

# RECOGNITION CAN TAKE YOU TO THE MOON

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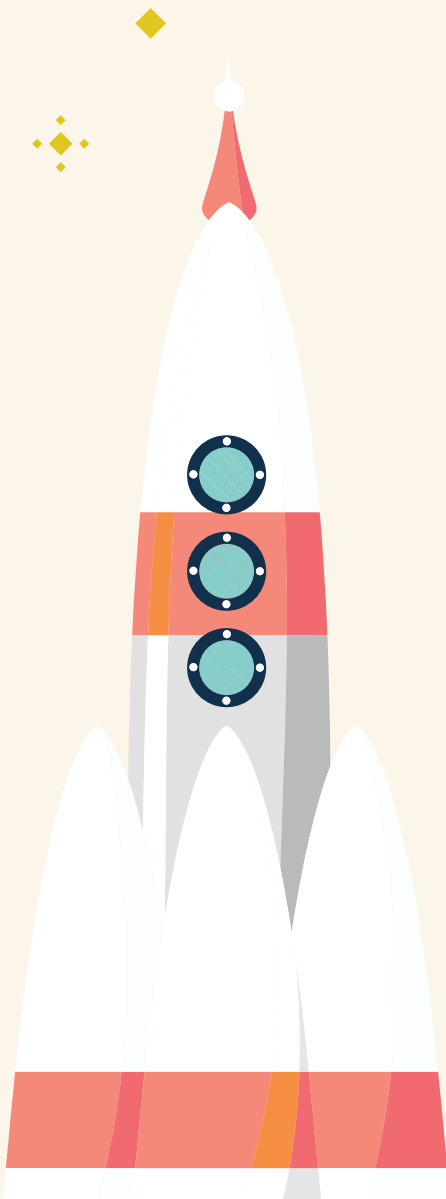


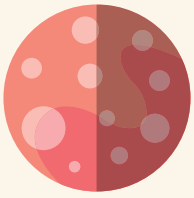
## THE JANITOR AND APOLLO 11

In 1962 John F. Kennedy was touring NASA headquarters. During his tour, he encountered a janitor with a broom, approached him and asked him what he was doing. “Well, Mr. President,” the janitor responded, “I’m helping put a man on the moon.” It’s a small story that paints a big picture.

That kind of connection to a larger purpose is something we all want for ourselves, and that all employers should want for their employees. Unfortunately, the anecdote of the janitor is so remarkable because it’s the exception, not the norm for many employees.

In this article, we’ll explore some of the things employers do that unwittingly undermine their employees’ connection to a larger purpose and some of the actions that can be undertaken to foster a deeper connection to the company and their peers.





## A QUICK WAY TO GET SOMEONE TO STOP DOING SOMETHING THEY LOVE, PAY THEM MORE

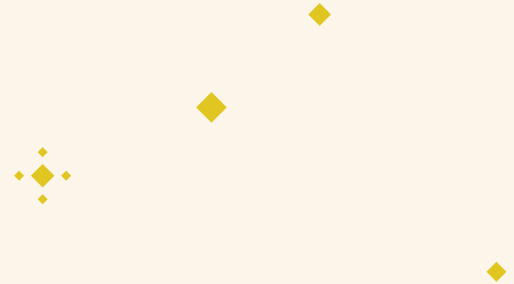
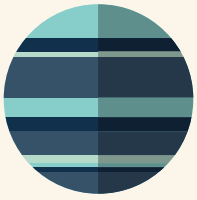
Whether it's shovelling a neighbour's sidewalk, holding a door, picking up a piece of trash, or going that extra mile at work, we've all taken the time to perform small altruistic acts for strangers and have enthusiastically invested ourselves in our work. Why? Because it makes us feel good to do something nice for others, it feels good to take pride in what we do and it feels good to contribute to a larger vision. And when an individual is rewarded with a simple thank you, they will be far more likely to repeat that behaviour. Conversely, if you were to pay someone for engaging in the behaviours described above behavioural science suggests you would actually deter an individual from performing the tasks, and in fact, you can inadvertently corrupt the most powerful motivator of all – an individual's intrinsic motivation.

This is an area that has been studied extensively and the studies are conclusive. "Crowding out" is the concept that you're far less likely to engage in behaviours that are monetized or incentivized with extrinsic motivators. Any Psych 100 student can tell you about the famous puzzle experiment and the concept of crowding out<sup>1</sup>. Two groups were given a choice between reading magazines and solving a puzzle. In the first session, neither group was paid to do anything. In the second session, one of the groups was given a dollar for every puzzle solved and in the third session, no one was paid for either task. In that session, the group that was remunerated for working on the puzzles didn't want to solve any, whereas the group that hadn't been remunerated continued to work on the puzzles with the same engagement levels as they had before. Solving the puzzles – an activity that was intrinsically engaging to start with – lost its appeal when remuneration was given, and then taken away.

