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## Provide Recognition for Performance Improvement

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*It is difficult to conceive of a society populated with people who are completely unmoved by the respect, approval, and reproof of others. (Bandura, 1986, p. 235)*

The effect of positive reinforcement, contingently applied, on performance improvement may be one of the most agreed upon principles in the field of organizational behavior, and arguably psychology in general. In his pioneering work in organizational behavior, Vroom (1964) noted that “without a doubt the law of effect or principle of reinforcement must be included among the most substantiated findings of experimental psychology and is at the same time among the most useful findings for an applied psychology concerned with control of human behavior” (p. 13). Years later, in his classic work in psychology on social foundations of thought and action, Bandura (1986) concludes that “human behavior cannot be fully understood without considering the regulatory influence of response consequences” (p. 228). Recent work, synthesizing different subsets of this vast literature over the years, has meta-analytically shown the positive effect that contingent reinforcers have on performance outcomes (Stajkovic and Luthans, 1997, 2003).

We use the term “reinforces” rather than “rewards” throughout this chapter to recognize that the more common term reward is used in the behavioral management literature to refer to what managers think will have a positive impact, whereas a reinforcer is defined as a consequence that, indeed, increases the frequency of the behavior that preceded it (see Luthans and Kreitner, 1975; Luthans and Stajkovic, 1999). The three types of positive reinforcers (treatment interventions) that have shown to increase the frequency of employee behaviors, and that are most often used to improve performance in the behavioral management literature/research, are money, feedback, and recognition. Money (Chapter 12) and feedback (e.g. see Chapters 9 and 10) are given attention in other places in this volume. As reflected in the title, the principle described in this chapter is that providing contingent (if-then) recognition for desired behaviors leads to improved performance.

In this chapter, beside using the term reinforcer rather than reward, we also make a distinction between formal and informal (sometimes referred to in the literature as “social”, e.g. see Luthans and Stajkovic, 1999; Stajkovic and Luthans, 2001, 2003) recognition. Formal

recognition refers to reinforcing employee accomplishments through *formal* company programs such as employee of the month or specific awards for attaining levels of performance. These formal recognition programs, if their psychological, reinforcing purpose is understood and taken seriously (e.g. by those who may be put in charge of administering these programs but may not necessarily be familiar with reinforcement theory), are typically accompanied by some form of tokens of visual acknowledgment (e.g. plaques) and are administered publicly (e.g. company banquet, some other formal ceremony). If these formal recognition programs are promoted by the company, but are not enacted fairly or consistently (e.g. played out differently for different employees, i.e. no plaques and/or ceremonies for you), they may be perceived as phony (or worse, discriminating) and not lead to performance improvement. Although this chapter does not focus on such formal recognition, we will provide some examples and guidelines to follow for successful programs.

This chapter is mostly concerned with social or informal recognition. We define this type of recognition as an individual and/or group (thus the use of the term social) providing contingently informal genuine acknowledgment, approval, and appreciation for work well done to another individual and/or group. This informal recognition is provided typically on a one-on-one personal level (thus the use of the term informal), verbally, and/or in writing/email. Besides social and informal, we also emphasize the qualifier “genuine” in this definition because it does not include phony praise, “attaboys” (or girls), a smiley face, or a pat on the back. This type of recognition is also given *contingent* upon exhibiting the desired/relevant behavior(s) that has a favorable impact on desired performance outcomes. In summary, though the term recognition as used in this chapter is social, genuine, and contingently administered, we will mostly refer to it as informal recognition to differentiate from formal recognition.

The broad appeal of informal recognition at work is that it applies to many (bottom to top in the hierarchy), few ever get too much of it (satiation principle mostly fails here), is readily available for use by everyone (i.e. anyone who can verbalize an appreciating sentence or two, and/or write such an email), and, to the potential disbelief of some economists (who, albeit, have increasingly been discovering the relevance of psychology to economics, e.g. Frey and Stutzer, 2002, 2007), it works but does not involve giving out money/monetary incentives. As noted by one employee:

For me, receiving praise and recognition kind of sets off a little explosion inside. It's kind of like, “oh, that was good, but you know what? I can do better.” It helps give you drive to want to continue achieving. . . . (Wagner and Harter, 2006, p. 54)

To demonstrate the power of such recognition on a personal note, perhaps ask yourself this simple question: “Are you, or anyone else you know, suffering from too much *genuine* recognition?” We are not. For example, when Bob Hope, well into his eighties, was asked, “Why don't you retire?” he quickly answered, “Because the darn fish don't applaud!”

