

It Could Be You!
The Lottery of Operating an Employee Recognition Programme

By: Tina Kennedy

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National College of Ireland

Mayor Street, IFSC, Dublin 1

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Authorship Declaration

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of BA in HRM is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

By: Jim. Kennedy

Date: 29/7/04

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Abstract

Motivational theories and positive reinforcement theories stress the importance of recognition programmes as a motivational tool which enhances employee's self-esteem and confidence. Recognition programmes are comprised of a combination of formal recognition schemes and informal recognition activity. This research focuses on a recognition programme which operates in a manufacturing and shared service multinational company, and asks if the current programmes should be overhauled.

The research investigated the employee's views as to the motivational and commitment generating attributes of two current in-house formal recognition schemes and two formal schemes not in operation in the organisation. In addition, the study investigated the extent of informal recognition activity in the organisation and employee's perception of the motivational impact of these informal recognition techniques. The central hypothesis of this dissertation argued that employees would value informal recognition over formal recognition, as it is the recognition format which increases their intrinsic motivation and builds their self-esteem and confidence.

The research did not concur with this hypothesis. Employees believed that a recognition programme that comprises both forms of employee recognition is the format that increases their motivation and enhances their self-esteem. The results also indicated that an employee's position in the organisation predisposes one's preference for different formats of employee recognition. Surprisingly the results also indicated that one's gender indicates a preference for the different employee recognition formats. The research concluded that the organisation should reinvest in its recognition programme and that further analysis is required in relation to the job characteristics and personal variables of employees in order to investigate the gender findings.

Chapter 1- Introduction to Literature Review

To Recognise or not to Recognise!

Mary Kay Ash, founder of Mary Kay Cosmetics claims “there are two things people want more than sex and money ... recognition and praise” (as cited in Nelson, 1994:9). Is Ms Ash over exaggerating or did her understanding of her employees need for ‘recognition’ help shape her company as one of the world’s largest direct suppliers of beauty products? It is well understood that children are nurtured and developed by parental praise and recognition, so why is it then as adults or indeed as employees, that the role of recognition is so undervalued. In the modern workplace, employee recognition is an important, though often overlooked and often misapplied element of the employment relationship. Charles Handy argues that because most organisations are ‘timetable organisations’¹ “good work is unnoticed work ... and... it is bad work which is noticed – noticed and penalised”.

This dissertation will focus on the need to notice good work; the power of acknowledgement, which is known as employee recognition and is normally implemented via organisational recognition programmes. The decision to focus on employee recognition arose following discussions with a senior Human Resource Manager on the opportunities to motivate and energise well-paid employees but without incurring costs. Employee recognition appeared to fulfil both criteria; it is one of the cheapest motivational tools an organisation can apply (Nelson, 1994; Rose, 2001; Wright, 2003).

The sample organisation operates many different recognition schemes, but the schemes are not linked together in a coherent explicit programme and it is operating with a ‘lottery’ ability to satisfy and motivate employees. This dissertation will focus on the role of these recognition schemes, explore their effectiveness in the modern Irish workplace and investigate whether it is worthwhile for the sample organisation to reinvest in its recognition programme. This dissertation will aim to identify which form of recognition, that is formal (programmes identified in the organisation’s rules and procedures) or informal (the discretionary and appropriately timed ‘thank you’) are deemed more important by the sample employees and by implication more

¹ Organisations operate rules, procedures, regulation and systems which all employees need to conform with but which the organisation needs to police to ensure this conformity

beneficial for the sample organisation. To direct our study towards this fundamental question, this research will have the following objectives;

- How are the current formal recognition schemes, which operate in the sample organisation; that is the 'long service' awards and the 'perfect attendance' scheme, perceived by the sample organisation's employees? Do these formal schemes make employees feel more motivated and committed to the values of the organisation?
- How would the more culturally diverse forms of formal recognition (such as 'Employee of the Month' and 'Employee Suggestion' schemes) transfer into the sample organisation? Would these schemes make employees feel more motivated and committed to the values of the organisation?
- How do the employees rank different forms of informal recognition as motivational drivers and how are such discretionary management techniques applied in the organisation?
- Applying generic arguments for employee recognition, explore which form of recognition, if any, is more valuable for employees and the organisation.
- What section of employees, react more positively to recognition? Does gender, education, role in the organisation and service of employee dictate a preference for different forms of employee recognition?

Unfortunately the scope of this investigation will only permit an assessment of employee's perception of employee recognition in the sample organisation. Exploration of why employees perceive formal and informal recognition in such a way is beyond the scope of this dissertation and understanding of employee's perception can only be surmised in light of the literature review. Furthermore, the scope of this dissertation is limited by the shortage of any real academic debate on the importance of employee recognition. The importance of employee recognition is stressed in motivation theories and positive reinforcement theories, however from a managerial perspective employee recognition is synonymous with reward and the focus is primarily on reward, particularly monetary reward. Scott and McKee (2002) also noted this problem and referred to it as a disconnection between practitioner literature and academic literature. Davidson as cited in Scott and McKee, believed that this academic vacuum, results in an ambiguous concept of employee recognition

with little theoretical emphasis. This researcher was unable to find any model on employee recognition, with established relationships between recognition inputs and resulting recognition outputs, especially in relation to employee behaviour and was very disappointed to find no proven questionnaire/survey tool on employee recognition, particularly after conducting an extensive literature, e-journals and web review.

Despite the absence of academic literature on employee recognition; motivational theories, positive reinforcement theories, management gurus and consultants alike stress the importance of this managerial technique. Phillip B. Crosby captures the essence of the contribution of employee recognition to the employment relationship by stating, "genuine recognition of performance is something people really appreciate. People really don't work for money. They go to work for it, but once salary has been established, their concern is appreciation", as cited on the North Carolina State government's Employee Recognition web-site. This dissertation will explore the concept of employee recognition by providing definitions, discussing behavioural theories that emphasise its importance, debating arguments on the benefits of employee recognition for employees and organisations, identifying the different types of employee recognition and exploring the application of employee recognition in the sample organisation.

Chapter 2- Literature Review

Who, What, Where, When, Why and How to Recognise!

Hale and Maehling as cited in Rose (2001:1) define recognition as “a broad, all encompassing process that boosts employee self-esteem and builds an environment of trust, respect, and independence throughout the company. [It] can be formal, informal or day to day... [it] is an action or activity, and as such, it is non-monetary”. Pitts as cited in Rose (2001:1) sees recognition as “the demonstration of appreciation for the level of performance, an achievement or a contribution to an objective. It can be confidential, public, casual or formal. It is always in addition to pay. In general terms, reward is the pay and recognition is the handshake”. Recognition is an underlying factor in motivation theory, positive reinforcement theory and is concerned with the concept of esteem, both self-esteem and esteem from others.

In relation to recognition in the workplace, content theories of motivation are important because these theories focus on the goals to which people aspire, that is, what are the main motives of people’s behaviour and how these motives can be applied in the workplace to satisfy individual needs and achieve business objectives. Abraham Maslow’s motivation theory argues that motivation is the fulfilment of a hierarchy of needs, where biological and safety needs to be fulfilled first, followed by the need for love and esteem and ultimately an employee will aim for self-actualization. Once lower levels needs are satisfied, people have an innate desire or motivation to achieve the next level of needs. Recognition falls within the remit of *esteem needs* (or more particularly the second component of esteem). Maslow argues that ‘esteem’ takes two forms;

- Self-esteem or self respect which Maslow argues is “the desire for strength, for achievement, for adequacy, for mastery and competence, for confidence in the face of the world and for independence and freedom” (cited in Steers and Porter (1979:44))
- Recognition or the esteem of others, “that we may call the desire for reputation or prestige (defining it as respect or esteem from other people), status, fame and glory, dominance, recognition, attention importance, dignity or appreciation” (cited in Steers and Porter (1979:44)).

In relation to the workplace, salary (assuming it is sufficient and in Ireland minimum pay legislation endeavours to ensure salary is sufficient) enables an employee to fulfil

biological and safety needs whereas recognition is a higher need for employees. Research by Appelbaum and Kamal (2000) concluded that their variables studied (job enrichment, employee recognition, internal pay equity and the use of skilled managers) are more effective, in retaining and motivating employees in small business, when supplemented with an income that allows employees to meet physiological and security needs for themselves and their families. In relation to recognition, they found that recognition does have a significant effect on job satisfaction; but recognition had to be tested with household income in order to reach this conclusion, that is, in their studies household income was a moderating variable in the effectiveness of recognition on job satisfaction. They concluded that their findings relate directly to Maslow's theory on hierarchy of needs in that if an employee is unable to meet basic security and physiological needs, then fulfilment of esteem is irrelevant.

Huczynski and Buchanan cite Ritchie and Martin's (1999) research into "motivational drivers". They developed a questionnaire which they issued to 1,355 managers and other professionals, from many nationalities, results of which identified twelve motivational drivers and ranked the perceived strength of each driver. Recognition was ranked the third most important need for the sample population (after interest and achievement) and 'money and tangible rewards' was only ranked ninth. Although their approach has many flaws, in that the sample group was not very representative and their techniques were more inclined to subjectivity rather than objectivity, their findings do reinforce the importance of recognition to employees and more importantly the need for recognition among employees.

Hertzberg argues that recognition falls within the remit of "motivator factors" that is, it is an aspect of work that leads to high levels of performance, motivation and job satisfaction. Hertzberg identified other motivators as achievement, advancement, growth, responsibility and the work itself. All of these factors relate to the content of the job (as opposed to hygiene factors which relate to the context of the job). Recognition and achievement are closely aligned motivators, in that achievement is reinforced by the act of recognition or indeed recognition not related to achievement devalues the act of recognition. Hertzberg *et al.* (1959) as cited in Rose (2001:4) claims 'a feeling that you have achieved and a feeling that you have been recognised

are the two most frequent feelings that are associated with an increase in job satisfaction'. For recognition to be effective, it needs to be appropriate and genuine. Recognition is often misused as a manipulative tool, the purpose of which is to mollify employees (employees are very cynical of such approaches). Every endeavour should be made to ensure that recognition programmes and the resulting praise are not generalised, out of proportion or for regular performance. Handy (1999:104) argues that "the praise, the stroking and the rewards for achievement must all be truly felt and be based on truly good results".