This study has been replicated thousands of times, sometimes subjects are incentivized with money, sometimes it's marshmallows and behavioural scientists have used pretty much everything in between, but the results don't change. When we're intrinsically motivated to perform a task and an extrinsic reward is introduced, our intrinsic motivation decreases by roughly 25%. When we're incentivized, meaning we know in advance a reward will be coming our way, our motivation drops even further, by 36%.

Introducing extrinsic motivation can have further negative ramifications on an individual's creativity and problem-solving capabilities as well. In the book, *Drive* by Daniel Pink<sup>2</sup>, he describes the candle problem. It's a creative problem solving task, where subjects are given a pack of matches, a box of thumbtacks and a candle. They must affix the candle to the wall in a way in which it won't drip wax on the table. The only solution to the problem is to empty the box of thumbtacks, affix it to the wall using a tack and then place the candle inside it. When subjects in this study are monetarily incentivized to complete the task as quickly as possible, they perform far worse than subjects who aren't incentivized at all. The introduction of extrinsic motivation resulted in decreased performance, motivation, and creativity.

**“YOU'RE FAR LESS LIKELY TO ENGAGE IN BEHAVIOURS THAT ARE MONETIZED OR INCENTIVIZED WITH EXTRINSIC MOTIVATORS”**



## YOUR EMPLOYEES DON'T WANT YOUR MONEY (at least not as much as you think they do)

An expert in the field of behavioural sciences, Tomas Chamorro-Premuzic, synthesized more than 120 years of research from more than 92 studies and came back to the conclusion that there is only a very weak correlation between job satisfaction and an individual's salary, in fact, it's less than 2%. In other words, how people feel about their job has very little to do with their salary. And Gallup agrees<sup>3</sup>. As a group, employees who make seven figures a year are no more satisfied with their jobs than those who make five figures.

What's interesting is that despite the overwhelming data, most businesses haven't seemed to catch on. A study from the Saratoga Institute<sup>4</sup> looked at more than 19,000 exit interviews. When they asked the managers or supervisors why their employees had quit, nearly 90% of the supervisors cited reasons related to remuneration. In nine out of ten instances, they believed their employees quit to pursue a job with a larger salary. On the other hand, 88% of employees said clearly that their reasons for leaving had nothing to do with their salary. The data on this issue is pretty cut and dried. In most instances, people choose to leave their current position because of poor leadership from the person they report directly to.

That's not to say that money doesn't matter. It does. Just not in the ways we're used to talking about it. Organizations spend an inordinate amount of time talking about how to fairly compensate employees and building extensive and complex compensation packages with convoluted systems for long term incentives (LTIs) and short term incentives (STIs). What these systems fail to recognize is that the money is a psychological symbol, not a rational one.

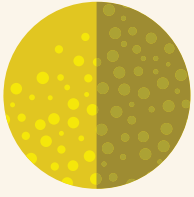
Money is in many ways a token of appreciation. It symbolizes how much an organization values you and your contributions. If an employee feels like their remuneration isn't in line with the value they create for the organization they're likely to feel unappreciated.

**“WHAT EMPLOYEES REALLY WANT. ONCE THEY FEEL THEY ARE COMPENSATED FAIRLY. IS TO BE APPRECIATED PERSONALLY AND PROFESSIONALLY BY THE COMPANY AND THEIR MANAGER”**

What employees really want, once they feel they are compensated fairly, is to be appreciated personally and professionally by the company and their manager. The power of a simple thank you, is highlighted by a series of studies by Adam Grant and Francesca Gino<sup>5</sup>. They found, in each study that a simple expression of thanks by someone in authority led people to be more likely to volunteer for extra work. Their research shows that this happens because the simple act of being thanked makes individuals feel more valued, and in some of these studies it also increased feelings of self-efficacy (essentially, the perception that they were making a bigger impact on the world around them).

This directly aligns with the concept, definition, and goal of Employee Engagement which is described by Kevin Kruse in his work on employee engagement and corporate culture as follows: *Employee engagement is the emotional commitment the employee has to the organization and its goals.* Kevin further elaborates on his definition that when an employee is engaged, the company's success feels like their success.



