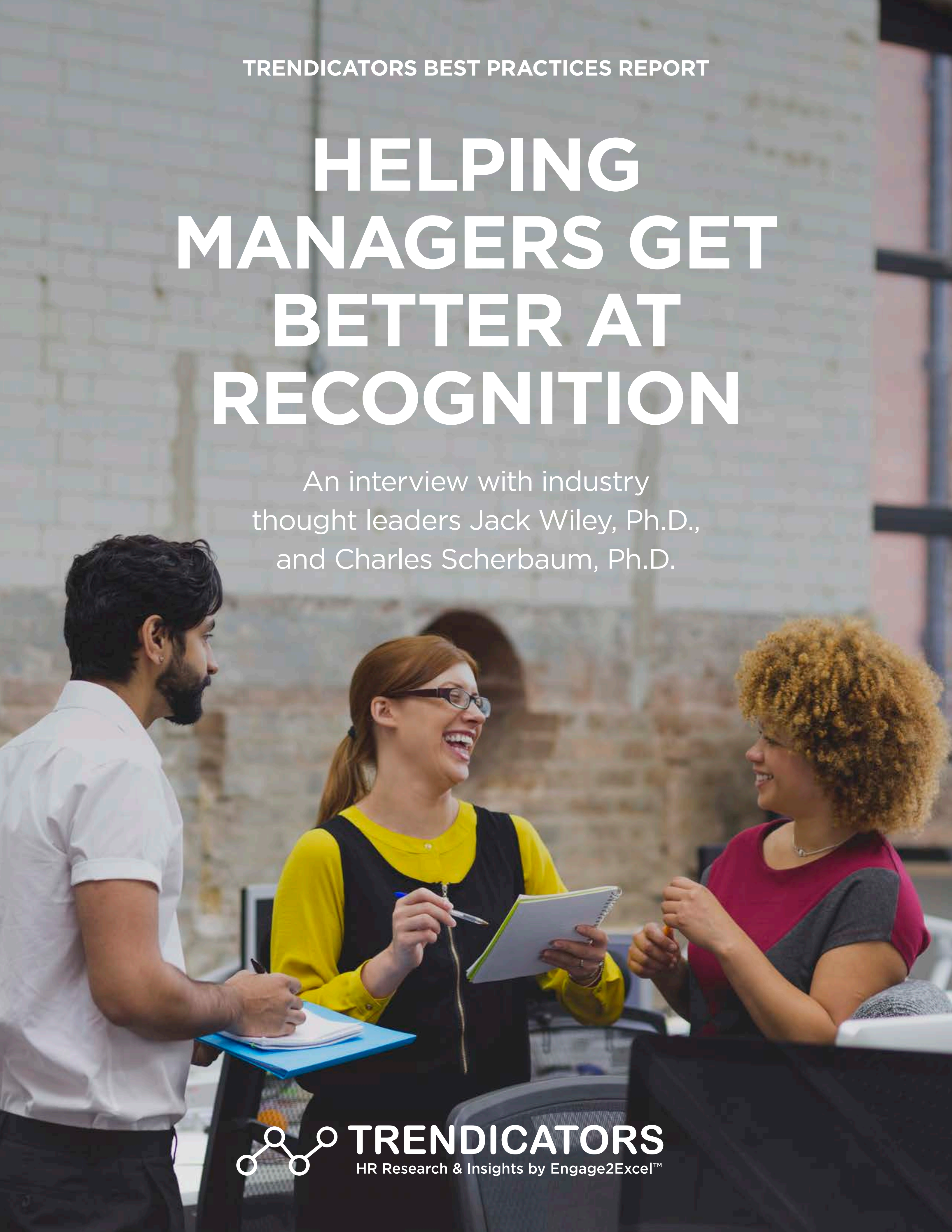
TRENDICATORS BEST PRACTICES REPORT

HELPING MANAGERS GET BETTER AT RECOGNITION

An interview with industry thought leaders Jack Wiley, Ph.D., and Charles Scherbaum, Ph.D.