In addition to this common-sense appeal of providing informal recognition as a positive reinforcer to increase employee performance, there is also considerable theory and research in the field of organizational behavior supporting its effectiveness.

### SOCIAL COGNITIVE THEORY ANALYSIS OF RECOGNITION

The use of recognition in behavioral management was initially based on reinforcement theory, which assumes that the causal agents of employee behaviors are found in the functional

relationship between the environmental consequences and the behavior they effect (Komaki, 1986; Luthans and Stajkovic, 1999; Stajkovic and Luthans, 1997). However, the explanatory power of the reinforcement approach to human action has been questioned on the grounds that it falls short of providing the needed conceptual process-oriented analysis and understanding of the nature and underlying operating psychological mechanisms of recognition (i.e. how does it work) (Bandura, 1986; Locke, 1997; Stajkovic and Luthans, 1998a, 1998b, 2001, 2003).

Social cognitive theory (Bandura, 1986, 1999) has been offered as a more comprehensive analysis and understanding of organizational behavior in general (Stajkovic and Luthans, 1998b) and reinforcers such as recognition in particular than was provided by reinforcement theory (Luthans and Kreitner, 1985; Stajkovic and Luthans, 2001, 2003). Specifically, in our social cognitive analysis of the nature of recognition we offered three dimensions: (1) outcome utility; (2) informative content; and (3) psychological mechanisms through which it affects behavior (Stajkovic and Luthans, 2001, 2003). A conceptual process-oriented analysis of recognition along these three factors, we would argue, leads to a both deeper and more comprehensive understanding of its nature and underlying processes than is allowed by reinforcement theory's environmental determinism approach alone.

#### *Outcome utility of social recognition*

Bandura (1986) argues that recognition derives its outcome utility from its predictive value and not just from the social reactions themselves, as reinforcement theory would suggest. In other words, recognition (personal acknowledgment, approval, appreciation) precedes and could be perceived to lead to desired employee outcomes such as a promotion, raise, or an assignment to a desired project. Thus, in addition to the positive social reaction from the source of the recognition, it may also indicate to an employee a potentially upcoming desired outcome utility (and incentive value).

In terms of the magnitude of its effectiveness in affecting employee behavior, recognition given by those who have the power and resources to make desired outcomes a reality for the recipient (e.g. managers, supervisors) will arguably have a stronger effect than the recognition provided by those who may not have such power or resources (e.g. a staff member or an outside vendor). However, recognition provided by those who may not have financial resources and/or promotion power at their disposal, but have considerable respect/credibility (e.g. an admired peer, mentor), may also be powerful in affecting employee behavior for it may lead to desirable outcomes such as being included in the "in-group." In sum, the social cognitive approach predicts that employees will pursue behaviors that receive informal recognition, especially from those who can provide desired material and/or social outcomes, for it suggests that they may be on the "right track."

#### *Informative content of informal recognition*

Informal recognition, as we define it, has relatively less informative content than, for instance, specific performance feedback (e.g. you processed 10 applications and were supposed to process 15). Yet, because recognition is also a form of feedback that has been evaluated and the effective delivery of recognition should include a reasonable amount of specifics, there may be a different informative content value in what is expressed. It is

important to note that the “scale” for the informative value of recognition focuses on the content value (i.e. the “quality”) of what was said (e.g. the reason for the recognition) and not necessarily on the “quantity” of praise that was dispensed.

Showing employees how much their work is appreciated through informal recognition is not achieved by using non-contingent standardized phrases (e.g. good job!), but by conveying genuine personal appreciation for exhibiting desired behavior(s) and work well done. This is because indiscriminate approval that does not eventually result in tangible benefits becomes an “empty reward,” thus lacking the potential to control or effectively manage employee behavior. It is the difference between indiscriminate approval and genuine appreciation (signaling future desired behaviors) that portrays the informative continuum of informal recognition. For example, instead of a generic phrase such as “good job,” the recognition giver may provide specific information such as “I know that you stayed late last night to finish the presentation I gave you at the last minute. It was a great success in the meeting this morning.” This reasonably detailed form of informal recognition not only conveys acknowledgment and appreciation, but also information for motivating subsequent desired behavior.

