover organizations

Higher profitability

Historically, recognition programs have been tactical, but culture-based programs that allow for peer-to-peer recognition are better for business. According to Workhuman iQ research:

- Employees at a technology company who received five or more awards were nearly 2x as likely to improve performance year over year.
- Consultants exceed their billing hour targets when they are more frequently recognized.
- Operations managers who received more frequent recognition saw better year over year performances in their store sales and customer counts.

Recommendation

Assess your organization's level of engagement with an employee survey such as Workhuman's Moodtracker®. Consider a values-based, peer-to-peer recognition program to not only increase engagement, but also make a real impact on business metrics.

FIVE

Build a magnetic employer brand

What current and former employees say about your culture can have a huge impact on recruitment.

Considering the fact that SHRM estimates the average cost per hire in the U.S. is more than $4,000, there is not a company in the U.S. – and we would argue the world – who can afford to ignore their employer brand.

For one, job seekers are more informed than ever before. Here are a few things to keep in mind, according to Glassdoor:

- 86% of employees and job seekers **research company reviews and ratings** to decide on where to apply for a job.
- 68% of millennials, 54% of Gen Xers, and 48% of boomers indicated they **visit an employer's social media** properties specifically to evaluate the employer's brand.
- **A strong employer brand can reduce the cost per hire** by as much as 50%, and a negative reputation can cost a company as much as 10% more per hire.

Change the conversation with a social recognition program that lets you "walk the talk." By cultivating a positive culture, employees make those feelings public in how they talk about the company. Our research also found 64% of HR professionals said values-based recognition helped them build a stronger employer brand.

Social recognition is also integral to building a culture that job seekers want. According to Gallup, "the organization cares about employees' wellbeing" is a top three demand of the whole workforce. For millennials and Generation Z, it's number one on the list. In our Workhuman research survey, we asked workers whether their leaders care about building a human workplace focused on employee well-being. Those with values-based recognition were nearly 2x as likely to agree.

Employer brand quick facts:

- Employer brand content has a 2x higher engagement rate when shared by employees
- Companies with high numbers of employees sharing quality content are 58% more likely to attract talent

Recommendation

Assess how you currently market your company's internal brand – and make sure you're actually living those values. Consider tying your employer brand to a values-based recognition program that reflects your company's unique culture and attracts the right candidates.

SIX

Boost employee happiness

Happiness raises nearly every business outcome we can measure.

Happy employees are crucial to a healthy, productive corporate culture. In fact, according to Workhuman® Live speaker and New York Times bestselling author Shawn Achor, happiness raises nearly every business outcome we can measure, raising sales by 37%, productivity by 31%, accuracy on tasks by 19%, and providing myriad health and quality of life improvements.

Research from the iOpener Institute concurs, showing that compared to the unhappiest employees, the happiest employees:

- Spend 2x as much time on task
- Are 6x more energetic
- Intend to stay in the role 2x longer
- Take 10x less sick leave

The data shows happy employees are great for business. How do you get more of them?

Happier founder Nataly Kogan explains, employees who are engaged and thriving "perform 27% better than non-thriving employees, including 89% better on innovation, and they are 79% more committed to the organization."

Unfortunately, happiness at work isn't a given. Only about half of employees report a happy employee experience, yet 73% of employees report that being recognized makes them happier at work and 35% said it also makes them happier at home. Social recognition amplifies appreciation and relationships by creating a continuous loop of positive feedback in the workplace.

Receiving frequent, unexpected recognition from colleagues and managers goes a long way in making employees feel more appreciated. But studies also show that those who give the recognition benefit too. Workhuman iQ research found employees have the highest level of engagement when they both give and receive recognition.

Recommendation

Consider a companywide social recognition program that encourages every employee to show gratitude. When employees see good work, they should feel comfortable calling it out. After all, the more gratitude in an organization, the better it performs.

SEVEN

Drive employee performance

It's no surprise that high-performing teams are more profitable than lower performing teams. High-performing employees are good for business, but what motivates them to work hard?

Simply giving employees more money and hoping for better results doesn't work. Research shows that monetary incentive alone only increases performance by 11%. However, having a sense of purpose is one of most powerful motivators there is. The same study showed that a combination of feedback, social recognition, and monetary incentive (including tangible rewards) will increase employee performance about 32%.

Mark Royal, a partner at Korn Ferry, explains how recognition can help drive performance: “We often encourage organizations to think about recognition as a positive form of performance feedback. It can be a great way of helping to clarify for employees what some of those must-win battles are.”

Because social recognition is tied back to shared purpose – the big vision – employees are motivated and empowered to drive company results.

Recognition also makes flow possible for employees. Flow is the feeling you get when everything “clicks.” It’s an optimal experience characterized by a positive mood and requires feelings of learning, development, and mastery of our work. And according to Claremont Graduate University Professor Mihaly Csikszentmihalyi, we can help employees achieve flow by offering stability, clear goals, achievable challenges, and meaningful, immediate feedback.

Employees themselves say they will go above and beyond if they feel appreciated. When asked how employees could feel more appreciated in the workplace, a “thank you” from a boss and support for personal/professional moments were at the top, just behind receiving a bonus. This is why it’s so important to build a culture of recognition in your organization where it’s easy for managers and employees to show appreciation.

Recognition at work

Employers may not know how/when to offer recognition: 56% of employees said their companies don’t celebrate Employee Appreciation Day and more than one-quarter rarely or never deploy feedback surveys.

A little “thank you” goes a long way: 53% of employees said they’d like to see employers incorporate more human moments in the workplace by offering recognition for their hard work.

Appreciation from a peer and/or manager drives positive performance: Another 31% of employees say recognition directly impacts their motivation to succeed and nearly one-quarter say it increased their productivity levels.

Social recognition creates a groundswell of positive thinking throughout an organization, which is also a central driver of performance. And considering all the benefits that come with employee engagement, happiness, and positivity, social recognition is one of your organization's most important initiatives.

Recommendation

Purpose, mastery, and empowerment are important to your employees. Establish a positive feedback loop that makes employees feel appreciated, adds meaning to their work, and motivates them to reach their highest potential. Use recognition to reinforce behaviors that lead to success in your organization.

The takeaway

To make a compelling business case for social recognition, you need the facts. Social recognition creates a groundswell of confidence throughout the organization and builds a foundation for a true culture of appreciation.

Join the growing list of admired companies like Cisco, Citizens Bank, and LinkedIn that are using Social Recognition to align their people and culture with a shared purpose, driving business results and empowering their employees to do the best work of their lives.

Great organizations know that the more gratitude in a company, the better it performs. The data proves it, again and again.

To see the power of Social Recognition for yourself, visit workhuman.com to schedule a demo or learn more.

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Or read more on our blog: workhuman.com/resources

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