TRENDICATORS
HR Research & Insights by Engage2Excel™

Each year, organizations devote an average of 1-2% of corporate expenditures to employee recognition programs. According to WorldatWork*, 88% of these programs are companywide, where managers recognize employees.

However, a majority of organizations that invest in employee recognition do not offer training for managers on how to effectively recognize employees.

Why is it important to help managers get better at recognition, and what can your organization do to improve recognition effectiveness? To find out, we interviewed Engage2Excel Group's Jack Wiley, Ph,D., and Charles Scherbaum, Ph.D., two industry-leading experts on employee engagement and recognition.

*Trends in Employee Recognition, WorkatWork, 2019.

Interview Topics

Jack Wiley, Ph.D., Chief Scientific Officer, Engage2Excel

Jack Wiley, Ph.D., is an author, consultant, researcher and university professor. For more than three decades, he has focused on two big research questions: What do employees most want? What organizational factors best promote employee engagement, performance confidence and business success?

Jack's book *RESPECT: Delivering Results by Giving Employees What They Really Want* is based on compelling evidence that when organizations satisfy seven core employee "wants" the organizations are rewarded with stronger employee engagement, higher customer satisfaction and superior financial results.

He received his doctorate in organizational psychology from the University of Tennessee, is a licensed consulting psychologist and the winner of a lifetime achievement award for Distinguished Contributions to Professional Practice from the Society for Industrial and Organizational Psychology.

Charles A. Scherbaum, Ph.D., Chief Analytics Officer, Rideau

Charles is a recognized expert in analytics, talent management, assessment, performance management and employee and customer research. He is an author of articles, chapters and a book on these topics. He has overseen many large research and analytics initiatives at Fortune 500 companies over the past 12 years.

He is the winner of the Society for Industrial and Organizational Psychology's M. Scott Myers Award and the Innovations in Assessment Award from the International Personnel Assessment Council.

Charles is a professor of psychology at Baruch College, City University of New York. He received a Ph.D. in industrial and organizational psychology from Ohio University.

"We find that managers who are able to improve their effectiveness at recognition through training are able to improve indicators of employee experience by 7%, on average."

—*Charles Scherbaum*

Q. Are managers who are effective at recognition more successful in driving business outcomes?

A. Since the 1940s, a significant body of research has centered on identifying the ways in which leaders and managers contribute to organizational success. Showing that leaders and managers matter in organizational performance is one of the holy grails of the organizational sciences. In much of this research, the focus has been on the ways in which managers motivate their employees as a key lever with which they drive organizational performance. Recognition is one of the more powerful methods for motivating employees and improving performance. For example, in our research, we found that managers who are among the most effective at recognition have sales results that are approximately 18% higher than those who are the least effective. Although our research, and the broader organizational sciences research, finds that being an effective manager is important for organizational performance, the research is usually not able to show that managerial effectiveness was a cause of the organization's success. In other words, we can say that more positive outcomes occur when we have more effective managers, but not necessarily that effective managers are the reason for the positive outcome.

Over the past 10 years, we have conducted research studies with the goal of showing this causal link. In some of our research, we have been able to capture managers' baseline effectiveness in providing recognition and then randomly assigned managers to receive training designed to improve their recognition effectiveness. This type of experimental research has allowed us to isolate how changes in the effectiveness of recognition provided by managers cause improvements in organizational success. This research has demonstrated that managers who improve their effectiveness in providing recognition have teams who are more engaged, are more resilient, have more loyal customers and have higher sales results. The magnitude of the improvements has been considerable for managers who are ineffective at the baseline, as well as those who were already effective. For example, we found that managers who are able to improve their effectiveness at recognition through training are able to improve indicators of employee experience by 7%, on average. We believe this is compelling evidence of the importance of developing managerial capability for providing effective recognition to employees.

"Employees want to be rewarded in two different ways: They want fair and/or better compensation, and they want opportunities for training, career growth and development."