### *The regulatory mechanism: forethought*

The third dimension of a social cognitive explanation of recognition focuses on the regulatory mechanism through which social recognition impacts human action. We have argued that the basic human capability of forethought (see Bandura, 1986) is the means to cognitively operationalize informal recognition as a reinforcer:

Based on the recognition received and, thus, the perceived prediction of desired consequences to come, people will self-regulate their future behaviors by forethought. By using forethought, employees may plan courses of action for the near future, anticipate the likely consequences of their future actions, and set performance goals for themselves. Thus, people first anticipate certain outcomes based on recognition received, and then through forethought, they initiate and guide their actions in an anticipatory fashion. (Stajkovic and Luthans, 2001, p. 164)

Thus, forethought becomes a regulatory mechanism that permits perceived future desired outcomes based on the recognition to be transferred into current employee behaviors that lead to performance improvement. Overall, the above discussion of the three dimensions represents the nature and underlying conceptual mechanisms of recognition from the social cognitive perspective.

## EMPIRICAL RESEARCH ON THE USE OF INFORMAL RECOGNITION IN BEHAVIORAL MANAGEMENT

In behavioral management research (Luthans and Kreitner, 1975, 1985; Stajkovic and Luthans, 1997, 2001, 2003), recognition plays a prominent role, i.e. there is considerable empirical evidence that recognition contingently provided to desired employee behaviors leads to performance improvement (i.e. recognition increases the measured frequency of desired behaviors). Examples from both manufacturing and service organizations can help illustrate this research.

In a manufacturing setting, a desired behavior identified to impact employee performance may be the productive use of idle time during preventive maintenance. The contingent recognition would be delivered by a supervisor perhaps saying to the worker in question, "I noticed that you helped out Joe while your equipment was being serviced by the maintenance crew." In this example, it is important to note that the recognition did not include a "gushy" "thanks a lot" or some phony praise for what this worker was doing. Instead, this employee simply "knew that his supervisor knew" that he had gone out of his way to help out a fellow worker. Because of the received positive reinforcer through contingent recognition from the supervisor, this employee would likely repeat (based on Thorndike's law of effect) the reinforced desired behavior in the future. In other words, instead of receiving no positive reinforcement for this work behavior (that would lead to extinction of such behavior in the future), the supervisor providing contingent recognition will likely repeat the worker's behavior, which in turn contributes to performance improvement. Multiply that by other employees and performance improves at no, at least direct, costs to the organization.

In a service setting such as a bank, an identified functional behavior targeted for improvement, say of tellers, may be providing customers information about various products the bank offers. As in the manufacturing example above, upon observing this behavior, the supervisor would provide contingent recognition by saying something like, "I overheard your explanation to that last customer about how to obtain, use, and the advantages of having a credit card. I think we may be adding her to our business." The positive reinforcement through the recognition provided, again, had the aim of increasing the desired employee behavior, which should subsequently help increase performance (of those reinforced employees).

A large number of studies over the years have verified that recognition is indeed a powerful reinforcer of employee behaviors leading to performance improvement. Meta-analysis of 19 reinforcement theory studies revealed (when all used Luthans and Kreitner's 1975, 1985 five step Organizational Behavior Modification or OB Mod. application model/approach to behavioral management) an average effect of recognition on performance improvement of 15% (Stajkovic and Luthans, 1997). This was followed by a more comprehensive meta-analysis that examined 72 reinforcement theory studies in organizational settings that found (irrespective of a specific application model) an average effect size of social recognition on performance of 17% (Stajkovic and Luthans, 2003). Finally, in a recent field experiment, informal recognition increased performance of workers in the manufacturing setting by 24% (Stajkovic and Luthans, 2001).

Informal recognition has also been shown to have a strong performance impact at the business-unit level of analysis and in an international application. In a study of 21 stores in a fast-food franchise corporation, informal recognition as part of a non-financial (i.e. along with performance feedback) intervention in behavioral management significantly increased both unit profit performance and customer service measures and decreased turnover (Peterson and Luthans, 2006). Further analysis also indicated that these gains from the non-financial incentives were sustained over time and, when compared to financial incentives, had an equally significant impact except for employee turnover. Internationally, the application of social recognition in a modern Korean broadband internet service firm was found to have a significant impact on both the quality and quantity of performance (Luthans, Rhee, Luthans, and Avey, in press).