Steers and Porter (1979) argues that positive reinforcement and its application in the modern workplace, where performance standards are set and achievement of such standards can be enhanced by the use of positive feedback and recognition, has its genesis in the work of Skinner (1953). They argue that theoretically an employee's desire for recognition and positive feedback "will in large measure motivate him or her to perform satisfactorily in anticipation of such rewards" (1979:148). Consequently, in relation to recognition, the implications for management, is that if employees are doing a good job they should be informed of this and that good behaviours can only be reinforced if employees are recognised for such behaviours. Charles Handy refers to positive reinforcement as "*the stroking formula*" and he argues that because people are all innately insecure, we all respond positively to 'being stroked' and that the resulting consequences of stroking are more effective and lasting than the outcomes of penalising people. In the modern workplace recognition has evolved into a more fundamentally subtle managerial technique. Bob Nelson argues that recognition is important because "managers have fewer ways to influence employees and shape their behaviour. Coercion is no longer an option; managers increasingly must serve as coaches to indirectly influence rather than demand desired behaviour" (1994:xi). However there is a cautionary element with regards to recognition as a form of behaviour modification in that recognition used excessively actually tends to diminish motivation (La Motta (1995), as cited in Rose). Furthermore, Daniels (1999) argues that the very format of recognition programmes means that there is a delay between the behaviour being rewarded and the recognition and as such the recognition is 'arbitrary'. He is particularly critical with the formal 'Employee of the Month' schemes and believes they are strewn with multiple

negative reinforcement errors. These schemes create losers², are counter-productive to teamwork and devalue the employee's actual achievement in that the award often becomes a "pass-around" award where the reality between performance and award is eliminated.

Employers can recognize employee's contribution through both intrinsic and extrinsic rewards. Intrinsic rewards are the outcome of an action, which is within the control of the individual, for example feelings of accomplishment or satisfaction. To quote Huczynski and Buchanan, "intrinsic rewards are valued outcomes or benefits which come from within the individual such as feelings of satisfaction, competence, self-esteem and accomplishment" (1985:256). Extrinsic rewards are the outcomes of actions, which are within the control of others, for example work bonuses and recognition. Huczynski and Buchanan define extrinsic rewards as "valued outcomes or benefits provided by others, such as promotion, pay increases, a bigger office desk, praise and recognition" (1985:256). Employers should understand that recognition can enhance and reinforce intrinsic rewards for employees, so employees will gain both self-esteem and esteem from others. More importantly, recognition applied in the right circumstances can increase employee's intrinsic motivation to perform uninteresting activities. McLoyd (1979) as cited in Baer *et al.*, demonstrated that offering a 'Good Reader Award' increased children's intrinsic motivation to perform an uninteresting activity. In addition, Loveland and Olley (1979) also cited in Baer *at al.*, showed that a 'Good Player Award' significantly boosted intrinsic motivation among participants who initially showed little interest in performing an activity.

It must be emphasised that recognition utilised as an employee motivator and behaviour reinforcer is subject to personal perception, intrinsic motivation and the employee's actual role in the organisation. Significantly, it is imperative for organisations to ascertain which employees will value recognition most and consideration of this issue is cognisant of the former personal variables. Herzberg believed that recognition was regarded as more important by senior people within the organisation. Assuming that senior roles are the more complex roles in organisations,

² They create situations where "one person's success limits another's" success, behaviour and performance)

Oldham & Cummings (1996), as cited in Baer *et al.*, apparently dispute this view. They argue that when jobs are complex, individuals tend to be motivated and intrinsically satisfied with the role activities inherent in their job and are enthusiastic about performing the job for its own sake. Hence recognition is of minimal important to senior people and it is not a requirement for motivation and job satisfaction. In addition, Deci and Ryan, (1985), as cited in Baer *et al.*, applying Cognitive Evaluation Theory, argue that offering extrinsic rewards (inclusive of recognition), to employees who perform complex jobs that produce high intrinsic motivation for these same employees, should actually act as an inhibitor on these employee's self-motivation, as they will begin to perceive their job as a means to gain an extrinsic reward rather than appreciating the stimulating complexities of the role itself. However, in the modern workplace, recognition of senior personnel is still vital as it fulfils more than motivational and job satisfaction needs of this staff grouping; recognition helps senior personnel align themselves to the values and vision of the organisation and ensures retention of senior personal who are necessary for the success of the organisation. Steven Berglas (1996) argues that entrepreneurs and senior personnel drive their careers by the need for intrinsic rewards and writes of the phenomena of executives who leave established companies (and established compensation) for the "sweat equity" of a start-up company, that is the recognition of being part of the vision of this company. Likewise, Jack Welsh, former CEO of General Electric, wrote that he was persuaded to remain with General Electric, by a higher executive, Gutoff, on the morning of his going away party, because "Gutoff's recognition – that he considered me different and special – made a powerful impression" (2001:25).

Despite Herzberg's personal beliefs, studies conducted by him into other researchers work made him (1968) conclude that is the employees in the lower positions in an organisation who value recognition most. These studies have been supported by other studies. Hackman and Oldman (1980) as cited by Baer *et al.*, argued that employees performing simple roles generally do not receive any feedback and believe their roles to be insignificant in the greater organisational scheme, and in such cases extrinsic rewards, including recognition and feedback enhance intrinsic motivation. Furthermore, Hackman and Oldman argued that employees in such jobs, engage with extrinsic reward programs because by doing so they are able to exert personal control at work, an attribute that is normally lacking in simple roles. This argument is further

supported by Kluger & DeNisi (1996) as cited by Baer *et al.*, in their “Feedback Intervention Theory” as they argue offering extrinsic rewards, including recognition is a form of feedback information which is very important and valuable to employees performing simple tasks.

Consideration of employee’s cognitive working style is another important variable in the debate as to which employees find recognition more motivating. Kirton’s (1994) Adaption-Innovation Theory, as cited in Baer *et al.*, argues that cognitive styles exist in a continuum, with individuals who have an adaptive cognitive style located at one end of the continuum and individuals who have an innovative cognitive style located at the opposite end. Adaptors are individuals who prefer to work with policies and procedures and adapt to such workplaces unquestionably, whereas innovators challenge the current agreed pattern of ‘doing’ to develop new approaches and solutions to problems. Adaptors and innovators differ in how they react to extrinsic rewards; adaptors response positively to recognition for their achievements and efforts whilst innovators are less dependant on recognition and rewards, as they are inherently stimulated by workplace challenges and complexities.

Baer *et al.*, 2003, conducted some research to ascertain the relation between extrinsic reward³ and employee creativity, as a function of employee cognitive style and job complexity. Their examinations were intended to test two hypotheses;

1. “As extrinsic rewards increased, employees in complex jobs would exhibit decreased creativity while employees in simple jobs would exhibit increased levels of creativity” (2003:578),
2. “As extrinsic rewards increased, (a) Innovators in complex or simple jobs would exhibit no change in creativity, (b) adaptors in complex jobs would exhibit lower creativity, and (c) adaptors in simple jobs would exhibit greater creativity” (2003:580).

Their findings supported Hypothesis 1, whereas Hypothesis 2 was supported on three of the four grounds; unexpectedly Baer *et al.*’s results discovered that innovators in complex jobs actually had a decrease in creativity as extrinsic rewards increased. So

³ Pay and recognition, with no distinction made between these rewards

in conclusion, their examinations indicated that extrinsic rewards were positively related to creativity for employees performing simple jobs and extrinsic rewards are negatively related to creativity for employees performing complex, challenging roles. However, the research further indicated that employee's cognitive styles impacted the effects of job complexity in the extrinsic reward-creativity relation. Extrinsic rewards are only beneficial to employees who have an adaptive style and perform in simple roles and in these situations, there is a strong, positive relationship between extrinsic rewards and creativity. As hypothesised by Baer *et al.*, employees who have an innovative style and who perform complex jobs are not affected by extrinsic rewards, whereas in employee style/job mismatch situations⁴, employees actually suffer from a decrease in creativity as extrinsic rewards increase.

The IBEC survey into recognition programmes argues that there are many reasons why an organisation should focus on recognition programmes;

- “It can be a low to no cost measure for the company to adopt,
- It creates a positive and innovative corporate culture,
- If properly targeted, it will focus staff attention on the strategic goals of the company,
- It builds the self-esteem and confidence of employees,
- It sends a clear message about what is desirable and valued in the organisation” (2003:62).

There is a general consensus among writers on recognition schemes that they are not expensive to administer and are an extremely value-added initiative for an organisation. Bob Nelson argues, “in tight financial times, rewards and recognition provide an effective low-cost way of encouraging higher levels of performance from employees” (1994:xi). Although McConnell, as cited in Appelbaum and Kamal, (2000) argues recognition programmes are perceived to be costly and non-beneficial to organisations and are often the first casualty in downsizing initiatives. La Motta (1995) as cited in Rose, found that only 4% of American companies could actually give any indication as to the cost of their recognition schemes. However, the typical

⁴ Employees who have an adaptive style and perform complex job and/or employees who have an innovative style and perform simple jobs

recommended expenditure is only .25% to 1% of payroll costs; Clive Wright (2004) Chair CIPD Reward Forum recommends 0.25%, Friedson (1985) recommends 0.5% to 1% and Rose's research (2001) reveals recognition programmes typically cost .5% of payroll. Furthermore Rose argues that 74% of his sample population agreed that recognition programmes provide very good value for money.

Anecdotal evidence would concur with the argument that recognition programmes create a positive and innovative corporate culture. As recognition schemes take many forms it is logical to conclude that no one size programme fits all, but that programmes should confirm and promote the organisation's culture. The IDS studies into recognition schemes described eight recognition schemes which all had a common objective of focusing on recognising and rewarding "desired actions and behaviour which are seen as being of benefit to the organisation" (1999:3). The aim of BT's recognition policy (as cited in IDS studies) is to "openly and spontaneously recognise behaviour and sustained achievement which reinforces the company's values, promotes outstanding performance and fosters continuous learning" (1999:3). However Baer *et al.* found the relationship between extrinsic rewards and employee innovation⁵ was complicated by issues of job complexity and employee's cognitive style and that an increase in extrinsic rewards does not necessarily produce an increase in innovation. Interestingly Rose (2000) argues that it is more common to find recognition programmes in businesses that involve high levels of customer interactions (as opposed to innovations), that is retail, hotel and catering, transport, leisure and transport.

Scott and Dow (2002) argue that practitioner literature often promotes that recognition programmes helps the organisation achieve its goals in relation to absenteeism (Boyle, 1995 and their own research), reduce turnover (Wallsten, 1998), increase job satisfaction (Wallsten, 1998) and improve performance and productivity (Schneier, 1998). Yet La Motta (1995), as cited in Rose, found that only one-third of companies could argue how effective their recognition programmes were and even these positive responses were inconclusive and vague. Nevertheless, the central tenet

⁵ They had taken creativity to mean "the production of ideas, products or procedures that are (a) novel or original and (b) potentially useful to the organisation" (2003: 570)

of IBEC's argument is true in that if employee recognition is appropriately developed and involves employees then it can focus employee attention on the strategic goals of an organisation. However employee recognition should not be confused with performance management and indeed Rose (2001) has cautioned about the direct link of recognition programmes and a 'predetermined target'.

