

Case History #2 – Recognition Program

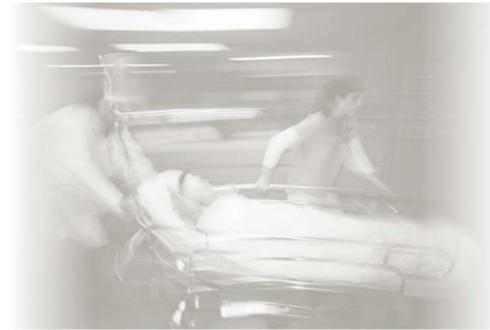
The application of variable awards is not limited to “incentive” activities where there are specific measurable units or dollars. The concepts discussed in this white paper can apply to more subjective criteria such as recognition programs that reinforce company values and corporate standards of performance outside the traditional sales environment.

One Snowfly client showed a dramatic increase in employee satisfaction and showed a marked difference in the satisfaction levels of employees who participated in the Recognition Program versus those that did not engage with the program.

Situation

This Program is available to over 4500 employees at a Health Solutions Company. Participants were office employees handling a wide range of responsibilities. The program was designed to allow employees to recognize each other for demonstrating behaviors that were associated with the mission and values of the organization.

The goal was to increase employee satisfaction and drive qualitative behaviors.



Solution

- Via the Snowfly Portal employees nominate each other for recognition, this recognition is **subjective** ie. Based on the discretion of the nominator and approver.
- Upon review and approval by a third party supervisor/manager, the recognized employee receives game tokens that they can use to play random point yielding games.
- Each game yields an average of 10 Points per play, however any individual game play could be at most 5000 points or at least 2 points.

Results

The results of the program were striking. The data from almost two years of employee satisfaction scores was analyzed.

- Employees **who did not participate in the program were 3x more likely to fall in the “low” score** category (0 – 3.5 on a 5-point scale) than those that engaged with the program.
- Those who were engaged and participated in the program **were 1.6 times more likely to be in the top level of employee satisfaction** (ratings of 4.48 – 5 on a 5-point scale.)

Implications

While converting “satisfaction” into a specific Return On Investment is difficult as each company and each application is different, one study of employee satisfaction from the late 1990’s by Sears⁷ showed that **a 5 “unit” increase in employee satisfaction resulted in a 5% increase in revenue growth.**

Each company’s scoring system would have a different “unit” measure, but the fact is this – employee satisfaction results in increased business performance at the financial level.

Studies have also shown that employee satisfaction leads to reduced employee turnover.

With costs of employee turnover ranging from a low of \$3,500 to a high of 150% of the employees annual salary⁸ – these are numbers to pay attention to.

“To conclude, the present study found a significant negative relationship between job satisfaction and turnover intentions suggesting thereby that higher the job satisfaction, lower is the individual's intention to quit the job.

This shows that job satisfaction or dissatisfaction plays a significant role in influencing the turnover intentions of employees.”

Relationship between Job Satisfaction and Turnover Intentions : An Empirical Analysis

Ms. Gurpreet Randhawa

⁷ http://www.insightlink.com/Investing_in_employee_surveys_pays_off.pdf

⁸ <http://www.sashacorp.com/turnframe.html>