In addition to this research evidence, the practitioner-oriented, professional literature also contains some empirical support for the impact of informal recognition. For example, a nationwide survey of US workers found that about 70% report that non-monetary forms of recognition provide the best motivation (*HR Focus*, 1999). This same survey found that employees favor recognition from managers and supervisors by a margin of almost 2:1 over recognition from co-workers or other sources. Another survey conducted by the Council of Communication Management found that recognition for a job well done is the top motivator of employee performance. In the same survey, a third of the managers themselves report that they would rather work in an organization where they could receive more/better recognition (Nelson, 1994).

The Gallup Organization has also conducted an exploratory analysis on its database of 28 studies involving 105,680 employee responses to a large survey from a wide variety of firms. The survey item dealing with recognition (“In the last seven days, I have received recognition or praise for doing good work”) was significantly and positively related to 2528 business units’ outcome measures of customer satisfaction/loyalty, profitability, and productivity, but not turnover (Harter and Creglow, 1999). However, some other surveys (Nelson, 1996) indicate that recognition, along with the other desirable outcomes, may be a determinant of retention.

## MODERATORS OF INFORMAL RECOGNITION

Based on reinforcement theory (which preceded social cognitive theory), it was generally implied that recognition had no moderators of its positive impact on performance. Unlike money and feedback, recognition, from a reinforcement theory perspective, was portrayed as always being a positive reinforcer (it always increases the preceding behavior). Even though, as the opening comments of this chapter indicate, recognition is still most often thought of as applying to everyone and no one (really) gets tired of it, the social cognitive conceptual analysis, as outlined above, and the recent meta-analyses of the literature pertaining to the effectiveness of different reinforcement interventions (Stajkovic and Luthans, 1997, 2003) seem to indicate that there may be moderators of the relationship between recognition and performance.

### *Type of organization*

One moderator tested in our 1997 meta-analysis, which examined an impact of reinforcement interventions, was the type of organization. This analysis indicated that the average effect sizes for all the different interventions varied significantly between manufacturing and service applications (Stajkovic and Luthans, 1997); they all, including informal recognition, had a greater impact on performance in manufacturing than in the service organizations. A possible explanation of these findings may be that it is more difficult to identify critical performance-related behaviors to offer recognition in service than in manufacturing organizations, rather than to assume the lesser effect of recognition in service organizations. For example, in routine manufacturing even certain simple hand movements or procedures may impact performance, but in a service environment customer interactions typically may be highly individualized and unique.

*Effects with money and feedback*

In our 2003 meta-analysis, we found that not only recognition had a significant effect on performance (17% improvement), but it also produced a synergetic effect with money and feedback. The combined intervention of all three reinforcers produced the strongest effects on performance (45% improvement), with the theory being that money fosters effort, feedback clarifies the task, and social recognition is a desired outcome and predicts future outcomes. Another interesting aspect of these findings was that when social recognition and money alone were the two interventions examined, they did not seem to match well and produced the weakest impact, weaker than either one alone (we called this the “mismatch” cost). However, when feedback was added to the mix (apparently offering clarity to the recognition–money relationship), it fostered the strongest effect.

## THE ROLE OF RECOGNITION IN BUILDING SELF-EFFICACY

Self-efficacy is a key variable in social cognitive theory (Bandura, 1997; Stajkovic and Luthans, 1998a, 1998b – see Chapter 10), and recognition may be an input into its development. Self-efficacy is defined as a belief in one’s capabilities to organize cognitive and behavioral faculties and execute the courses of action required to produce desired outcomes in a specific context and on a specific task (Bandura, 1997; Stajkovic and Luthans, 1998a, 1998b). In performing a specific task, an employee’s self-efficacy determines whether the necessary behavior will be initiated, how much effort will be expended and sustained, and how much persistence and resilience there will be in the face of obstacles, problems, or even failure (Bandura, 1997, 1999). Self-efficacy has been shown to be strongly related to work-related performance (a .38 weighted average correlation in our meta-analysis of 114 studies; Stajkovic and Luthans, 1998a).

Unlike personality traits, self-efficacy is generally recognized to be a state variable that can be developed and trained (Bandura, 1997; Luthans, Avey, and Patera, 2008; Stajkovic and Luthans, 1998a, 1998b). The key inputs into the development of self-efficacy are mastery experiences, modeling/vicarious learning, social persuasion, and physiological/psychological arousal (Bandura, 1997; Stajkovic and Luthans, 1998b). We suggest that recognition may have direct or at least indirect implications for each of these developmental dimensions of self-efficacy. For example: (1) recognition may be perceived as confirmation of success; (2) seeing others being recognized would be vicariously reinforcing; (3) recognition framed as social persuasion may enhance the receivers’ beliefs as to what they can do with what they already have (without requiring new knowledge/skills); and (4) recognition would likely provide encouragement for employees to stay on the course of action and persist when meeting performance obstacles and problems. In other words, social recognition may help build self-efficacy, and those with higher self-efficacy perform better (Bandura, 1997).