Scholtes (1995) as cited by London and Higgot argues that recognition programmes do not work as there is no long term evidence as to their benefits, they create losers and cynics, and their creation undermines teamwork and creates internal competition. However the Japanese model of recognition programmes⁶, counteracts most of Scholtes' arguments. It is fitting to understand recognition programmes as a mechanism, which communicates to employees the desired behaviours and values of the organisation and consequently helps achieve the organisation's strategic goals. Gines, as cited in Appelbaum & Kamal (2000), argues that employee motivation can be nurtured in an organisation through recognition programmes which acknowledge behaviours that are congruent with long term objectives as well as activities that generate immediate results.

The argument that recognition programmes build self-esteem and confidence of employees has strong support in the theories of Maslow, Hertzberg and Handy's and esteem is an identifiable outcome of Hale and Maehling's (1993) definition of recognition. Heller and Hindle, as cited in Appelbaum and Kamal, claim recognition is a motivator because "the acknowledgement of achievements by senior staff members is motivational because it helps enhance self-esteem. For many staff members, recognition may be viewed as a reward in itself" (2000:737). The strength of this argument lies more in the consequents of the absence or inadequacy of recognition for employees. Maslow argued that lack of a satisfied need can affect people's health. In relation to esteem this is very pertinent. If an employee does not receive the recognition, respect and appreciation from others then inevitably an employee will become less motivated. But more worryingly this unfulfilled need can

⁶ They are not competitive, stimulate teamwork and celebrate even small improvements (Daniels 1999)

result in an emotional response with feelings of neglect, depression and anxiety. In the workplace this presents itself as absenteeism, turnover and low levels of employee morale.

In the modern workplace the importance of esteem is emphasised as a major component of reward in the Effort-Reward Imbalance (ERI) model. This framework has been developed to attempt to explain the relationship between work inputs and outputs (effort and reward) and employee health. This model makes 3 basic assumptions (Siegrist *et al.*, 2004);

- Effort at work is part of a reciprocal contract where rewards are provided in terms of salary, esteem and career opportunities including job security,
- Work contracts do not fully specify the symmetric exchange between requested efforts and given rewards,
- Individual differences and experiences are a major determinant in the outcome of the effort-reward imbalance⁷.

One of the most recent and exhaustive studies into the ERI model is the European comparison conducted by Siegrist *et al.*, 2004. The study revealed that significantly elevated ratios of poor health were observed among employees who have an imbalance between effort and reward and those who are characterised by a high level of 'overcommitment'.

Studies by Van Vegchel *et al.*, 2002, conducted investigative studies into the relationship between effort-reward imbalance and employee health or more particularly employee's poor health (exhaustion, physical symptoms and psychosomatic complaints). These studies were conducted among 167 health care workers⁸. These studies indicated that the effort-reward imbalance results (and hence employee's health) vary according to the specific rewards that were used. As hypothesised by the model, employees suffering the poorest health were those who reported both high efforts and low rewards. However interestingly the esteem component of reward had the strongest effect on employee health; that is employees

⁷ "People characterised by a motivational pattern of excessive work related commitment and a high need for approval (overcommitment) are at increased risk of strain from non-symmetric exchange" (2004:1485)

⁸ Healthcare being an area, which studies show, is changing rapidly since the early 1990s (Merllie & Paoli as cited by Van Vegchel *et al.*, 2002)

were not receiving the esteem they believed they were due in relation to their effort and so were suffering poor health.

It is obvious that recognition is multi-faceted, multi-purposeful and multi-formatted. For simplicity, recognition is primarily classified as informal or formal (Rose (2001), Nelson (1994), IBEC (2003)). Informal recognition is defined by Nelson as “spontaneous –rewards and recognition that can be implemented with minimal planning and effort by almost any manager” (1994:1). Opportunities for informal recognition can manifest themselves in many ways and management should respond and reward employees appropriately, in terms of employee’s preference and by matching the reward to the achievement. A caveat to the concept of informal recognition is that the process is optimised when managers are empowered to respond decisively to situations or employees whose behaviours, actions or performance merit recognition. Studies have revealed that employees value informal recognition more (Graham, as cited in Nelson, 1994; McCormick & Ilgen and Nelson as cited in Rose, 2001). Employees believe informal recognition to be more motivating (as opposed to formal recognition) because it is management initiated, it focuses on the immediacy of the recognition to performance and because it increases an employees’ sense of worth and accomplishment. From a company perspective informal recognition has multiple benefits; it reinforces the organisation’s required behaviours and performances, productivity can increase as employees are more motivated, and primarily it is a low to no-cost form of reward.

Formal recognition awards by virtue of their inception and format are the recognition schemes that receive the most focus by organisations. Some examples of formal recognition schemes include but are not limited to;

- Quality, Productivity, Production Awards,
- Employee of the Month/ Quarter/ Year Awards,
- Perfect Attendance Awards,
- Long Service (Company Anniversary) Awards,
- Sale Targets Awards,
- Customer Service Awards,
- Employee Suggestion Programmes,

- Safety Awards,
- Group/Team Awards.

Results from the IBEC Survey (2003), highlighted that almost half of the 432 respondents have reward or recognition schemes in place. This study highlighted that formal schemes are the most prevalent; the most popular recognition scheme is the 'long service award', with over 30% of the respondent companies operating service awards. The rewards offered under this scheme ranged from additional annual leave, to lump sum payments to one off gifts. The second most popular scheme was also a formal award; an employee of the month/quarter/year award. Studies have revealed that employees do not find formal programmes motivating, however they do have an important role to play in the wider organisational context in that they acknowledge company respected accomplishments (service, attendance, sales, etc.) and in turn generate commitment from employees to the organisational values. Furthermore they send an unambiguous message to organisational employees as to what behaviours and standards the company values (teamwork, quality, safety, etc.).

The foremost formal recognition scheme in operation in the sample organisation is the 'Service Awards' scheme. The objective of this scheme is to acknowledge the contribution of employees to the success of the company (in-house intranet). Employee's service is recognised and rewarded every five years with flowers on an employee's actual anniversary, an annual company function for all celebrants and a gift valued from €200 for the five year award and increasing in value until the €2,500 pinnacle award for twenty five years service. This scheme compares very favourably to other award schemes (IDS Studies (1999) reveal best reward for twenty five years service was £500) and last year cost the sample organisation €21,500 in gifts alone for 39 celebrants. The sample organisation's second most dominant scheme is the 'Perfect Attendance' Award. The objective of this scheme is to acknowledge and reward employees for achieving perfect attendance during the working year (in-house intranet). The scheme provides all employees, who have perfect attendance in the designated working year, with a congratulatory letter from their immediate supervisor and a gift token of €70. Last year this scheme costs the organisation €3,850. An obvious disadvantage of formal recognition schemes is the cost factor inherent in their operations, but what are the benefits for the sample organisation? Obviously both

schemes will achieve their explicit objectives but what, if any, is the return for the organisation from this investment. As highlighted, this dissertation will aim to explore if the above two formal schemes actually motivate employees and enable employees to feel more committed to the values of the organisation.

But what about other culturally diverse forms of formal employee recognition that the sample organisation currently does not operate; how motivationally susceptible and commitment fostering is the Irish cultural psyche to their introduction in the workplace. The concept of employee recognition is rooted in American human resource techniques of behavioural management intervention and as such can it be transported to other cultures with the same cause and effect? Studies by 3 American professors namely Welsh, Luthans and Sommer in one of Russia's largest and most renowned weaving mills found that the use of improved behavioural management techniques⁹ had a positive impact on productivity. However Bill Termini, vice president of sales for Hinda Incentives¹⁰ stresses the importance of the nuances of cultural diversity and sensitivity in structuring global recognition and reward programmes and claims his company has developed a network of strategic partners to gain 'multicultural know-how' in order to develop culturally appropriate recognition and reward programmes. From an Irish perspective, where culturally we have an ambivalence towards achievement (Dineen & Garavan as cited in Tiernan *et al.*(1996)), it is logical to conclude that an award that includes an act of public acknowledgement, especially in front of peers, is more likely to embarrass rather than motivate a candidate. As indicated in Chapter 1, this dissertation will explore how these Irish employees react in terms of motivation and commitment to America's most popular form of employee recognition, the 'Employee of the Month' scheme (Daniels, 1999). As already highlighted, Daniels, an American himself, is extremely critical of such schemes and actually advocates their elimination as he believes 'this form of recognition violates practically every known principle of effective recognition and positive reinforcement' (1999:153). As this recognition scheme focus attention in a singularly authoritarian way on employees, it is expected that the results from the

⁹ Employee recognition and extrinsic rewards

¹⁰ An American based international incentive company that specialises in global incentives

sample employees will be very negative. However, the Irish have a natural cultural propensity for co-operation (Dineen & Garavan as cited in Tiernan *et al.*(1996)), so a recognition scheme such as an 'Employee Suggestion Awards' where employees are provided with a formal programme which facilitates the opportunity to provide suggestions and ideas to the company, should have a more motivating and commitment generating perception among Irish employees. Employee Suggestion schemes predominate in Japan and are operated in a positive fashion which generates teamwork and eliminates intra-team competition.

As discussed earlier, informal recognition is an unplanned, spontaneous management activity and as such it is hard to gauge the level of informal recognition, which is currently ongoing in the sample organisation. As already indicated employees view informal recognition as more motivating, however in the sample organisation, there is no obvious barometer as to how these employees view different kinds of informal recognition as motivational drivers. Examples of informal recognition which may be ongoing in the sample organisation, includes but is not limited to;

- A manager brings all employees out for a morale-building meal/outing to celebrate success,
- A manager writes personal notes about good performance,
- A manager publicly recognises employees for good performance,
- A manager personally congratulates employees who do a good job,
- A manager gives an employee an opportunity to do a special assignment for ongoing good performance.

Studies by Dr. Gerald H. Graham, as cited in Nelson (1994), reveal that the top motivating technique was when a manager personally congratulates an employee who does a good job, but only 42 per cent of respondents believed that their manager typically used this top motivating technique. Has highlighted, this dissertation will aim to investigate the targeted employee's view of informal recognition and the extent of this management activity in sample organisation (using above examples).

