

# The Business Impact of Leaders Who Recognize



**Employee engagement has been an increasing focus for many executives in recent years, and current global circumstances have placed increased emphasis on the topic as much of the workforce shifts to remote work.** Why does engagement matter? What part do leaders play in getting their people engaged? How does this ultimately affect the bottom line? Come with us as we answer these questions on the road to discovering the business impact of leaders who recognize often.

So, the question "why does engagement matter?" has been asked in many different ways, and it deserves an answer. Who wouldn't want to reduce the number of people in their organization who are kicking their heels up, eating donuts on the company dime? Before we do that, you may want to sit down:

**Only 30% of the workforce is engaged in their work.<sup>1</sup>**

**Disengaged employees are costing the U.S. economy \$550 billion.<sup>2</sup>**

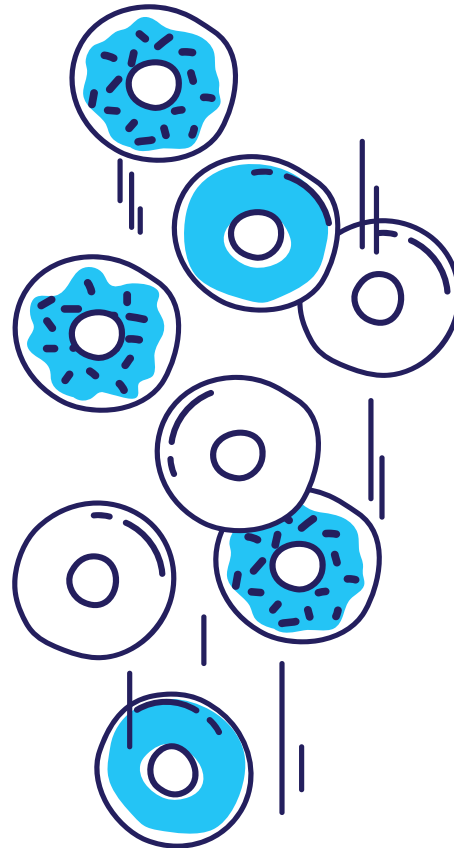
**Engaged employees are 17%-26% more productive.<sup>3</sup>**

**A 17% boost in productivity would save \$93 billion.<sup>2</sup>**

**NO WAY!!**

**\$93 billion!?** Just think of how many donuts that could buy!

Engaged people are happy, productive people, and they are the foundation of every company. Engaged workers produce better quality work, on time, and are more innovative. However, as stated, only about 30% of the U.S. workforce is engaged in their work. That means 70% of the workforce (some reports have this number as high as 85%)<sup>4</sup> are disengaged. With the pandemic wreaking havoc across the global economy, it's not hard to imagine the number of disengaged employees being on the high side of that number—and rising.



1. Worldwide, 13% of Employees Are Engaged at Work, Gallup

2. How to Tackle U.S. Employees' Stagnating Engagement, Gallup

3. Why is Employee Engagement Important? 14 Benefits Backed By Research, Quantum Workplace

4. Watson Wyatt's WorkUSA Survey Identifies Steps to Keep Employees Engaged & Productive, Dartican

4. 85% of Global Employees Are Disengaged: How to Build Employee Engagement, Intelligent Management

## Leaders Directly Influence Employee Engagement

For many leaders, moving employee engagement in the right direction can be a challenge. As with many things in any organization, improving engagement comes from the top. According to Gallup, leaders have an incredible impact on helping employees engage in their work, with nearly 2/3 of the variance in employee engagement scores across organizations being influenced directly by leaders.<sup>5</sup>