FORMAL RECOGNITION PROGRAMS DRAWN FROM  
PRACTICAL EXPERIENCE

So far, the discussion has focused on the conceptual and empirical properties of informal recognition and its relationship to performance. As the introductory definitions indicated,

another way to consider recognition is from the perspective of more formal programs used to recognize employees in real-world organizations. In that vein, largely based on experience and anecdotal evidence, Nelson (1994, 2005) gives practicing managers *1001 Ways to Reward Employees*. This best-selling handbook, according to the book jacket, is “A chock-full guide to rewards of every conceivable type of situation.” Nelson (1994) provides the following guidelines for effective formal recognition programs:

- ◆ WHO (outstanding individual employees or teams/groups in terms of productivity, quality, suggestions, customer service, sales, attendance or safety);
- ◆ WHAT (time off, vacations, field trips, special events, educational classes, benefits, gift certificates, cash prizes, merchandise, trophies, pins or plaques);
- ◆ HOW (nomination procedures, representative committees, point systems, or contests); and
- ◆ WHERE (newsletters, regularly scheduled meetings or specific celebrations/banquets).

Nelson also provides specific company examples of recognition programs, such as at Home Depot, where each store picks an employee of the month (the criterion being someone who has given time to an area of the store that technically lies outside his or her responsibility). The recipient is given \$100, a merit badge (five badges earn an extra \$50), a special pin to wear on his or her apron, and the honoree’s name engraved on a plaque displayed at the front of the store.

Our discussion of the theory and research points out *why* recognition should be used, and this practical handbook points out to managers that they no longer have the excuse of not using recognition because they do not know the pragmatics of who, what, how, or where. This book supports the use of both the informal/interpersonal and more formal recognition programs, offers a few featured quotes (e.g. Mary Kay Ash: “There are two things people want more than sex and money . . . recognition and praise”), and outlines guidelines for administering recognition (e.g. match the reward to the person, match the reward to the achievement, and be timely and specific).

## IMPLEMENTATION GUIDELINES FROM THEORY AND RESEARCH

The principle of this chapter is drawn from both reinforcement and social cognitive theories, and is supported by the findings from the meta-analyses of research studies over the years (Stajkovic and Luthans, 1997, 2003). It says that managers providing recognition contingent upon individual employees’ desired behaviors leads to performance improvement. Although the recognition that is inherent in formal reward systems and programs described above are included in the definitional domain of the principle, we suggest that informal recognition based on personal attention and appreciation has a relatively stronger impact on performance than the formal recognition programs. This is because the one-on-one contingently used recognition (of the form stated earlier “the employee knows that his or her supervisor/manager knows”) tends to be more valued and have more universal appeal than do formal recognition programs. Daniels and Daniels (2007) have recently noted that “Good personal relationships are the source of the best reinforcement such as positive comments . . . cost little or nothing and when done appropriately cannot be given too often” (p. 109).

The reason formal recognition programs may not have the desired effects, especially over time, is because they may easily turn into being phony, not valued by the recipient, or go against the cultural norms. For example, in employee of the month programs, the first few recipients may be deserving that everyone agrees with, but over time selections may become more and more subjective and controversial, often resulting in selecting less-qualified individuals (and potentially not agreed upon by their peers). At this point company politics too often come into play and those who deserve but do not receive the recognition feel betrayed. In this case, the program would most likely produce negative effects (i.e. “rewarding A while hoping for B”) and the recognition is not given contingent upon exhibiting the desired behaviors. A formal recognition award such as the “Golden Banana” at Hewlett-Packard can initially be a reinforcer, but over time may become an empty reward (e.g. award or benefit tends to be valuable to the reward giver but not necessarily to the reward recipient) and be perceived even in a negative light. From a collectivistic cultural values standpoint, although many may like to be recognized for their efforts and achievements, not everyone likes to be singled out in a public way, which is usually the case with formal recognition programs.