In conclusion, employee recognition is an important part of the employment relationship and is an important, though often underused activity for the management of a company to engage in. Although as a management activity it is prone to subjective bias, miss-use and manipulation, a recognition programme that is objective,

identifies and appropriately operates informal and formal recognition and aligns such programmes within a wider organisational focus can help an organisation achieve multiple benefits, in relation to the organisation's culture, strategic goals and required behaviours. Furthermore employee recognition enhances employee's confidence, motivation and contentment at work. The primary objective of this dissertation is to explore if the sample organisation should reinvest in its recognition programme. To this end, the dissertation will explore employee's perception of which form of recognition, if any or indeed perhaps if a combination of both forms, is the main contributor in helping the organisation to achieve certain objectives. However the central hypothesis of this dissertation (based on the arguments in the literature review) is that employees in the sample organisation believe informal recognition is of greater importance to them, because it builds their self-esteem and confidence and makes them feel motivated to perform better at work.

Chapter 3- Research Methodology

There is method in Recognition!

3.1 Research Method

Following consideration of the dissertation's research question, hypothesis and objectives, quantitative research was deemed the more appropriate research method. Quantitative research allowed the investigation to collect and analyse information from a targeted population, highlighting their opinions on formal and informal recognition.

The research was conducted via a self-completion questionnaire, which was distributed via the internal post in the sample organisation to the sample employees. Prior to the internal distribution, attempts were made to contact each employee individually to explain the purpose of the questionnaire and to ensure the possibility of greater cooperation (as advised by Bell 1999). Due to holidays and absenteeism from work, it was impossible to contact some employees. An accompanying letter was provided with the questionnaire, explaining the purpose and layout of the questionnaire, providing employees with assurance as to the confidentiality of their replies and offering employees a summary of the collected results.

3.2 Questionnaire Design

The questionnaire was split into four sections. The first section focused on the employee profile and it asked factual questions, such as gender, role in organization, service in organisation and highest level of education achieved. The objective of this section was to contextualise the data analysis and to explore if any of the chosen employee demographics are more or less responsive to employee recognition. It was decided not to analyse results based on entity, as entity distinction only evolved in the past number of years and is still maturing in relation to employee identification and commitment with either entity.

Section two explored employee's views on two of the organisation's current formal recognition programmes and asked employees if these programmes make them feel more motivated and committed to the values of the organisation. Furthermore, employees are asked if two additional recognition programmes (currently not in existence in the organisation) would make them feel more motivated and committed

to the values of the organisation. A different questioning approach was adopted in the third section due to the uncertainty of the degree of informal recognition that is currently ongoing in the organisation. Employees were asked their personal viewpoint as to how they would rank, in terms of motivational drivers, five types of informal recognition. The questionnaire then attempted to assess to what extent these types of informal recognition are ongoing in the organisation. In the final section, the questionnaire required that employees focus on both formal and informal recognition and attempted to assess which type of recognition, if any, produces 'text book' advantages for the employees and the organisation.

Questions and the questionnaire format were developed following an extensive study of the literature review and with consideration of the sample company's 'Code of Business Conduct'. All questions were presented in a closed format and required the employee to make an informed choice about alternatives. All questions contained a 'no opinion' or 'do not know' option to allow for uncertainty of employee, though the scope of this dissertation does not allow one to explore the reasons for this employee 'uncertainty'. The confidentiality of all respondent questionnaires was guaranteed.

3.3 Pre-testing the questionnaire.

Questionnaire piloting was conducted with eight Human Resource (HR) professionals, including the most senior HR manager. The objective of the pilot was to ensure all participants understood the questions, content validity and to highlight if any questions were presented in an offensive or insensitive manner. The questionnaire was also circulated to the Legal Director, asking for her input with regards to the former objectives but also to ensure that the questionnaire complied with company guidelines and policies.

Following feedback from this group of employees, some amendments were made to simplify certain questions, particularly those in relation to educational achievements and current roles within the organisation.

3.4 Population and sample audience

Population represents all the employees in a Shared Services and manufacturing multinational company, based in the east of Ireland. The facility was established in Ireland thirty years ago, primarily as a manufacturing facility but has evolved to include a Shared Service function (for all Irish manufacturing sites) since early 2000. Although both business units are located in on the same site, the manufacturing plant and its complimentary business functions; that is Human Resources, Customer Service, Planning, Traffic and Quality Assurance are recognised as one business identity, whilst the Shared Services function is another business entity, supplying professional expertise in departments such as Finance, Legal, Logistics and Information Systems. The total population is 350 employees, with 97 employees working in Shared Services and 253 employees in the plant, of which 134 are female (70 females work in the plant and 64 females are employed in Shared Services) and 216 are male (183 males are employed in the plant and 33 males in Shared Services). Due to the short distribution timing for the questionnaires (one week) and the high possibility of the sample employees being on holiday, 53 questionnaires were issued (15% of the population). A stratified audience was targeted, primarily chosen on the basis of entity and broken down by the gender division in each entity. 15 questionnaires were distributed to Shared Service employees (10 females and 5 males). 38 questionnaires were circulated to plant employees (11 females and 27 males). The targeted audience was further selected based on service with the organisation and ones function within the organisation.

3.5 Response Rates

To ensure as high a response rate as possible, guidelines were followed from authors of other relevant investigations (Shepherd & Mathews, 2000 & Bell 1999). An explanatory letter was provided to all respondents, with their names printed on each letter to provide a more personalised approach. The letter highlighted the fact that the survey and its results were to be used in a personal capacity only and were not representative of any opinions of the company. All respondents were issued with the questionnaire in a self sealed envelope which could be re-used to send completed

surveys back via the internal mail¹¹. Employees were given five working days to complete the questionnaire (a timeframe normally adopted in-house for return of employee forms).

As highlighted above, a total of 53 questionnaires were distributed and a total of 44 were returned within the one week time frame, indicating a satisfactory response rate of 83% or 12.6% of the total population.

¹¹ A proven approach adopted within the sample organisation for mass communication of employee data.

Chapter 4- Analysis of Data

Recognising Data Results

4.1 Sample Achieved

Before commencing discussions of the substantive issues resulting from the survey results, it is appropriate to provide a description of the sample achieved. As indicated in table 4.1, 43 per cent of returned replies were from females and consequently 57 per cent of returned replies were from males, this is very close to the intended sample, which was 40 per cent females to 60 per cent males.

Table 4.1 Gender: male and females

	Men	Women
100%	57%	43%
n = 44	25	19

Source: questionnaire

Table 4.2 highlights that the majority of returned replies were from staff employees (48 per cent), followed by operations staff, supervisory staff and management at 20 per cent, 18 per cent and 14 per cent respectively. This result compares favourably to the sample organisation in terms of supervisory and management levels however it is overly high in relation to staff employees and low in relation to plant employees. But the responses are reasonable considering it was easier to contact staff employees personally and furthermore the deciding criteria for the targeted sample was function and service in the organisation rather than their position within the organisation.

Table 4.2 Position within organisation

	Management	Supervisory	Staff	Operative/Chargehand
100%	14%	18%	48%	20%
n = 44	6	8	21	9

Source: questionnaire

With regards to service with the organisation, Table 4.3 displays that the majority of respondents (27 per cent) had 0 – 5 years service, while a minority of employees had 6 to 10 years service (11 per cent) and increasing to 16 per cent for employees who had in excess of 20 years service. Again this correlates with the expected results, in that the sample organisation introduced a voluntary redundancy package seven years

ago followed by a recruitment freeze (the length of service with the organisation was the deciding factor for the majority of leavers, as the longer the service the bigger the redundancy package). The organisation's recent history, especially the growth of the shared service function combined with a corporate refocus on the plant as the Irish pioneering manufacturing facility, caused the organisation to undergo a massive recruitment drive.

Table 4.3 Length of service with organisation

	0 – 5 years	6 – 10 years	11 – 15 years	16 – 20 years	20 years plus
100%	27%	11%	21%	25%	16%
n = 44	12	5	9	11	7

Source: questionnaire

In relation to education, no pre-determined sample was expected. However close proximity of the organisation to an Institute of Technology, the organisation's in-house 'Educational Assistance Programme' and 'Student Placement Programme' would indicate the likelihood of a high portion of employees educated to (at least) 'National Certificate/ Diploma' level. The results correlated with this hypothesis as the majority of the sample (37 per cent) were educated to this level, followed by 28 per cent educated to 'Leaving Certificate' and 16 per cent of sample educated with a degree (see Table 4.4).

Table 4.4 Highest educational level achieved

	Inter/Junior Certificate	Leaving Certificate	National Certificate Diploma	Degree	Post Graduate	Other
100%	12%	28%	37%	16%	5%	2%
n = 43	5	12	16	7	2	1

Source: questionnaire

At this moment this data tells us nothing of any significance, however this information broadly indicates that the results are representative of a stratified sample.

Furthermore, these results help to contextualise the investigations into the targeted audience's perception of employee recognition and will help to clarify which classification of employees value which type of recognition. In addition, these results will provide a platform upon which one can perform detailed analysis on the hypothesis of the dissertation.

4.2 Formal Recognition

Going through all the survey results chronologically, the first area of focus is the 'service awards'. In Table 4.5, the results reveal that the majority of employees (58 per cent) believed that the service award scheme makes employees feel more motivated. This result is enhanced by the fact that a further 9 per cent of employees strongly agreed with this argument. As indicated in the literature review, employees normally do not find formal schemes as motivating as the more personal and manager initiated informal recognition, and as such it is a positive result that 67 per cent of employees believed that the in-house 'service award' scheme actually motivated them. However a notable portion of employees (26 per cent) disagreed with this assertion.

On first analysis, the majority of employees appear to make no distinction between the issues of motivation and commitment, in that the same percentage of employees agreed (60 per cent) and disagreed (26 per cent) that the service awards makes employees more committed to the organisation's values. However a closer inspection of the results of the other three formal recognition programmes revealed that this is not necessarily the case, as the trend is not replicated in the other responses. A more obvious trend is that the positive responses in relation to motivation actually fall in relation to commitment.