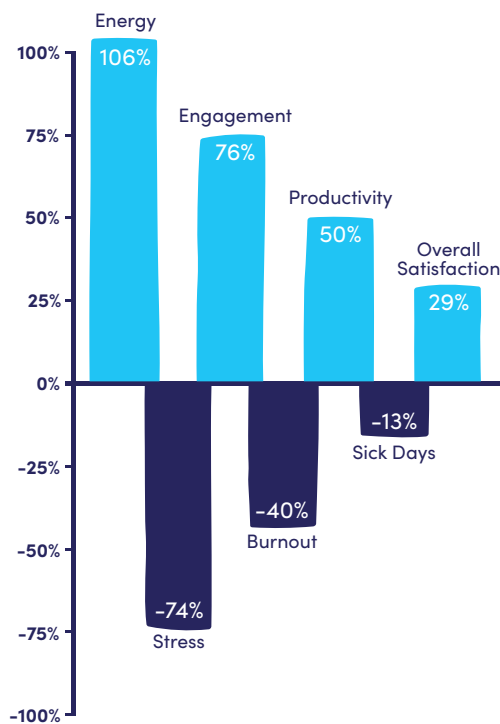
That's a fancy way to say that leaders have a more powerful impact on the engagement of employees within your company than almost anything. With good leadership, employee engagement can become a potent source of strength rather than an insidious cause for worry—and we could all use a little less worry these days.

How exactly do leaders influence engagement? By clearly and regularly communicating how much their employees are valued—and there's no better way to communicate that value than through recognition. One study found that 63% of respondents were less likely to look for a new job if they were recognized regularly.<sup>6</sup>

Think about it for a second: do engaged employees look for new jobs? Nope. Recognition conveys value, and it can be as simple as saying “Hey, good job on that project. You worked hard and did a spectacular job.” And guess what? Such a statement of encouragement means the most coming from a leader. Recognition and encouragement

from management conveys value to the recipient in powerful ways. It's saying “I see you, and see the work you've been doing, and it's been great. You have my trust, and the trust of the company.”

## The Results of Feeling Trusted and Valued At Work<sup>7</sup>



*The Harvard Business Review found that feeling trusted and valued at work had several correlated positive outcomes.*

5. [State of the American Manager](#), Gallup

6. [6 Statistics That Confirm Employee Recognition and Retention Are Related](#), HR Technologist

7. [The Neuroscience of Trust](#), Harvard Business Review

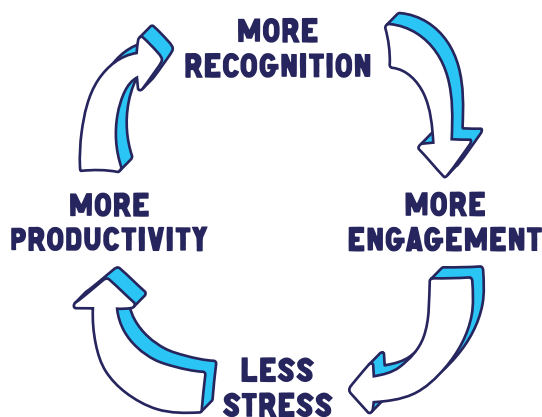
## Frequent Recognition Conveys Value and Builds Trust

According to the research on the neuroscience of trust, recognition and rewards have the single largest effect on how an employee experiences value at work.<sup>8</sup> As leaders provide praise and recognition something special happens in the brain of both the giver and the recipient.

Here's the science: the process of giving and receiving compliments (or recognition, which is a fancy way to say compliments) releases a chemical in the brain called Oxytocin.

Oxytocin reduces stress on a physiological level, often producing feelings of joy, fulfillment, and happiness.

In experiments done by leading neuroscience researchers, it was found that when people reward and recognize, both the person recognizing and the recipient see a boost in Oxytocin in the brain and a reduction of activity in the Amygdala—where stress chemicals are produced.<sup>9</sup> Basically you get more of the good and less of the bad, all because of recognition.



## Powerful Recognition = Powerful Productivity

A boost in such things as joy and fulfillment will lead to increased performance, more energy, less stress, and increased productivity at work. In fact, the research on trust and value in the workplace states that companies with higher trust indexes had demonstrably higher total returns to shareholders. Leaders can enhance all of these effects by increasing the frequency of giving meaningful recognition to their people, and by utilizing the best practices of recognition.