The implementation guideline to get around problems associated with formal recognition would follow from the reinforcement and social cognitive theoretical frameworks. One suggestion would be to use formal recognition awards contingent upon objectively measured performance. The key is that everyone involved must perceive that the formal, public recognition is deserved. For example, formal awards based on sales performance (the famous pink Cadillac at Mary Kay Cosmetics or a plaque given for selling five million at a real-estate firm’s banquet) would be appropriate and effective, but many outstanding performer of the month awards (or administrator-nominated, and not voted upon by students, teaching awards in academic institutions for that matter) may not be. The latter may be subjectively determined. To be effective as a reinforcer for performance improvement, they must be as objective as possible and be perceived by the recipient, and also by others, as being fairly and objectively selected (i.e. procedural and distributive justice – see Chapter 14). This guideline is compatible with both reinforcement theory applications (e.g. objective, contingent consequences) and the principle of justice.

Although the theory-based implementation guideline would be to depend on and provide relatively more informal recognition than formal recognition (as defined at the beginning of the chapter), it does not rule out the need for some formal recognition. Contingently given, informal, private recognition dominates the reinforcement-based behavioral management, and has been clearly demonstrated by empirical research to increase performance (Stajkovic and Luthans, 1997, 2001, 2003). As the more comprehensive social cognitive theory suggests, it is important to ground the informal, private recognition in the formal, public (symbolic) recognition domain. Also, the more objective and fair this formal recognition, the better. This example provided by a practicing consultant is indicative of such a symbolic application guideline:

If people receive social reinforcement on the four-to-one ratio (a minimum of four socials to one tangible) and receive reinforcers for behaviors, not only results, they will view the tangible as a symbolic representation of appreciation. Then tangibles become items which serve as reminders of the social reinforcement they have already received. A tangible reinforcer carries the most impact when it symbolized the recognized behavior or result. (Allen, 1994, p. 25)

Again, reinforcement theory would say that recognition is reinforcing per se, but the social cognitive theory would suggest that the formal recognition is at least needed once in a while to provide outcome utility (e.g. a raise, promotion, or special assignment), informative content (point to what the organization values), and regulatory mechanism (and symbolic value of recognized behavior, and forethought on developing strategies to obtain desired outcomes).

## CASE EXAMPLES

Nelson's (1994) best selling book contains 1001 real-world examples, and a more recent version adds hundreds more (Nelson, 2005), many of which are short cases of mostly formal recognition programs in well-known firms such as Kodak, Honeywell, American Express, IBM, Procter and Gamble (but also in smaller organizations). Most of these are richly described with specific individuals and details regarding the form of recognition used to improve performance. However, only a very few of these provide any, even descriptive, evidence on the effectiveness of these formal recognition programs, and none uses research designs or statistical analysis to test hypotheses or draw causal conclusions. Thus, these examples are useful anecdotes, but we would argue that a more evidence-based analysis of recognition is needed for sustainable impact and justification. Thus, the examples described below are from our own empirical studies in manufacturing and service organizations using informal recognition. Most of these allow causal conclusions to be drawn on the effectiveness of informal recognition in improving performance. Largely summarized/drawn from Luthans' organizational behavior textbook and co-authored articles, these studies generally followed the five step OB Mod. model (identify, measure, functionally analyze, intervene with recognition, sometimes in combination with feedback, and evaluate) (Luthans and Kreitner, 1975, 1985; Luthans and Stajkovic, 1999; Stajkovic and Luthans, 1997).

### *Medium-size light manufacturing firm*

This field study had two matched groups (experimental and control) of nine production supervisors each. The experimental group received training in behavioral management by the researchers. The intervention involved supervisors' providing recognition contingent upon their workers exhibiting the identified performance-related behaviors. On the charts kept by each trainee, it was clearly shown that in all cases they were able to change critical performance-related behaviors. Examples of behavioral changes accomplished by the supervisors included decreasing the number of complaints, reducing the group scrap rate, decreasing the number of overlooked defective pieces, and reducing the assembly reject rate. The most important result of the study, however, was the significant impact that the recognition intervention had on the performance of the supervisors' departments. It was found that the experimental group's departments (those in which the supervisors use the recognition intervention in their behavioral management) significantly outperformed the control group's departments.