Table 4.5 The organisation's Service Awards makes me feel

	More motivated		More committed to the organisation's values	
	n= 43	100%	n = 43	100%
Strongly Agree	4	9%	2	5%
Agree	25	58%	26	60%
Don't Know	3	7%	4	9%
Disagree	11	26%	11	26%
Strongly Disagree	0	0%	0	0%

Source: Questionnaire

Employees do not feel as positive with regards the 'Perfect Attendance' awards. As highlighted in Table 4.6, the majority of employees (48 per cent) actually disagreed with the assertion that the perfect attendance award makes employees feel motivated, as opposed to 40 per cent of employees who believed that this award motivated them. On the issue as to whether the perfect attendance awards makes employees committed to the values of the organisation, the extent of disagreement rises to over half the respondents (55 per cent), again as opposed to 31 per cent who agreed with the statement. Overall, the 'perfect attendance' scheme was not well received by employees, however the scope of the dissertation did not allow us to consider whether it is actually achieving its core objectives of curtailing absenteeism. But from an employee recognition perspective, this programme generates no benefits for employees or employer, in that it does not motivate employees and it does not nurture commitment to the organisation's values. While it could be argued that the perfect attendance award falls within the remit of Herzberg's 'motivators', it would be interesting to investigate whether in reality it is more like a 'hygiene factor', in that it does not generate any satisfaction for employees but the removal of the scheme could create dissatisfaction among employees.

T Table 4.6 The organisation's Perfect Attendance Awards makes me feel

	More motivated		More committed to the organisation's values	
	n= 42	100%	n = 42	100%
Strongly Agree	1	2%	1	2%
Agree	17	40%	13	31%
Don't Know	4	10%	5	12%
Disagree	20	48%	23	55%
Strongly Disagree	0	0%	0	0%

Source: Questionnaire

The results on the 'Employee of the month' are not as negatively decisive as originally indicated. As displayed in Table 4.7, while 46 per cent of employees disagreed (including those who strongly disagreed) that this award will motivate

employees, a notable 29 per cent agreed (in total) with this proposal, while one in four employees (25 per cent) 'don't know' if this type of formal award makes employees more motivated. The same percentage of employees were uncertain if the 'Employee of the month' award makes employees committed to the values of the organisation, while disagreement among employees on this issue increased to 53 per cent. In conclusion, as suggested, an 'employee of the month' scheme is not a recognition scheme that fits within the Irish cultural psyche.

Table 4.7 An 'Employee of the Month' Scheme would make me feel

	More motivated		More committed to the organisation's values	
	n= 44	100%	n = 44	100%
Strongly Agree	1	2%	2	5%
Agree	12	27%	8	17%
Don't Know	11	25%	11	25%
Disagree	19	44%	21	48%
Strongly Disagree	1	2%	2	5%

Source: Questionnaire

The most positive response from employees on the issue of formal recognition is in relation to an 'Employee Suggestion' scheme. Furthermore this was the formal recognition scheme that employees perceived least negativity in relation to ability to motivate employees and make employees feel committed to the values of the organisation (see Table 4.8). The vast majority of employees (84 per cent in total) agreed or strongly agreed that this recognition scheme could actually increase employee's level of motivation, while only 14 per cent of employees disagreed with this idea. Again, has been the case with all formal recognition schemes, on the issue as to whether this scheme makes employees more committed to the values of the organisation, the positive response fell, but only to 73 per cent of employees, with the drop in positive responses mainly transferred over to uncertainly, rather than outright disagreement with the programme's ability to generate commitment.

T Table 4.8 An 'Employee Suggestion' Scheme would make employees feel

	More motivated		More committed to the organisation's values	
	n= 44	100%	n = 44	100%
Strongly Agree	5	11%	5	11%
Agree	32	73%	27	62%
Don't Know	1	2%	5	11%
Disagree	6	14%	7	16%
Strongly Disagree	0	0%	0	0%

Source: Questionnaire

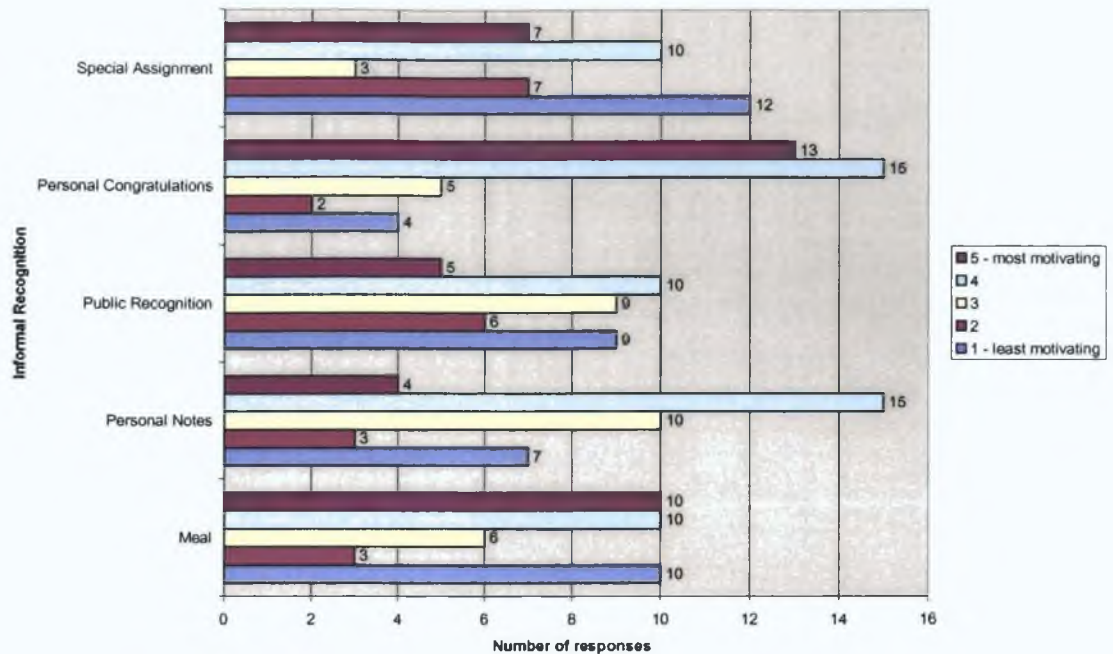
Even though, it was hypothesised that an 'employee suggestion' programme is more aligned with Irish cultural characteristics, the results were even more positive than expected. Although, all questions were presented in a closed format, two employees while agreeing with the award as a motivational and commitment tool, expressed their concern as to the organisation's token adoption of such schemes. One employee's confirmation was qualified 'as long as there was feedback on the suggestion' while the other employee's agreement was conditional on 'it (the suggestion) was going to be followed through'. These statements highlight the pitfalls of such a scheme, in that if employers do not have a high adoption rate then employees will stop making suggestions, however the possible cost savings and benefits for employers (in addition to employee motivation and commitment) are of such paramount importance to ignore the possibility of introducing such a programme in the sample organisation.

4.3 Informal Recognition

As alluded to in the literature review and the methodology section, the sample organisation has no explicit recognition programme, no explicit company guidelines and no tracking method on how to recognise employees, so the results in this section hope to clarify how employees rate certain kinds of informal recognition and the extent of activity of such programmes within the organisation. As the format of this section changed, unfortunately the amount of usable responses fell to 39. As highlighted in Table 4.9, of the five types of informal recognition provided, a manager personally recognising employees for good performance, was the most motivating form for employees. A third of employees (33 employees) rated this form of recognition as a '5' (the highest rating) and a further 15 employees (38 per cent) rated this recognition format as a '4'. This result is further emphasised by the fact that this activity received the lowest percentage ratings for a '1' (4 employees or 10 per cent). The results appear to indicate that the least motivating form of informal recognition is providing an opportunity to do a special assignment; one third of employees (12 respondents) rated this activity as a '1' (the lowest score). However, this result is not conclusive proof, as nearly one in five employees (7 respondents), actually rated this activity as a '5'. With no obvious trends emerging among employees rating of informal recognition, the results are indicative of the fact that a person's response to and perception of informal recognition is unique to the individual.

As hypothesised, the results indicated that informal recognition in its many guises is not a prevalent management activity within the sample organisation (see Table 4.10). The only informal activity that happened 'all the time' is personal praise from a manager for good performance and only 2 respondents (or 5 per cent) of the sample received this recognition. Indeed, the extent of informal recognition inactivity is emphasised by focusing on the negative results; the results highlighted that all five recognition activities 'never' or 'rarely' happen in a range of 46 per cent, which is 20 employees in the 'Personal Congratulations' category to 73 per cent or 32 employees in both morale-building meal/outing and special assignment categories.

Table 4.9 Rating, in terms of motivational drivers, different types of informal recognition

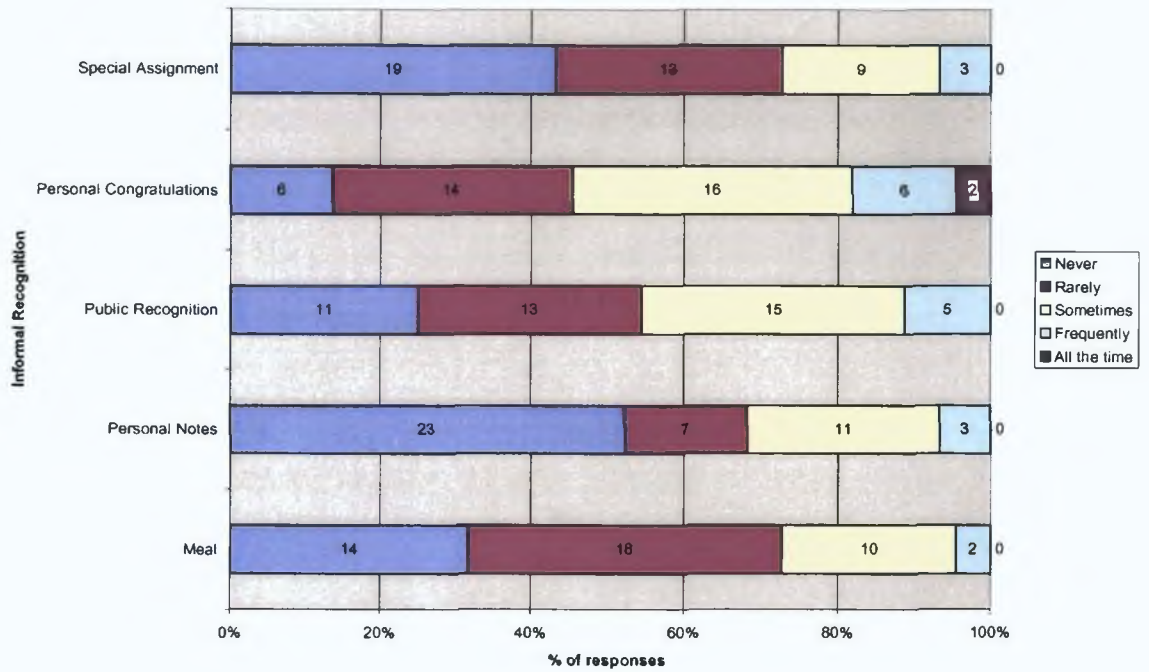


n = 39

Source: Questionnaire

The lack of informal recognition corresponds with the wider shortage of focus on this technique by management academic literature. The fact that the results indicate that there is no obvious extent of informal recognition operating in the sample organisation could be a contributory factor in why employees do not feel (and hence rank) the motivating influence (and potential) of different types of informal recognition. It would be interesting to re-test the employees with the same questions if the organisation had an explicit and fully progressive recognition programme in operation. Interestingly, the top motivator for employees, namely personal congratulations from one's manager, agrees with Graham's American studies, which suggests that this is a form of recognition that is pan-cultural and acceptable to all individual personality types; introverts as well as extroverts. Although, the costing of each of these activities is not within the scope of the questionnaire, it is fair to say,

