

## Recognition in the Era of Employee Engagement

*Employee engagement and recognition: What is the difference, and how does this affect solution providers and corporate planners?*

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Over the last two decades, the recognition field has become a multi-billion-dollar business with over a dozen leading solution providers and hundreds of smaller ones across the U.S. Companies spend billions on service awards and related recognition programs; several best-selling books, most notably Chester Elton, author of *The Carrot Principle*, and Dr. Bob Nelson, author of *1,501 Ways to Reward Employees*, helped draw unprecedented attention to the field and the importance of employee inspiration. In addition, Recognition Professionals International has created a formal certification and awards program that has advanced best practices and many others have published books, research and other information highlighting the importance of recognition and best practices. Without the work of these individuals and organizations, it's questionable as to whether there would ever have been an engagement movement. In fact, many recognition companies have begun to talk about employee engagement on their websites and how recognition can enhance it. So what is the difference between recognition and engagement?

According to Businessdictionary.com, recognition is: "Communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace. Recognizing or honoring employees for this level of service is meant to encourage repeat actions, through reinforcing the behavior you would like to see repeated." And here is its definition of employee engagement: "Emotional connection an employee feels toward his or her employment organization, which tends to influence his or her behaviors and level of effort in work-related activities. The more engagement an employee has with his or her company, the more effort they put forth. Employee engagement also involves the nature of the job itself – if the employee feels mentally stimulated; the trust and communication between employees and management; ability of an employee to see how their own work contributes to the overall company performance; the opportunity of growth within the organization; and the level of pride an employee has about working or being associated with the company."

Recognition is a critical component to employee engagement, but as the definition above implies, it takes more than recognition alone to foster the proactive involvement of all those critical to organizational success. It turns out that while corporations and their recognition firms have traditionally placed the focus on recognition, it's only one of a number of key tactics required to engage people to accomplish critical goals. In the world of employee engagement, organizations invest in strategies and tactics that help achieve concrete financial or other performance goals – not simply employee happiness, but improved talent retention and recruitment, maximum service levels for both external and internal customers, continuous performance improvement and innovation, wellness, safety, etc.

Employee engagement doesn't replace recognition. In fact, recognition is a critical part of employee engagement efforts and will continue to prosper with the emergence of engagement. In the world of employee engagement, recognition is one of many tools that address all of the necessary levers of engagement to achieve critical goals that support the brand, culture and the actions or behaviors that drive success, either internally in terms of quality, productivity and wellness, or externally in terms of increased customer engagement and loyalty. In other words, employee engagement focuses on promoting key actions employees can take to contribute to success not only by using recognition, but also by integrating the other levers of engagement required to foster the proactive involvement of people in a way that contributes to concrete success, as the Businessdictionary.com definition implies. These include such tactics as management, coaching, career laddering, communications, learning, innovation, collaboration and analytics.

Recognition focuses on the need for employees to feel valued and supported; employee engagement focuses on the specific results an organization is seeking to achieve in a measurable way by addressing all of the levers of engagement. While addressing extrinsic and intrinsic motivational drivers is important, recognition alone simply isn't enough to foster the proactive involvement of people to achieve key organizational results.

## **THE SHIFT FROM COST CENTER TO PROFIT CENTER**

While recognition programs are traditionally viewed as a cost center allocated to human resources budgets (and frequently subject to cuts during difficult times), employee engagement is a profit center. The point isn't simply to recognize people for the right behaviors – important enough – but also to gear everyone's passions, capabilities and interests toward helping to achieve concrete measurable goals from which all can benefit. Recognition focuses specifically on the intrinsic or extrinsic motivational drivers that, while important, aren't alone sufficient to produce a measurable return on investment. When an organization purchases recognition, it's creating a cost center based on purchasing "things" or "software," when the opportunity of employee engagement is to create a profit center based on achieving specific goals through people. Employee engagement principles provide the opportunity to turn these costs into investments by putting the focus on the end-result: employees engaged specifically to achieve critical organizational goals, rather than on the thing, "recognition," or even a state of "engagement" or some other happiness metric.

This isn't just a matter of nomenclature; it drives the entire approach to how organizations utilize dollars allocated to traditional recognition programs. With recognition, one considers the best ways to recognize people, for what actions, and considers how people will be trained to recognize one another, share information on technology and perhaps measure levels of engagement over time. This is all an important component of engagement and should be implemented by experts. The focus on employee engagement shifts the program design process and planning process in a way that provides a more clear return-on-investment than the traditional recognition model by addressing not only recognition, but the levers most necessary in an organization's circumstances to achieve specific, measurable goals. Those same dollars allocated to recognize people can get even more mileage when integrated with all of the levers needed to achieve concrete organizational goals – not to mention the "warm and fuzzy" benefits of having an engaged workforce.