—Jack Wiley

Q. What attributes do employees look for in their immediate manager?

A. This is a topic I have been exploring extensively over the past decade. On multiple occasions, I have asked a representative sample of employees around the world this very question: What is the most important thing you want from your immediate manager? We collected responses from workers in 26 countries representing about 85% of the world gross domestic product (GDP), and the data told us there are eight attributes employees seek in their managers. Five of these attributes are behavior based. First, employees want their managers to show support and understanding. By this, they mean they want their managers to provide help and support, to listen and to be understanding. Second, employees want their managers to provide recognition; more specifically, employees want to be recognized for their performance, efforts, passion, abilities and achievements. Third, employees want their managers to treat them with dignity and respect. This is straightforward — employees want to be treated respectfully, as a competent adults, who are work partners, not simply a production tool. Fourth, and as it gets to the actual work at hand, employees want their managers to communicate clear performance expectations. This is easy to grasp. Employees want direct, open, honest, transparent communication, with clear direction about what performance is expected, and ongoing feedback. Fifth, they want and expect their managers to reward performance contributions. Employees want to be rewarded in two different ways: They want fair and/or better compensation, and they want opportunities for training, career growth and development.

In addition to these behaviors, employees want their managers to demonstrate competence in problem-solving and decision making. They don't just want decisions made and problems "solved." They want these tasks accomplished with a high level of skill so that team members remain motivated and productive.

Finally, employees seek two specific values in their managers. First, employees want managers who are just and equitable. Such a manager is going to be fair, just, objective and ethical. Second, employees want managers who are honest and trustworthy. In other words, employees want managers who are sincere, and genuine, and show up and "walk the talk."

"We often talk about the 'psychological contract' that is formed between employees and their manager and organization. Violating the terms of a psychological contract has negative consequences."

—Charles Scherbaum

Q. Why is it important for managers to live up to employee expectations?

A. When one considers the lifecycle of the career experience for employees, there are a number of reasons meeting employees' expectations and providing them what they are looking for in their manager and organization is important. In the organizational sciences, we often talk about the "psychological contract" that is formed between employees and their manager and organization. These are not formal employment contracts, but the set of implied expectations that employees have for their managers and organizations in exchange for their contributions to the success of the team and organization. For example, an employee's psychological contract may include expectations that his or her manager invest time to provide development opportunities and exciting work in exchange for working hard, being engaged and helping the organization succeed. These expectations are not fixed and can evolve throughout the career experience. The expectations of employees at the start of their tenure with an organization may be different from those of employees who are close to retirement. Regardless of the stage in the career experience or the specific expectations included, the research is pretty clear that violating the terms of a psychological contract has negative consequences, such as disengagement and turnover, and can be difficult to repair, depending on the severity of the violation.

The lesson for managers is that it is critical to understand what employees want and expect. Managers cannot hope to avoid violating employees' psychological contracts without some knowledge about what the expectations are. The challenge is that many managers don't know how to have these types of conversations or structure them in a way that provides insight into their entire team. This is why taxonomies such as RESPECT, by Jack Wiley, are incredibly useful for giving managers a vocabulary to have conversations with employees about their expectations, and how well the managers are meeting those expectations. These conversations also allow managers to see trends in the entire team to identify opportunities to simultaneously meet the expectations of many employees and identify areas where managers may need additional support and coaching because they are missing the mark across the board with their team.

"When managers display the attributes employee value, employees are much more likely to be highly satisfied with their employer and to be motivated to provide their very best, that is, to go above and beyond what is expected."

—Jack Wiley

Q. What are the consequences when managers are competent at doing the very things employees most want from them?

A. As you can readily imagine, the consequences are substantial. First, let's consider this from the individual employee point of view. An effective manager has direct influence on employee engagement. Unlike some, we cannot justifiably argue that managers are the only influence on employee engagement, because that is a gross over-simplification. However, we do know this: When managers display the attributes employees value, employees are much more likely to be highly satisfied with their employer, to demonstrate a greater sense of company pride, to advocate more strongly for the company and become a recruiting magnet, and to be motivated to provide their very best, that is, to go above and beyond what is expected. They are going to be your best corporate citizens and members of your "extra-miler club" in terms of the motivation and commitment they display. These employees are hard to recruit away.