Table 4.10 The occurrence of different types of informal recognition in sample organisation.



n = 39

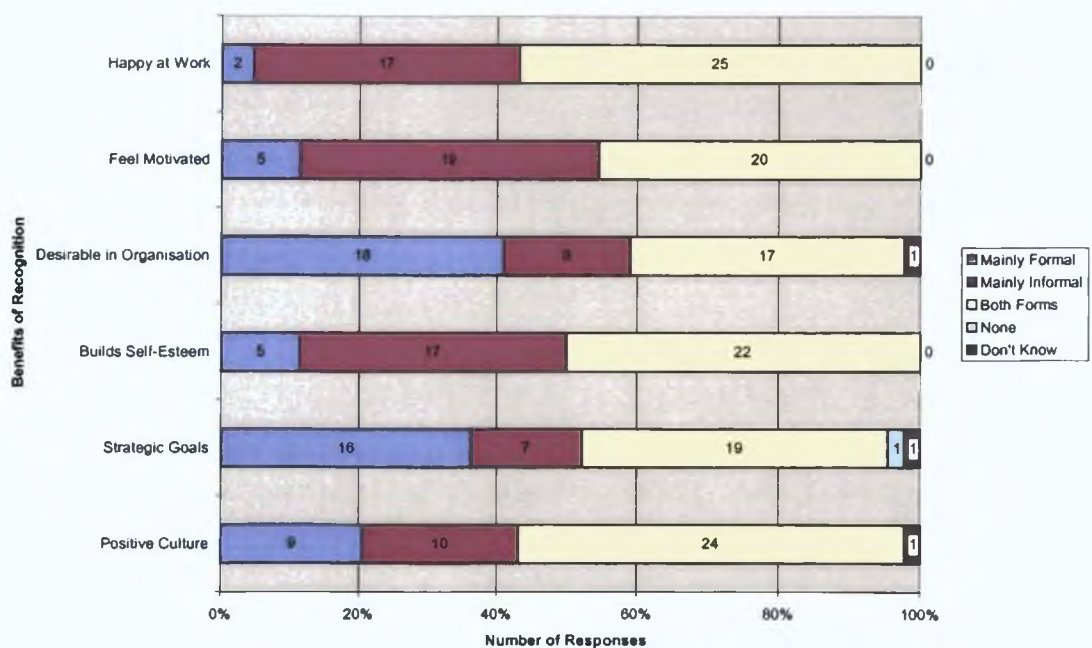
Source: Questionnaire

three of these activities involve no monetary cost; that is managers personally congratulating employees, managers writing personal notes and managers publicity recognising employees, and the two other activities can be implemented with minimal costings. This fact reinforces the issue that recognition programmes are a 'low to no cost measure' (IBEC 2003) for an organisation to adopt.

4.4 Formal Recognition and Informal Recognition

As indicated in the literature review, the results highlight that employees believed that employee recognition has an important role to play in the employment relationship. Of the six proposals offered to employees there is only one dissenting view on employee recognition. Only one employee believed that no form of employee recognition focuses staff attention on the strategic goals of the organisation. In all six cases, the majority of employees believed that both forms of employee recognition contributed beneficially towards the company (see Table 4.11). Interestingly, four of these proposals were advocated by the IBEC report as the main reasons for investing in recognition programmes. So in essence, the results highlighted that that targeted employees agreed IBEC's reasons for introducing a recognition programme.

Table 4.11 What type of recognition (if any) employees believe produce employee and organisational benefits



n = 44

Source: Questionnaire

The results of the analysis into the comparison between the possible different combinations of recognition schemes support the argument proposed in the literature review conclusion in that employees believe employee recognition makes a positive contribution in relation to the organisation's culture, strategic goals and required behaviours and furthermore employee recognition enhances employee's confidence, motivation and contentment at work.

The majority of employees (55 per cent) believe that both forms of employee recognition create a positive and innovative corporate culture. This is an extremely positive result for the organisation as it is argued that innovation is the driving force behind companies' continued success and indeed nations' economic growth and social development¹². This organisation which has almost 40% of all employees in simple jobs should be encouraged to revitalise and refocus attention on their recognition programme as Baer et al. findings concluded that extrinsic rewards are positively related to employee creativity (innovation) for employees in simple jobs. Again the majority of employees believe both forms of recognition focus staff attention on the strategic goals of the organisation (closely followed by employees who believe formal recognition focuses attention on organisational strategic goals). The results appear to correlate with the fact that formal recognition programmes are company initiated programmes for presence and performance (service, safety, quality, production, teamwork, customer service etc.) though informal recognition is also an appropriate medium as it involves immediate acknowledgement of behaviour that is congruent with an organisation's long-term goals. The organisation needs to understand that recognition programmes are only complementary to the achievement of their strategic goals and that fulfilment of that role falls within the remit of incentive or performance related programmes.

Interestingly, employees believe formal recognition is the more appropriate format in sending out a clear message about what is valued and desirable in the organisation (though closely followed by both forms, 41 per cent compared to 39 per cent). This could concur with the fact that formal recognition is by its format explicit and identified in the organisation's rules and procedures and the organisation with it

¹² Robert Solow's Growth Theory (1987)

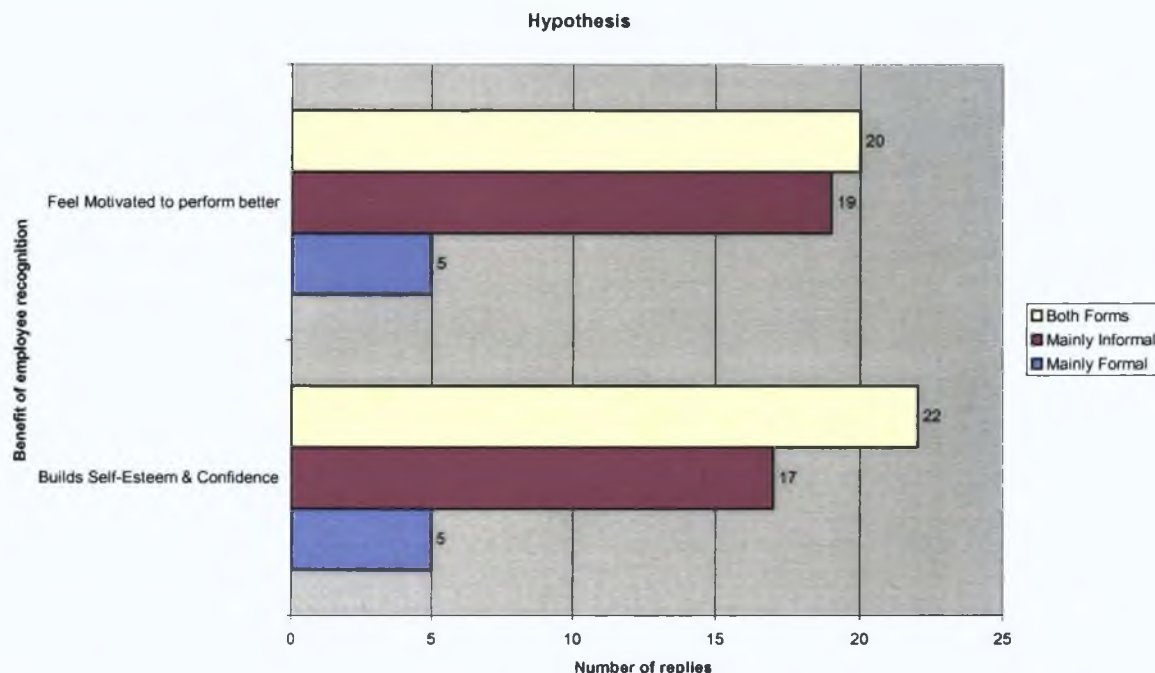
overall emphasis on quality and audit compliance is very proceduralised. However this result does appear to run counter to the concept of positive reinforcement, which Daniels argues to be effective needs to be a daily affair and there must be no delay between behaviour and recognition (the format of formal recognition does not allow for these criteria). These results could be contributed to the lack of informal recognition activity ongoing in the organisation and again suggests that the organisation needs to regenerate its recognition programme.

In relation to how employees perceive the personal benefits of employee recognition, it is interesting that only 2 respondents believed formal recognition makes them happy and content at work while 95 per cent of employees believed 'both forms' or 'mainly informal recognition' were the format that gives them contentment and happiness at work. However, the scope of this dissertation does not examine if the amount of recognition that employees receive is actually making them happy and content at work. Adversely as argued by Maslow, employee's unfulfilled need for recognition could be manifesting itself as personal unhappiness and ultimately sickness; again this is outside the scope of this dissertation.

With regards to the core hypothesis of the dissertation; that employees believe informal recognition is of greater importance to them as it builds their self-esteem and confidence and makes them more motivated to perform better, the results on initial investigation disputes these claims (see Table 4.12). It was hypothesised that employees would perceive informal recognition as the format that makes them more motivated to perform better, whilst 43 per cent of employee (19 respondents) agreed that this was the case, the majority of employees (45 per cent or 20 employees) believed both forms of recognition makes them motivated to perform better. Likewise it was hypothesised that employees would perceive informal recognition as the main type of recognition that builds their self-esteem and confidence, again 39 per cent of employees (17 employees) agreed with this assertion, however the majority (50 per cent or 22 employees) perceived both forms of recognition as the greater contributor to self-esteem and confidence. It is still worth noting that in both these hypotheses, all employees believed employee recognition is a motivator and contributes to self-esteem and confidence and only 11 per cent of employees believed formal employee recognition is the main driver in both cases. These results would appear to indicate the

importance of informal over formal employee recognition with regards employee motivation and esteem, though as highlighted it is not the exclusive recognition component. These results need further analysis as to employee's reasonings, which is outside the scope of this dissertation.