8. *The Neuroscience of Trust*, Harvard Business Review

9. *Resilience and amygdala function in older healthy and depressed adults*, HR Technologist

## Best Practices of Recognition



### Timely

Recognition for a project completed weeks ago is not as effective as one that is given in a timely manner, or even in the moment.



### Appropriate

Consider the person you are recognizing and what you are recognizing them for. Some employees may not wish to be publicly recognized, but will still appreciate a private recognition given with sincerity.



### Specific

Recognition that includes what project was completed, by whom, how it impacted the organization, and what specific efforts were given by the employee will be much more effective than generalized recognitions.



### Genuine

As much as possible, be genuine in your praise. Know your team and know what would mean most to them, and be your genuine self.

I LOVE THIS ONE!  
😊



### Impactful

Determining how often to recognize is important, as well as considering the impact it may have. Does the achievement warrant a larger, company-wide recognition, or perhaps something smaller?



### Personal

Knowing what your people value is an important step to take recognition to the next level. Do they prefer public recognition, or private encouragement? Do they want extra PTO as a reward, or would they prefer the chance to select their own reward?

## Influencing the Bottom Line

If all this information isn't enough, let's look at a specific example. The national average for annual revenue contribution per employee is \$165,000.<sup>10</sup> High-trust organizations generally have a 50% increase in productivity. An increase of this magnitude would generate an additional \$82,500 to an employee's annual revenue contribution to the company.

It's clear that investing in improving the manager to employee relationship by providing powerful rewards and recognition can have a massive impact on trust and communicated value—and in turn provide higher financial returns to the organization as a whole.

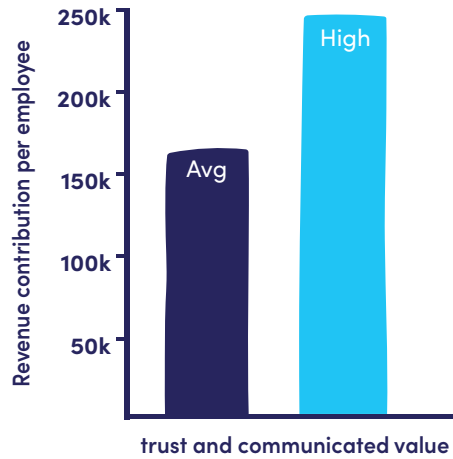
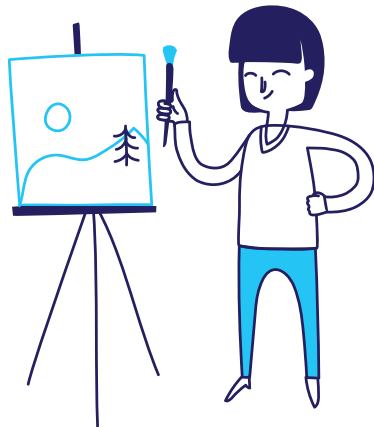
**\$82,500**  
ANNUAL REVENUE

## Economic Impact of Employee Recognition

Average Trust & Communicated Value = \$165,000 in revenue per employee.

High Trust & Communicated Value = \$247,500 in revenue per employee.

That's a difference of \$82,500 in annual revenue contribution **per employee**, and all it takes is a little recognition!



## The Verdict: Leaders Directly Influence R.O.I. through Recognizing their People

We've painted quite a picture here—one of leaders directly influencing the bottom line of every company by simply recognizing their employee's contributions regularly. Recognition is the most powerful way to increase engagement, and is most impactful when it comes from leaders in the company. Recognizing people for their work and communicating how valued they are is the most cost effective and powerful way to boost your company culture, engagement, and bottom line.<sup>11</sup> Period.

**Let's talk about how to positively impact your business with recognition.**

**SCHEDULE A DEMO**



Go to [award.co/start](http://award.co/start).

10. Revenue Per Employee: How to Avoid the Worst Hiring Mistake, Small Business Matters  
 11. Employee Recognition: Low Cost, High Impact, Gallup