### *Large-size manufacturing plant (supplier to the telecommunications industry)*

This study started off as a replication of the study summarized above, but was disrupted by labor relations conflict and a strike at the national level preventing completion of the

full analysis. However, the following summarizes some typical cases of behavioral change that occurred in the production unit of this manufacturing firm through contingent recognition:

1. *Use of idle time.* One supervisor had a worker with a lot of idle time. Instead of using this time productively by helping others, the worker would pretend to look busy and stretch out the day. The supervisor intervened by giving the worker recognition contingent upon the worker's helping out at other jobs during idle time. This approach notably increased the worker's productive use of idle time.
2. *Low performer.* A production worker in one of the supervisor's departments was producing below standard (80.3% of standard over a six-month period). The low performance was not deemed to be an ability, technical, training, or standards problem. After analyzing the situation, the supervisor used recognition to increase the types of behaviors that would lead to higher output. This intervention resulted in a 93% standard performance level, with no decrease in quality.
3. *Group quality.* One supervisor had a problem with the quality of work in his department. Objective measurement verified this problem. After analyzing the situation, the supervisor used recognition on the group as a whole. Shortly after its use, the group attained the quality standard for the first time in three years.
4. *Group attendance.* Another supervisor felt that he had an attendance problem in his department. Objective measurement revealed 92% attendance, which was not as big a problem as he had thought. However, he established the goal of 100%. After he used contingent recognition on the group, 100% attendance was attained rapidly. An interesting anecdote told by this supervisor was that one of his workers was riding to work from a small town in a car pool early one morning when they hit a deer. The car was disabled by the accident. Co-workers who worked in other departments in the plant and were also riding in the car pool called relatives and went back home for the day. This worker, however, did not want to ruin the 100% attendance record, so she hitchhiked to work by herself and made it on time.
5. *Problem with another department.* One supervisor felt that the performance of his department was adversely affected by the unrecoverable time of truck-lift operators who were not directly under his supervision. After obtaining objective measurement and conducting an analysis of the situation, the supervisor decided to use recognition with the informal group leader and the supervisor of the truck-lift operators. The intervention substantially reduced the unrecoverable time affecting the operational performance of his department.

These five examples are only representative of the types of behavior that the supervisors using a recognition intervention were able to change. Taken together, such individual behavioral projects contributed to improving the overall performance of these supervisors' departments.

### *Largest meat-packing plant in the world*

This study was conducted in the labor-intensive meat-packing industry. In the largest packing plant in the world (in terms of employees and output), 135 production supervisors were trained by the researchers in behavioral management and used social recognition as

the intervention. The recognition was contingently applied by the trained supervisors to identify employee-desired behaviors such as performing a particular operation more efficiently, and delivering a certain piece of material in a more timely manner.

This behavioral management with recognition as the intervention had a positive impact on all product areas in which it was applied. There was wide variation, but utility analysis indicated that although there was only a 2% gain in product #2, this still translated to an annual value of nearly \$900,000 in this company, and the 1.4% gain in product #6 equated to an annual value of about \$750,000. The projected values of the productivity gains in other product areas were estimated for this company as follows: product #1 \$259,000; product #3 \$510,000; product #4 \$371,000; and product #5 an impressive overall \$2.276 million gain.

### *Large comprehensive hospital*

This study was conducted in the fast-growing, but much less structured than manufacturing, health care industry. As in the manufacturing application, 11 supervisors from medical service, business, and operations units in a large hospital were trained by the researchers in behavioral management and used contingent recognition as the intervention. The results showed that there was improvement in all the performance measures. For example, over the two months of the intervention, emergency room registration errors (per day) decreased by 76%; medical records errors (per person per audit) decreased by 97%; average output of transcriptionists increased by 2%; EKG procedures accomplished increased by 11%; drug output (doses) in pharmacy increased by 21% and waste decreased by 25%; retake rates (percent) in radiology decreased by 11% and in the admitting office time to admit decreased by 69% and average cost decreased by 22%. In other words, the recognition intervention was effective in modifying a broad range of performance-related behaviors in a hospital setting. This approach seemed to affect both the quality and the quantity performance measures. Moreover, the data indicate that each of the trained supervisors was successful in applying contingent recognition, despite the whole range of complex situations encountered on a daily basis in this complex industry.