Table 4.12 Results in relation to the central hypothesis of the dissertation.



n = 44

Source: Questionnaire

As indicated in the first chapter, this dissertation will explore if any of the four selected employee demographics indicate preference for employee recognition in its many formats. Needless to say a questionnaire that requested information on employees views in relation to twenty-four different questions can be analysed via many different permutations under the four employee profile questions. As the main aim of this dissertation was to identify which form of recognition (if any or if a combination of both) is of greater value to employees, as it increases their self-esteem and motivation, the most prudent approach is to test these four demographics in relation to the two central hypothesis questions.

In relation to service and the level of education achieved, the results are too random to highlight any particular findings. As indicated in the literature view, ones position in the organisation does appear to indicate a predisposition for informal employee recognition (see tables 4.13 and 4.14). Employees in the organisation's lower positions (operatives and chargehands) believed informal recognition is more important for their self-esteem and confidence, by a ratio of 2.5:1. In addition, these same employees believed that informal recognition is of even greater importance (78 per cent) in increasing their motivation to perform better at work. Interestingly, this employee group believed formal recognition does not contribute at all to motivation levels.

The results also indicated that the majority of management (50 per cent in both incidences) believed informal recognition is the primary form of recognition to build the intrinsic reward of self-esteem and well as increase motivation levels; these figures appear to support Herzberg's personal view of the importance of recognition to senior personnel. These results are interesting in that, if managers realise the intrinsic benefits of informal recognition for themselves, then surely they must understand that informal recognition can enhance and reinforce intrinsic rewards for employees as well as been an obvious component of extrinsic reward. More importantly managers must understand that informal recognition can enhance employee's intrinsic motivation to perform at work.

Table 4.13 Position breakdown, as to which form of employee recognition build employee's self-esteem and confidence

	Management		Operative/ Chargehand		Staff		Supervisory Role	
n = 44	n = 6	100%	n = 9	100%	N=21	100%	n=8	100%
Both Forms	2	33%	2	22%	12	57%	6	75%
Mainly formal	1	17%	2	22%	2	10%	0	0%
Mainly Informal	3	50%	5	56%	7	33%	2	25%

Source: Questionnaire

It is perhaps no surprise that employees in the lower position valued informal recognition most as an intrinsic motivator and building block of self-esteem and confidence (Hertzberg's studies (1968), Feedback Intervention Theory, Hackman and Oldman). Interestingly, in relation to the same two questions, the majority of staff and supervisors roles chose formal recognition as the more important recognition format. Could it be that their roles are more complex, and as argued by Oldham and

Table 4.14 Position breakdown, as to which form of employee recognition makes employees motivated to perform better at work

	Management		Operative/ Chargehand		Staff		Supervisory Role	
	n = 6	100%	n = 9	100%	n=21	100%	n=8	100%
Both Forms	1	17%	2	22%	12	57%	5	63%
Mainly formal	2	33%	0	0%	2	10%	1	12%
Mainly Informal	3	50%	7	78%	7	33%	2	25%

Source: Questionnaire

Cummings (1986), employees in these roles are intrinsically motivated and satisfied by the activities inherent in these roles and value formal recognition for its explicit statement of company standards? Or as argued by Kirton, the majority of employees in these roles are innovators and are less dependant on informal recognition? These consideration fall outside the scope of this dissertation but as indicated in the literature review, the affects of extrinsic reward and recognition is not uniform for all employees and all jobs.

Surprisingly, as highlighted in Table 4.15 and Table 4.16, an employee's gender does appear to indicate a preference for different kinds of employee recognition. On both incidences, female employees believed that 'both form of recognition' is the main format, which builds their self-esteem (63 per cent) and makes them more motivated at work (68 per cent). However male employees believed that informal recognition is the main contributor to their self-esteem (48 per cent) and likewise to their motivation (60 per cent).

Table 4.15 Gender breakdown, as to which form of employee recognition build employee's self-esteem and confidence

	Female		Male	
n = 44	n= 19	100%	n = 25	100%
Both Forms	12	63%	10	40%
Mainly formal	2	11%	3	12%
Mainly Informal	5	26%	12	48%

Source: Questionnaire

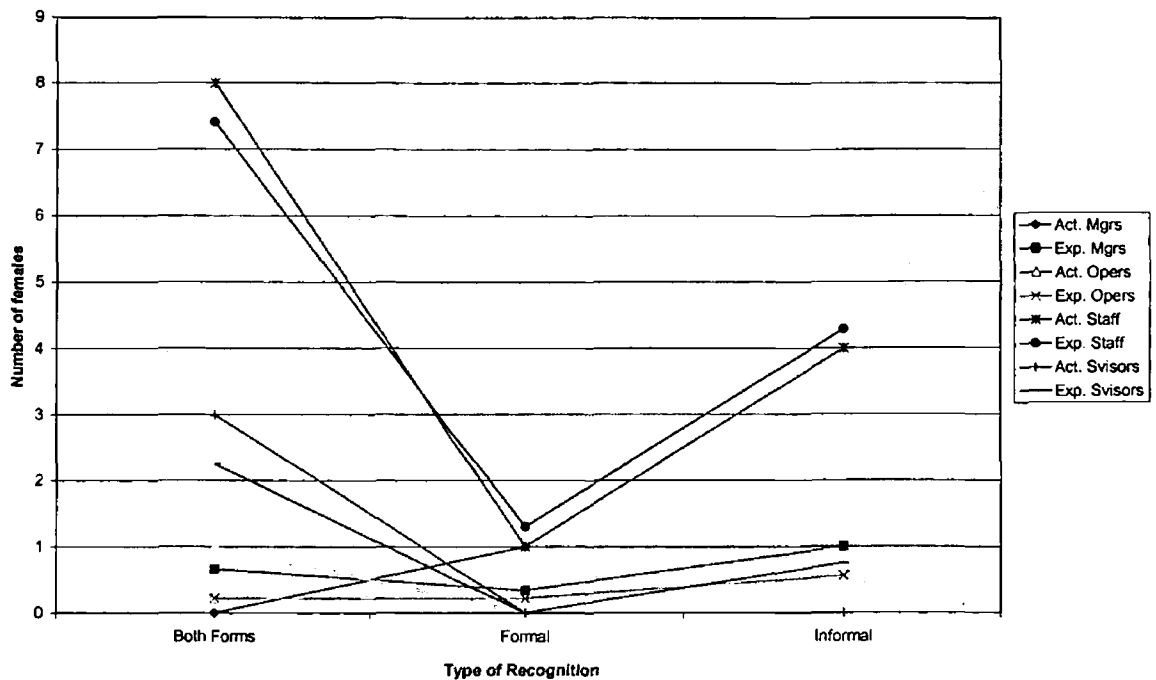
Table 4.16 Gender breakdown, as to which form of employee recognition makes employees motivated to perform better at work

	Female		Male	
n = 44	n= 19	100%	n = 25	100%
Both Forms	13	68%	7	28%
Mainly formal	2	11%	3	12%
Mainly Informal	4	21%	15	60%

Source: Questionnaire

The literature review did not indicate that the gender of employee would dictate a difference in perception of employee recognition. However, before this issue is explored further, one needs to investigate if there is a relationship between position and gender, which may contextualise these results. Table 4.17 highlights what is the 'actual' and the 'expected' number of females in each position (based on position results in Table 4.13) who believed which form of employee recognition builds employee's self-esteem and confidence. This table indicates that the actual female preference for employee recognition in any of the four positions did not correspond with the position expectations of the total sample. Hence, based on this sample question, position does not appear to influence gender (female) results.

Table 4.17 Females only in each position, 'actual' versus 'expected' (based on position results), as to which form of employee recognition build employees self-esteem and confidence

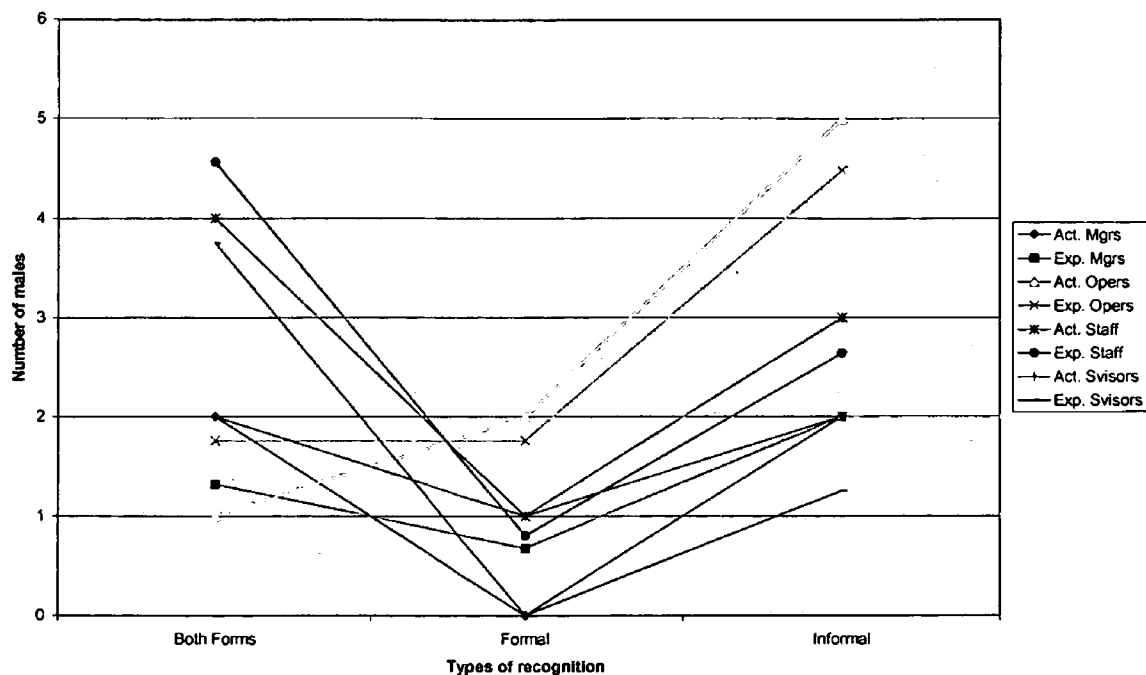


n = 44

Source: Questionnaire

In addition, using the same technique and the same question, Table 4.18 focuses on the males only in each position. Again, this table indicates that the actual male preference for employee recognition in all of the four positions does not correspond with the male expectations (as per Table 4.13) of the total sample. So, in relation to the male composition of each position, position does not influence the gender results. Hence we conclude that in the sample, gender does indicate differences in perception of employee recognition. Likewise, in relation to the question as to whether employee recognition motivates employees to perform better, again one's position does not influence gender results, so gender differences in relation to employee recognition is an actual surprising outcome of this analysis.