Organizations seeking to profit from employee engagement in a measurable way require a different approach that starts specifically with what the organization is trying to accomplish in terms of increased customer or employee retention; more customer or employee referrals; more of the behaviors or actions required to fulfill brand promises; specific actions that improve external or internal service, productivity, or wellness; etc. It's almost impossible to develop a program to address an organization's specific engagement goals with any pre-conceived solutions as to the type of program, award or technology required. Each organization is a snowflake with its own unique goals, culture, practices and technology platforms. If the goal is simply to recognize people for whatever the company wishes to recognize, there are dozens, if not thousands, of reward and technology solutions. If the goal is to focus the recognition dollars on promoting behaviors that contribute to brand equity through customer satisfaction or to the bottom line in other ways, then it's simply impossible to provide a pre-packaged solution focused solely on recognition, social or otherwise. Employee engagement program design requires understanding the organization's specific goals and its culture, history, assessment processes, learning, communications, career development, coaching and other practices already in place. Just a small investment in a zero-based planning process to develop an engagement

business plan yields a level of potential return-on-investment hard to achieve in any other area of business.

Managers of recognition programs and their solution providers have a big stake in the traditional focus on recognition, rewards and technology, as this is the way business has been done for years. For some recognition planners, employee engagement involves issues outside of their area of influence and therefore pose a complication they'd rather avoid. For some solution providers who have invested millions in selling recognition and technology, it may be difficult to make the shift because of their roots and investments. For others, it will be an opportunity to add additional value within their organizations or with their customers.

But as more and more recognition and technology providers claim to help improve employee and customer engagement, companies can benefit by understanding what this really means. Of course recognition engages, but do all recognition companies develop recognition or engagement programs or both? In other words, do they sell recognition or do they sell zero-based employee engagement strategies, tactics and campaigns to achieve specific objectives utilizing whatever levers of engagement make sense?

## THE ENGAGEMENT FRAMEWORK

*Enterprise Engagement: The Textbook*, published by the Enterprise Engagement Alliance; the Conference Board's Engagement Institute; and Great Britain's Engageforsuccess.org movement all underline that recognition is just one element required to profit from employee engagement strategies which, they all agree, address the following issues:

- There is a clear engagement strategy with a return-on-investment.
- Employees have a clear idea of the mission and the behaviors that drive success and how they can grow.
- People are capable of doing what is asked – i.e., they have the training to do what is necessary to excel.
- There is a clear understanding of the role of every person in fulfilling the brand promise.
- People feel supported by the organization, have generally positive feelings when at their work and even have fun sometimes.
- There is a sense that everyone at every level can contribute and feel empowered to help innovate and continually elevate standards.
- Performance results are shared with all the necessary feedback so that the lessons can be used to improve performance in the future.

Many organizations can develop highly appealing and appropriate awards for performance; others can provide technologies that recognize people and create community. When it comes to employee engagement, the real challenge is to develop the appropriate program leveraging your organization's current resources whenever necessary that achieves measurable results, so the program becomes a profit center.

For organizations making the shift to employee engagement profit centers, the best way to start is with one part of the organization or one specific challenge the company faces – or in the words of *Enterprise Engagement: The Textbook* contributor Gary Rhoads, Professor of Marketing and Entrepreneurship at the Marriott School of Business at Brigham Young University, identifying “a dragon to slay.”

## DISTINCTION BETWEEN EMPLOYEE ENGAGEMENT AND RECOGNITION

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Employee Engagement	Recognition
<b>Goal:</b> To foster the proactive involvement of people to achieve critical, measurable organizational goals.	<b>Goal:</b> To create a culture in which people feel valued and supported, as well as recognized for their accomplishments.
<b>Methods:</b> Based on an analysis of the goals, assessment data, interviews with management and employees, and other input, create a zero-based engagement plan that integrates all of the levers necessary to accomplish a desired result, including recognition, communications, training, and innovation, ROI measurement.	<b>Methods:</b> Based on the same sort of analysis employed with any program design, create a plan designed to foster a culture in which people feel valued and recognized for their contributions; this generally involves an employee engagement survey, other assessment, and management training and coaching.
<b>Deliverables:</b> A unique strategy with a clear return-on-investment that includes the specific engagement levers necessary, including rewards and recognition, social media, communications, learning assessment and other tools to achieve the desired goals.	<b>Deliverables:</b> A strategy to recognize people for their accomplishments through technology, rewards, recognition and social networking, and to measure that impact on culture and outcomes whenever possible.
<b>Business model:</b> Organization pays an upfront program design and set-up fee and pays the rest out of incremental dollars or other material benefits generated as a result of the program.	<b>Business model:</b> Organization sets aside a budget for the program, whose costs are generally based on how much people recognize one another for designated behaviors.
<b>Technology:</b> The organization has a choice of multiple technologies or other solutions based on its needs, but often faces the challenge of integrating all of the levers of engagement onto one platform; i.e., communications, learning, rewards and recognition ROI measurement, etc.	<b>Technology:</b> A wide variety of recognition solutions exist, including many with social recognition features, badges, awards, peer-to-peer recognition and more. In many cases, the company has to purchase the technology provided by the reward provider; however, several awards-neutral options exist.
<b>Rewards and Recognition:</b> The organization can select from multiple options based on its specific needs.	<b>Rewards and Recognition:</b> The organization generally has to use the rewards provided by its recognition service provider.
<b>Return-on-Investment Measurement:</b> The organization can track the specific return-on-investment based on the goal it is seeking to achieve in terms of sales, productivity, quality, service, retention, wellness, safety, etc.	<b>Return-on-Investment Measurement:</b> The organization can track usage of the program, the behaviors rewarded, the cost, the levels of employee retention and referrals, etc. and the relationship of those behaviors to organizational goals.