### *The teller line in a bank*

Unlike the manufacturing and even the hospital applications, which had specific performance outcome measures, this service application measured teller–customer quality service interactions as rated by customers. The experimental group in this study was the teller line at a branch of a medium-sized bank and the control group were the tellers at another branch of the same bank. The researchers gathered pre-intervention, intervention, and post-intervention data unobtrusively (around the corner from the teller line) from customers right after a service interaction between the tellers and customers in both the experimental and control groups. The customers rated the service they received according to six key dimensions that were identified from the service literature and this bank's management as being most important: greeting, eye contact, speed of service, degree of help offered, personal recognition of the customer, and appreciation for the customers' business. An overall perception of the quality service for the transaction was also obtained. These ratings were gathered randomly over a 10-day period in each phase

of the experiment. Since the data were collected out of sight of the tellers, they were unaware this was happening (follow-up checks indicated this was the case).

The intervention consisted of identifying, fully describing in behavioral terms, and emphasizing the importance to customer service of the six dimensions to the tellers and their supervisors in the experimental group. In particular, the supervisors were instructed by the researchers to provide contingent recognition when observing these six dimensions being exhibited by their tellers. This recognition was given throughout the intervention period, but then the recognition was withdrawn in the post-intervention (reversal) period. The researchers were frequently on site to assist the supervisors during both phases of the experiment, and manipulation checks verified the procedures were in effect.

The results indicated that four of the six dimensions (greeting, speed of service, personal recognition, and appreciation) were significantly higher in the experimental group. The overall measure of quality service was not different between the control and experimental groups during pre-intervention, significantly higher for the experimental group during intervention, and then not different during the post-intervention period when the recognition was deliberately withheld by the supervisors. In other words, like the manufacturing applications, a contingent recognition intervention seemed to have had a causal positive impact on customer service performance in this bank.

### *Largest credit card processing operation in the world*

In this field study, Stajkovic and Luthans (2001) examined the relative differences in effects among monetary incentives, recognition, and performance feedback on a routine, low-task complexity job in the largest credit card processing operation in the world (58 million accounts outsourced from banks, retailers, and e-commerce firms). In terms of application procedures, the trained supervisors administered recognition contingent upon workers performing the specific behaviors identified in step 1 of the OB Mod. model. As we have emphasized throughout the chapter, supervisors were *explicitly* instructed that administering recognition and attention was not to be “sugary” praise or a “pat on the back.” Rather, the intention was to let the employee know that their supervisor “knew” they were doing the behaviors previously communicated to be important to performance. For example, the trained supervisors said things such as, “When I was walking through your area on my way to the front office this morning, I saw you making a sequence check, that’s what we’re really concentrating on.” Follow-up checks indicated this recognition intervention was indeed taking place.

The results of this study indicated: (a) the monetary incentives had a greater impact on performance improvement (31.7%) than the recognition (24%) and performance feedback (20%); (b) recognition produced relatively stronger effects on performance than performance feedback. These findings represent the first time that the most commonly used incentive motivators such as money, recognition, and performance feedback have been empirically shown to have different effect magnitudes on work performance when all three reinforcers are applied through the same, conceptually grounded, and empirically verified model of behavioral management. Although monetary incentives had a relatively bigger impact, recognition still held its own as being an important way to improve performance, especially when compared to a traditional pay for performance program (24% versus 11%) that did not use the above-mentioned OB Mod. application model.

## CONCLUSION

The organizational behavior principle for this chapter is that providing recognition leads to performance improvement. Because of the broad appeal and common use (at work, at home, at play) of informal social recognition (and some more formal recognition programs), there are numerous examples (e.g. just think of how you express personal gratitude, appreciation, and recognition to co-workers, spouses, kids) and, thus, many guidelines for implementation. However, in the academic literature, except for those reviewed in this chapter, there are (still) surprisingly few studies that examine the impact of recognition on employee performance. Based on the studies summarized here, we would suggest that the principle of contingent application of informal recognition as an intervention to improve performance seems to hold, and recommend its use in both organizational behavior and life in general.

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## EXERCISES

1. Split into groups and, drawing from actual on-the-job or other relevant experiences, discuss examples of both informal recognition that was provided and informal recognition that you think should have been provided but was not. How did each affect the motivation of you personally and the others affected by this recognition (or lack of it)? Why do you think informal recognition may be motivating (list several specific reasons to be discussed in class with other groups). Why do you think it may be demotivating not to receive informal recognition (again, list several specific reasons to be discussed).
2. Split into groups and design a formal recognition program for your company (or a company one of the team members has worked for). After describing the type of work and culture of your company, draw from this chapter's theory, research and application guidelines, and discuss what you think this program would need to look like to work. Outline several specific steps you would take. Also, identify some potential pitfalls (e.g. what would you be sure not to do).