Table 4.18 Males only in each position, actual versus expected (based on position results), as to which form of employee recognition build employees self-esteem and confidence



Chapter 5- Conclusion and Implications

It could be you!

**Removing the 'Lottery' from an employee recognition programme
so both Employees and the Organisation are Winners.**

The main research question concerned whether it would be worthwhile for the sample organisation to reinvest in its recognition programme. The major finding of this dissertation is yes the organisation should reinvest in and relaunch its employee recognition programme. It is recommended that any organisation, which is launching a recognition programme or revitalising an existing programme, should seek feedback from employees. The results of this dissertation are an initial starting employee feedback platform. Greater employee feedback can be harvested via cross-functional employee focus groups. It is argued that the successful implementation of employee recognition programmes require 'buy-in' by management (IDS Studies (1999), Rose (2001), Nelson (1994)). The results from this dissertation are extremely affirmative in this regard, as they highlighted that one in two managers believed employee recognition is an important contributor to intrinsic motivation. Furthermore the majority of managers believed employee recognition it is an extrinsic reward which builds employee's self-esteem and confidence. Both employees and management should be involved in devising the future recognition programme. Tim Puffer, as cited in Nelson (1994) argues that there are eight guidelines for operating successful recognition programmes;

- Define objectives,
- Management lead by example,
- Develop specific criteria,
- Use meaningful rewards,
- Employee involvement,
- Clear communications,
- Encourage teamwork,
- Manage with a long-term perspective.

Going forward, in order to ensure no reversion to the 'lottery' operation of the recognition programme, the organisation needs to maintain interest in the programme by keeping it vibrant and relevant to employees.

The results from the survey revealed what recognition schemes are relevant to employees and in particular highlighted that both formal and informal recognition have an important role in this organisation. The results on formal recognition highlighted that the 'service award' scheme is highly regarded by employees,

however the 'perfect attendance' scheme offers no benefits to employees. As indicated, practitioner research revealed that perfect attendance recognition programmes do reduce company absenteeism. It is recommended that the current scheme should be overhauled, perhaps by involving employees to suggest improvements which are more motivating to employees and ensuring these modifications are aligned with overall company objective of curtailing absenteeism. From the results, the most obvious recommendation is to introduce an 'employee suggestion' scheme. The survey results indicated that this scheme should motivate employees and nurture employee commitment to the company values, however the scheme also has the ability to generate sizeable cost-savings for the company. As indicated in the literature review, 'employee suggestion' schemes are one of the foremost recognition programmes in Japan, where the average employee submits 32 ideas per year (as opposed to America where the average employee only makes 0.17 suggestions per year (a ratio of 188:1). In Japan these ideas have an adoption rate of 87 per cent and generate a net savings of \$3,612 per employee. Although this scheme is not as prevalent in America, where the adoption rate is 33 per cent, the net savings per idea is a credible \$7,102, or \$398 per employee (1990 figures from the Employee Involvement Association as cited in Daniels). Applying the more prudent American figures to the sample organisation of 350 employees, this scheme could generate cost savings of \$139,300 for the organisation!

Interesting with all four types of formal recognition, all positive responses in relation to motivation fell when asked if the same scheme increased employee's commitment to the values of the organisation. As already highlighted in Chapter 1, the scope of the dissertation is more descriptive than analytical and as such the questionnaire does not follow up with a 'why' employees choose a certain stance. A problem that is inherent in all questionnaires, is what Bell's refers to as 'ambiguity, imprecision and assumption' and this could be the crux of these results, in that each employee could perceive 'organisational values' differently. Further analysis is required to investigate this trend, particularly in relation to the issues as to what are the company's values, are employees aware of these values and does the company consistently display these values.

This dissertation argues that both employers and its employees receive multiple benefits from an employee recognition programme and indeed the survey results highlighted that employees also believe employee recognition is beneficial for themselves and the company. However it should be stressed that the scope of this dissertation does not tell us whether employees are motivated and happy in the workplace or if work is building their self-esteem and confidence. But the results do indicate that employees believed that implementing an effective employee recognition programme will increase employee's self-esteem and motivation, again results which advocate that the organisation should reassess its recognition programme. Studies by Van Vegchel *et al.*, revealed that employees perceive recognition as the most important variable of workplace reward in related to their effort at work and a perceived inadequacy of recognition results in employee poor health. Considering the cost of workplace absenteeism and the investment by the sample organisation into an employee occupational centre, it would be worthwhile applying the ERI model to the sample organisation and once the extent of the imbalance between employee effort and reward is established, the organisation could implement preventative measures.

The results did not support the central hypothesis. Past studies revealed that employees found informal recognition of greater value to themselves as they believed informal recognition to be more motivating and a building block for their confidence and self-esteem. Contrary to these findings, the results from this investigation revealed that employees believed a combination of both forms of recognition was the recognition format which motivated them and nurtured their confidence. However the extent of informal recognition inactivity in the organisation could be an influencing factor in these results. As indicated in the literature review, one's position in the organisation does indicate a predisposition towards informal recognition. Unsurprisingly, employees in the lower positions and the managers believed informal recognition is the format that increases their intrinsic motivation and that it is an extrinsic reward that builds their self-esteem and confidence.

As highlighted in the analysis section, an interesting finding from the survey results is that the gender of an employee appeared to dictate a preference for different kinds of employee recognition; females value formal recognition while males prefer informal recognition. The analysis investigated whether the actual position composition of the

different genders in the sample organisation was predisposing these perceptual differences; however the results did not indicate a positive relationship. The scope of this dissertation does not provide for investigation of these gender preferences, however further analysis is required on job variables and personal variables and the relationship of same in relation to gender. Analysis into job variables could include analysis into the complexities of the roles performed by employees, the feedback employees receive in their roles, the autonomy of employees in performing their roles and their level of control the employee can exert in their work responsibilities. Exploration of personal characteristics could include determining an employee's cognitive working style.

Baer et al.'s findings highlight that extrinsic rewards can have a positive affect, nil affect or indeed an adverse affect on the performance of certain individuals in certain roles. In order to ensure that a recognition programme adds value to the organisation and achieve their intended objectives, the organisation needs to have a 'selective approach' in how they offer such rewards to employees. As Baer *et al.*, argued, their findings "suggests that it would be worthwhile for managers to regularly and systematically assess the cognitive styles and job characteristics of employees and to administer contingent, extrinsic rewards selectively on the basis of these assessments" (2003:582). Another important finding from the literature review, but which is not within the scope of the questionnaire, is the importance of matching employee's cognitive styles with the appropriate job role. Knowledge of employee's learning styles, not only allows an organisation to successfully administer recognition programmes to the appropriate employees, but a correct matching of employee to role, will automatically enhance the intrinsic motivation of employees within the organisation and by implication the organisation's productivity.

As highlighted in the introduction section, employee recognition is an ignored reward component by managerial academic literature. Consequently most of the literature review's studies and results have to be viewed in the context of extrinsic reward that is inclusive of monetary rewards. Further areas of study could be to administer some of the research quoted in the literature review, using recognition programmes only.

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APPENDIX – RECOGNITION QUESTIONNAIRE

About You:

1. Gender

- Male
- Female

2. Position within the organisation

- Operative/Chargehand
- Staff
- Supervisory Role
- Management

3. Service with organisation

- 0 – 5 years
- 6 – 10 years
- 11 – 15 years
- 16 – 20 years
- 20 years plus

4. Highest Education Achieved

- Inter/Junior Certificate
- Leaving Certificate
- National Cert/Diploma
- Degree
- Post-graduate
- Other

Formal Recognition

1. The organisation's Service Awards makes me feel more motivated

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

2. The organisation's Service Awards makes me feel more committed to the organisation's values

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

3. The organisation's Annual Perfect Attendance Scheme makes me feel more motivated

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

4. The organisation's Annual Perfect Attendance Scheme makes me feel more committed to the organisation's values

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

5. An 'Employee of the Month' Scheme would make me feel more motivated

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

6. An 'Employee of the Month' Scheme would make me feel more committed to the organisation's values

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

7. An 'Employee Suggestion' Scheme would make me feel more motivated

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

8. An 'Employee Suggestion' Scheme would make me feel more committed to the organisation's values

- Strongly Agree
- Agree
- Don't Know
- Disagree
- Strongly Disagree

Informal Recognition

1. Using a scale of 1 – 5, where 1 is the least motivating and 5 is the most motivating, how would you rate the following forms of informal recognition.

- My manager brings all employees out for a morale-building Meal/ outing to celebrate success
- My manager writes personal notes about good performance
- My manager publicly recognises employees for good performance
- My manager personally congratulates employees who do a good job
- My manager gives me an opportunity to do a special assignment as reward for ongoing good performance

2. How often does your manager apply these types of informal recognition?

A. Brings relevant employees out for a morale-building meal/outing to celebrate success

- Never
- Rarely
- Sometimes
- Frequently
- All the time

B. Writes personal notes about good performance

- Never
- Rarely
- Sometimes
- Frequently
- All the time

C. Publicly recognises employees for good performance

- Never
- Rarely
- Sometimes
- Frequently
- All the time

D. Personally recognises employees for good performance

- Never
- Rarely
- Sometimes
- Frequently
- All the time

E. Provides an opportunity to do a special assignment as reward for good performance

- Never
- Rarely
- Sometimes
- Frequently
- All the time

Formal and Informal Recognition

Using examples applied above to gain an understanding of formal and informal recognition, please answer the following questions.

1. Which form of recognition creates a positive and innovative corporate culture

- Mainly Formal
- Mainly Informal
- None
- Both Forms
- Don't Know

2. Which form of recognition focuses staff attention on strategic goals of the organisation

- Mainly Formal
- Mainly Informal
- None
- Both Forms
- Don't Know

3. Which form of recognition builds self-esteem and confidence of employees

- Mainly Formal
- Mainly Informal
- None
- Both Forms
- Don't Know

4. Which form of recognition sends out a clear message about what is desirable and valued in the organisation

- Mainly Formal
- Mainly Informal
- None
- Both Forms
- Don't Know

5. Which form of recognition makes one feel motivated to perform better at work

- Mainly Formal
- Mainly Informal
- None
- Both Forms
- Don't Know

6. Which form of recognition makes one feel happy and content in work

- Mainly Formal
- Mainly Informal
- None
- Both Forms
- Don't Know

Thank you for your time and effort.