Let's also consider this from the team perspective. Our research indicates that managers who are competent in these attributes enjoy better team relations and higher team productivity. For example, when working with a competent manager, employees are much more likely to say that they feel part of a team, that their coworkers cooperate to get the job done, that teamwork is encouraged and valued, and that if conflicts arise, they are resolved quickly. In addition, the consequences of a competent manager are reflected in the team's performance. Teams led by competent managers excel at consistently meeting team goals on time, producing high-quality products and/or services, and getting the most out of their available resources. In short, such teams are simply much more effective.

Now let's ratchet this up to the level of the organization at large. What are the implications for organizations whose managers consistently and effectively display the behaviors, skills, and values employees most want? Research has shown that: Such organizations have higher overall levels of workforce engagement, lower voluntary resignation rates, a more appealing employer brand, higher levels of customer satisfaction, greater return on sales, greater return on assets and greater three-year total shareholder return. For these organizations, it is much easier to attract the talent needed to sustain these higher levels of performance.

Q. What are the business implications when managers are not effective in recognizing employees?

Charles A. Scherbaum, Ph.D.

A. According to our research, there are a number of business implications of having managers who are not effective at recognition. When managers fail to effectively recognize their employees, the managers create a considerable human capital risk and opportunity cost to the organization. Our research over the past 10 years has consistently showed that managers who are ineffective at recognition have employees who are less engaged, less resilient, less motivated and less service oriented. They also have teams who are less successful at building customer loyalty and sales. Receiving recognition is associated with a decrease in the likelihood of leaving an organization. Managers who are not providing recognition to their employees are running the risk of losing their talent. Given the competitive environments that most organizations operate in, and the central role that employees play in delivering or selling an organization's products and services, the price of ineffective recognition is incredibly high for an organization.

Jack Wiley, Ph.D.

A. As noted, being recognized by their manager is one of the five most important behaviors employees value in their direct line managers. To be sure, employees want to be recognized for their performance contributions — to be complimented and praised for their good work. But they also want to be recognized for their efforts, passion and abilities. Managers who understand this are much more effective not only at showing appreciation for employee performance output but also in affirming the value of the employee.

So, what happens when managers cannot pull this off? When they flub at recognition? Quite simply, they are suppressing employee engagement, team relations and team performance, all of which is related to their ability to attract and retain the highly talented subordinate employees needed to achieve their objectives.

Let me be more specific. Our research into the topic of managers who are effective vs. ineffective at recognizing employees is incredibly revealing. Here is what we learned: Managers effective at recognizing employees are 1) four times more likely to be rated as competent at managing the work, that is, making appropriate work assignments, setting priorities and scheduling; 2) four times more likely to be rated as competent at people management, that is, to be effective in dealing with subordinate employees; and 3) four and a half times more likely to be rated as an outstanding leader in an overall sense.

One might argue that employee ratings of manager performance are biased and full of measurement error. However, leading researchers in the 360 degree and upward feedback space argue that due to the direct and regular contact employees have with their managers, employees may be in the best position to evaluate their performance and behavior. Not only do employees have this firsthand experience with their managers, but also research has shown their upward "feedback" is highly accurate.

Simply stated, managers who are incompetent in providing deserved recognition are operating as a "governor" that limits workforce engagement, team performance and—accrued across the enterprise—overall organizational performance.

Q. What are your recommendations for organizations that want to improve the career experience by making their managers more effective at providing recognition and delivering what employees want?

Charles A. Scherbaum, Ph.D.

