



XpertHR Podcast

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- Laura Merrylees: Hello and welcome to this week's podcast with me, Laura Merrylees. Praising staff for the good things they are doing can be a key driver of employee engagement but in reality it all too often gets forgotten. Yet organisations that build a culture of recognition can achieve business benefits that in fact far outweigh the investment put in.
- With me today to discuss the importance of employee recognition is XpertHR Managing Editor for Pay and HR Practice, Sheila Attwood. Good morning, Sheila.
- Sheila Attwood: Hi, Laura.
- Laura Merrylees: Okay, so kicking it off with the basics, what is employee recognition? [0:00:40.3]
- Laura Merrylees: Well this is about praising employees for the good things that they are doing and as you say, it's all too easy to focus on mistakes, areas of improvement, rather than remembering the good things that employees are doing.
- Sheila Attwood: Okay, but how is that different from giving employees a bonus? [0:00:53.2]
- Laura Merrylees: Well rewards like bonuses, they motivate or incentivise people to reach a target. So by virtue of this, that prize has to be of value to them so that they are motivated to go out and get it. But actually, recognition is about the praise for what the employee has done.
- Sheila Attwood: Perhaps it's an obvious question, but why is it important for employers to do this? What's the motivation on their part? [0:01:13.6]
- Laura Merrylees: As you mentioned earlier, building a culture of recognition actually does have clear business benefits. So let's take these employees who feel recognised and valued. They're more likely to be engaged and motivated. And this in turn can lead to them being more productive, more committed, more focused. And all of those things lead on to improved organisational performance. If we take the flip side of that, employees who don't feel recognised, they're more likely to work below their potential and perhaps move on, which risks losing a valuable member of staff.
- Sheila Attwood: Is saying thank you really going to achieve greater employee recognition? [0:01:43.5]

Laura Merrylees: Well as a starting point, yes it is. But actually, organisations are likely to build up to more formal recognition schemes that will offer some kind of award at the end of them.

Sheila Attwood: Okay, so you mentioned schemes there, and what would that look like? [0:01:55.1]

Laura Merrylees: Well there are three levels we can talk about here. There are day-to-day schemes, informal schemes and then more formal employee recognition schemes.

Sheila Attwood: Digging a bit deeper into each of those, talk me through the day-to-day scheme. [0:02:06.5]

Laura Merrylees: Well this is really about the first stage of building a recognition culture at an organisation. So line managers remembering to say thank you or well done when they've seen something of note. But they may also involve a low-value award – perhaps a bottle of wine, a box of chocolates, or something of no monetary value, maybe a certificate or a letter from the CEO. Acts of recognition, they're more likely to be frequent, take place at a local level, perhaps in private, but as with all recognition, in public is always best. So perhaps mentioned in a team meeting.

Laura Merrylees: And then the informal scheme? [0:02:35.1]

Sheila Attwood: Again, these are going to be at local level but they will involve some sort of award. Fairly low value, I'd expect them to be vouchers or a gift worth less than £100. There may be nominations that need to be assessed for these, and again the presentation should be made in public.

Laura Merrylees: And then moving onto the formal scheme? [0:02:50.8]

Sheila Attwood: Well these are the highest profile employee recognition schemes and they're going to take place among a wider group of employees, perhaps a division of the company or indeed the whole organisation. We're likely to have employees being nominated for those awards and a group is going to need to assess those nominations. The awards that are given out are likely to be of higher value. Still not cash, again. Vouchers or a gift, perhaps a good bottle of champagne, and the presentations may well take place at major business events to really maximise the impact.

Laura Merrylees: Okay, so we're definitely getting from that that the more public the recognition, the more impact it's going to have. Just looking at the topic of tax, how is that going to work? [0:03:27.1]

Sheila Attwood: Well obviously giving people these awards and then deducting their tax from them is going to be very demotivating.

So there are specific tax rules around this. Where tax is due on these minor items, arrangements can be made with the local tax office, so that's where I would recommend that you go and speak to your local tax office about them. The important thing to remember here, of course, you must keep records of all awards that are made for these purposes.

Laura Merrylees: So is it going to be quite costly for an employer to get a scheme in place? [0:03:51.6]

Sheila Attwood: Well at the day-to-day and more informal end, perhaps no or very little budget is going to be required, but a larger budget is going to need to be set aside for those more formal schemes.

Laura Merrylees: Could you have a tiered approach, perhaps? [0:04:02.6]

Sheila Attwood: Yes, that's a very good point. So here everybody is nominated for an award and perhaps they all get a thanks or a low-level award at the end of it. Then all of those nominees are assessed together and just one of them receives a higher-level award.

Laura Merrylees: It does seem like quite a lot of work for employers to source these awards. [0:04:18.5]

Sheila Attwood: Well you can do it yourself but there are external providers on the market.

Laura Merrylees: Right, okay.

Sheila Attwood: Now some of these will source actual awards for you. Others have a system in place whereby recipients are given points that they can spend on the website of the provider. So in these cases, the person receiving the recognition award can choose the exact prize that they get at the end of it.

Laura Merrylees: So just running through some of the practicalities of running a recognition scheme, firstly what should a recognition scheme measure? [0:04:42.2]

Sheila Attwood: Well it's up to the individual organisations the criteria they set. The key thing is to think about at what level you set that. If you set the criteria and the qualifying levels too low, everyone's going to meet them. If you set them too high, you're not going to get very many nominations. The important thing is also to be clear to employees, the nominators and the assessors how the scheme is measured. So probably written guidelines are best there.

Laura Merrylees: Alright. And turning to who nominates the people for the awards... [0:05:08.6]

Sheila Attwood: Well this is typically going to be line managers but actually some schemes will allow colleagues to nominate each other. Employers could actually take that further, extending it to perhaps external customers, so where they've received a particularly good service from an employee, they can nominate them.

Laura Merrylees: Right, okay. And then you've gone through the nomination process, but who actually decides who should get the award? [0:05:27.7]

Sheila Attwood: Well at the day-to-day and more informal end, that's probably going to be the line manager making a fairly quick decision at a local level. The more formal schemes are more likely to require a panel of assessors to look at all the nominations.

Laura Merrylees: So finally, how will employers know if the recognition scheme is actually having the desired results? [0:05:45.1]

Sheila Attwood: Well employers should know what they're trying to achieve from the start. So this might be, for instance, increased employee engagement, greater emphasis on company values, better customer service, those sorts of things. All of those can be measured and one of the most common ways is an employee opinion survey, but there may be other measures that the employer can look at – perhaps increased productivity, reduced levels of absence or better customer feedback.

Laura Merrylees: Well thanks very much for that, Sheila. Some good material in there and food for thought. If you want to delve deeper into this area you can find out much more about employee recognition in our Good Practice Manual on the site.

That brings us to the end of this week's podcast, which you've been listening to with me, Laura Merrylees. We're back again next Friday but until then, it's goodbye from us.