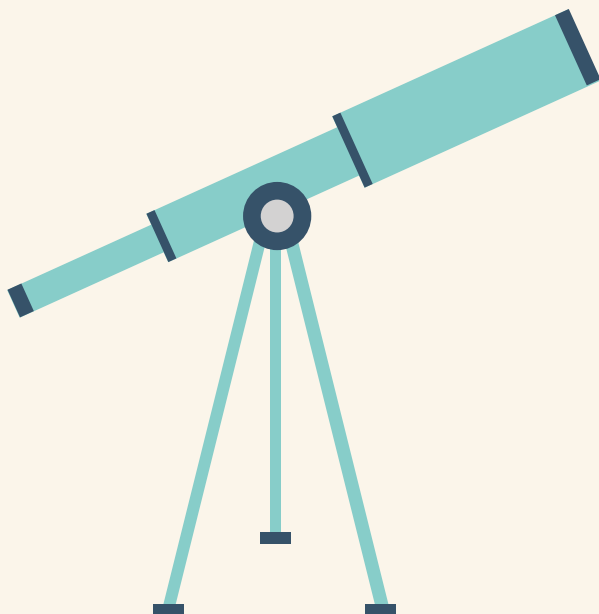


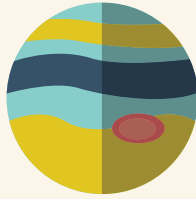
## THE IDEAL EMPLOYEE IS AN ENGAGED ONE

Engagement is the term that every large organization uses and strives to embrace. Some of the best ones even try to measure it. Time and time again, levels of employee engagement are linked to overall corporate profitability and success. Employees who are engaged are less likely to leave and they consistently outperform their peers, add innovation and drive company culture. In short, they are the kind of employees that every growth-focused organization needs populating their ranks, to be more successful.

An engaged employee is one who is absorbed and enthusiastic about their work – they are intrinsically motivated. When employees are intrinsically motivated, they are three times more engaged than their peers. That’s from a study of more than 200,000 public sector employees, who all reported higher levels of engagement when they felt intrinsically motivated by their work as opposed to extrinsically<sup>6</sup>. It’s a loud signal that it’s time for every CEO and HR director to start rethinking their company’s reward, incentive, and bonus structure. Employees who are primarily focused on reaping financial rewards will be less focused on things like learning new skills, intellectual curiosity, and the satisfaction of a job well done. All the things that help people and companies perform at their best.

“EMPLOYEES WHO ARE ENGAGED ARE LESS LIKELY TO LEAVE AND THEY CONSISTENTLY OUTPERFORM THEIR PEERS. ADD INNOVATION AND DRIVE COMPANY CULTURE”





**“AMONG THE MOST MOTIVATING FACTORS AT WORK, RECOGNITION, PEER PRAISE AND PRAISE FROM MANAGERS WERE ALL RANKED AS EXTREMELY MOTIVATING. WHAT DIDN'T MAKE THE LIST? REWARDS, GIFTS, AND MONETARY INCENTIVES”**

## HOW TO FIND AND FOSTER INTRINSICALLY MOTIVATED EMPLOYEES

Now that we've established that the ideal employees, the ones you want your organization to attract and retain, are the ones who are intrinsically motivated and engaged, let's look at how organizations can create a culture that fosters that kind of environment.

In a Workplace Dynamics study with more than 1.6 million responders<sup>7</sup>, appreciation ranks second, only behind whether employees agree with their organization's overall direction. In short, people want to buy into the larger mission of the corporation and they want to feel like the efforts they invest to help fulfill that mission are appreciated - just like that NASA janitor. In another study published in Psychology Today<sup>8</sup>, detailing what employees found most motivating, appreciation ranked at the top. Among the most motivating factors at work, recognition, peer praise and praise from managers were all ranked as extremely motivating. What didn't make the list? Rewards, gifts, and monetary incentives.

**“EMPLOYEES AREN'T MOTIVATED OR ENGAGED BY MONEY OR REWARDS. THEY WANT TO BE INSPIRED AND THEY WANT THEIR EFFORTS TO BE APPRECIATED”**

Science paints a very clear picture. Employees aren't motivated or engaged by money or rewards. They want to be inspired and they want their efforts to be appreciated, which begs the question, why are companies so focused on writing cheques and pushing rewards when what employees really want is for someone to just say thank you? The answers are complex. But in part, it's because many organizations believe developing a culture of appreciation requires a large scale shift - something that seems time and resource intensive. Handing out rewards and awards seems a lot easier, controllable, tangible and measurable; they seem linear and straightforward to implement whereas engaging with people's feelings is a far more nuanced, but ultimately more effective, approach.