A. There are three core recommendations that I would make. The first recommendation is that, it is not possible to improve the career experience and managerial effectiveness in recognizing and delivering what employees want unless there is a system in place that can measure recognition effectiveness and what employees want. On the recognition side, we have developed an index of recognition effectiveness called the recognition quotient, or RQ score. This score combines data on managerial recognition behavior with employees' experience receiving recognition from their manager. The RQ score can be used to proactively identify which managers are ineffective at recognition and have the potential of creating disengaged and lower-performing employees. Our research has shown that managers with RQ scores in the top quartile produce approximately 7% better sales results and 6% better productivity than those in the bottom quartile of RQ scores.

The second recommendation is that managers need opportunities to develop their skills at providing effective recognition and delivering what employees want. Many managers were first promoted based solely on their high levels of technical competence. Although some of these managers also have high levels of managerial and interpersonal competence, a good number have average to low levels of these competencies. Moreover, they never receive development or coaching on managerial or interpersonal competence once in a managerial role. As a result, they often struggle with the interpersonal aspects of the manager role, such as providing feedback, developing others, providing recognition and motivating employees. The good news is that these competencies can be developed. In our research on recognition effectiveness, we have found that learning and development opportunities that are brief, personalized to the specific developmental needs of the manager and behaviorally focused can lead to improvements in recognition quality and business results.

The third recommendation is that organizations need to hold their managers accountable for providing effective recognition to their employees and delivering what they want. For many managers, the daily routine of non-stop meetings and aggressive deadlines and goals leads to many important parts of the job falling by the wayside. Generally, anything that is not directly related to a performance goal or explicitly expected by one's manager is forgotten. In our research, we have found that recognition is often one of those parts of the job that is neglected. This is particularly unfortunate, as recognition is one of the most effective tools at a manager's disposal for engaging employees and driving organizational success. Our work has also found that when senior leaders communicate the importance of recognition and the expectation that managers provide effective recognition, there is an appreciable increase in the occurrence of recognition and the use of tools aimed at improving its effectiveness.

Jack Wiley, Ph.D.

A. Let's start with the facts. Recent surveys of representative samples of workers in the United States and Canada included this item: *My manager provides me with recognition or praise for doing good work.* What do we know? In the United States, across all industries, 75% of employees agree or strongly agree that their manager recognizes their good work; 13% disagree or strongly disagree. The corresponding figures from Canada are 65% and 19%. The good news is that most employees are receiving performance recognition from their managers. The bad news is that, even allowing that the performance of some subordinates is not recognition-worthy, managers are still less than optimal in providing recognition. When we sum the percent of neutral (neither agree nor disagree) and unfavorable responses, we find that about one-quarter (United States) to one-third (Canada) of employees report a recognition deficiency.

What's lacking? If it is about managers being unaware, education is key. If it is about managers being unskilled, then training, as in behavioral modeling, could be a spot-on solution. If it is about organizations not providing the tools managers need, then an investment in recognition tools may be warranted.

It is preferable to start with root-cause analysis before recommending a treatment plan. But even so, our experience tells us that there are common reasons managers are not rated as effective at providing recognition: 1) Managers have not clearly communicated what constitutes good performance, and without a standard, it may be hard to know what the manager perceives to be good performance; 2) recognition occurs, but is done poorly; and 3) recognition is late, which represents, of course, a way of doing recognition poorly, and certainly, a missed opportunity on the part of the manager. Managers can improve their recognition performance by 1) asking employees for feedback on their recognition practices, 2) committing to making informal recognition a habit and 3) tailoring recognition practices to the needs and interests of individual employees. For the last point, we know that not all employees want to be recognized in the same way. Managers may be missing the boat by applying recognition practices in a way that doesn't fit well with the needs and interests of a given employee.

Engage2Excel helps organizations create unique career experiences from pre-hire to retirement. We understand what employees really want, because we look at the entire career lifecycle through a scientific lens. We conduct original surveys, validate best practices from our client base of 2,700+ organizations and rely on over three decades of groundbreaking research by our chief scientific officer, Jack Wiley, Ph.D.

Engage2Excel's industry-leading solutions for recruitment, employee recognition and engagement surveys are tailored to each client's unique business objectives and are designed to help clients increase competitive advantage and improve bottom-line results.

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