## SOMETIMES REWARDS MAKE SENSE

In an ideal world, every business would populate its ranks with employees like the janitor in the opening anecdote: individuals who are motivated by their connection to a larger purpose and who easily connect the dots between their efforts and the larger mission. Unfortunately, it's not necessarily the reality of today's corporate landscape. Many people are in jobs that are nothing more than a means to an end. In those situations where intrinsic motivation is lacking, rewards have a purpose. The key for businesses is to understand which tasks, and which employees, require what sort of motivation. Diligence is required to ensure rewards are used where they won't be crowding out the existing intrinsic motivation of employees and creating new entitlements. And it's not always an 'all or nothing' scenario. Rewards and recognition can be used together when there is a clear and consistent strategy. If rewards are used, they should be a microbenefit or custom reward so they remain secondary to recognition. This helps remove the extrinsic trap.

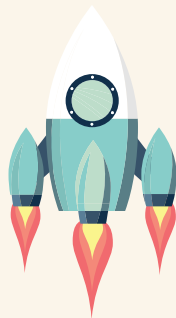


“DILIGENCE IS REQUIRED TO ENSURE REWARDS ARE USED WHERE THEY WON'T BE CROWDING OUT THE EXISTING INTRINSIC MOTIVATION OF EMPLOYEES AND CREATING NEW ENTITLEMENTS”

## SUMMARY

Every business has its version of the Apollo 11 moon landing. Whether it's to revolutionize an industry, increase revenues, or take over a new market, every business has a larger mission and a larger purpose. Sharing that with employees and allowing them to be part of it is the first half of the equation. Focused and consistent communication is essential to share, excite and align a team to the bigger corporate goals, values, and vision. The second half is to make sure their efforts along the way are acknowledged and aligned to the corporate goals, values, and vision. If we revisit the opening anecdote, almost as remarkable as the janitor's answer is the fact that the President of the United States of America stopped to acknowledge his efforts. Employees want to be connected to the larger purpose, but they also want their work and contributions to be acknowledged and appreciated, no matter how small. All you need to do is define and communicate your moonshot and then praise your team along the journey for their help.

“EMPLOYEES WANT TO BE CONNECTED TO THE LARGER PURPOSE. BUT THEY ALSO WANT THEIR WORK AND CONTRIBUTIONS TO BE ACKNOWLEDGED AND APPRECIATED. NO MATTER HOW SMALL”



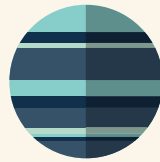
# KEY TAKEAWAYS

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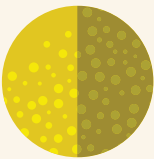
## YOU SHOULDN'T REWARD YOUR EMPLOYEES FINANCIALLY FOR WORK THEY ALREADY ENJOY DOING.

If you introduce financial rewards to employees who are intrinsically motivated, you'll diminish their motivation. Use recognition to reinforce your company's goals, values, and vision with each employee.



## THERE ISN'T A STRONG CORRELATION BETWEEN JOB SATISFACTION AND PAY.

Job satisfaction is linked to how connected employees feel to their company's overall purpose and how appreciated they feel in their role by their direct manager and peers. Their salary has next to nothing to do with job satisfaction.



## YOU WANT YOUR EMPLOYEES TO ENJOY THEIR WORK.

Employees that are intrinsically motivated or enjoy their work for its own sake, are much more likely to be innovative and to be engaged. As all the studies clearly show you can best nurture engagement with timely and meaningful notes of recognition and appreciation.



## APPRECIATION FOSTERS A CULTURE OF INTRINSICALLY MOTIVATED PEOPLE.

Employees would rather be appreciated than rewarded. They want acknowledgment from their peers and their boss, not gifts or monetary rewards.

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- <sup>3</sup> R. Wagner, J.Harter (2008) Gallup Business Journal, *The Problem of Pay*
- <sup>4</sup> R.Mayhew, (2017) Small Business Chronicle, *High Turnover Because of No Recognition*
- <sup>5</sup> Journal of Personality and Social Psychology (2010) [www.ncbi.nlm.nih.gov/pubmed/20515249](http://www.ncbi.nlm.nih.gov/pubmed/20515249)
- <sup>6</sup> N. Andersen, T.Murphey, A. Borsch (2016), Deloitte Review, *Nothing for Money*
- <sup>7</sup> B. Helbig, Business Journal, USA Today (2017) *Seven Insights on Why Gratitude Matters to Employees*
- <sup>8</sup> V.Lipman, Psychology Today, *Recognition Matters More than Money*



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## THE WORLD OF WORK HAS CHANGED.

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