

# BUSINESS SENSE

## Next Level Tools for Entrepreneurs & Small Business Owners



### LEADERSHIP AND GOVERNANCE SERIES

## From Praise to Profits – The Importance of Recognition to Workplace Culture

#### Why is this important?

With so much change and uncertainty affecting workplaces, it can be easy to forget that employees are at the center of any organization's success. What employees feel – about the companies they work for, their leaders, their teams, and themselves – ultimately provides the fuel for high performance through increased productivity, safer workplaces and decreased absenteeism.

When employees feel valued for who they are and what they do, they act differently, in ways that positively impact their teams and organizations. Every business owner, leader and manager plays a vital role in workplace culture.



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#### What is Workplace Culture?

Workplace culture is a collection of attitudes, beliefs and behaviors that make up the everyday atmosphere in a work environment. Healthy workplace cultures align employee behaviors and company policies with the overall goals of the company, while also considering the well-being of individuals. Employee attitude, work-life balance, growth opportunities and job satisfaction all depend on the culture of the workplace. Healthy workplace cultures respect and support everyone's unique skills, experiences and talents while also working together toward shared company goals.

Business leaders set the tone for company culture through their policies, benefits and mission. Managers shape company culture from their hiring practices, where they can select applicants whose personal vision aligns with a healthy workplace culture. Managers at an organization with a successful workplace culture know how to

attract and select new employees who share their vision. Prospective employees will likely be drawn to companies that share their values and the type of culture in which they feel comfortable, valued and supported. Good workplace cultures provide stability for talented employees and allow them to grow within a company, reducing employee turnover and connecting qualified candidates with long-term careers. The physical environment of a workplace and the flexibility of scheduling or site also influences culture, with many offices opting for an open floor plan, natural lighting, hybrid work and the inclusion of programming and perks such as break room amenities, tuition discounts, gym memberships, lunch-and-learns, networking and conference attendance, etc.

#### Characteristics of a Healthy Workplace Culture

While some people may value a more traditional workplace culture and others want something more modern, all healthy workplace cultures have

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various traits in common which include: accountability, equity, expression, communication and recognition.

### Accountability

Each person is accountable for their behavior. A balanced workplace enables people to feel comfortable enough to take credit for their ideas and their mistakes. Open accountability allows each employee to learn from challenges instead of avoiding them. Accountability fosters a workplace culture based on teamwork, open communication, trustworthiness and responsibility.

### Equity

Companies that treat all of their employees equitably often have healthy workplace cultures. Every position within an organization has value, and giving everyone opportunities boosts employee morale. Favoritism in the workplace is a sign of a toxic workplace culture and can cause feelings of distrust and resentment between coworkers. An equitable workplace environment is essential for any positive workplace culture.

### Expression

People are generally happier, more productive and more focused when they feel able to express themselves in the workplace. If employees have some freedom in their personal style and how they approach their work, that indicates a level of comfort within their workplace culture.

### Communication

Open communication is critical for a productive workplace environment. Everyone within an organization must understand how to give and receive feedback, share ideas, collaborate and solve problems. All teams have interpersonal conflicts sometimes, but a functional workplace culture will allow them to resolve issues and work as a team despite challenges that may arise.

### Recognition

Thriving workplace cultures recognize employee successes and reward people when they do well. Management in a healthy workplace environment will look for positive attributes of everyone on the team and encourage use of their diverse talents and experiences. Employee

recognition ranging from regular verbal praise to competitive salaries can build a workplace culture of inclusion, appreciation and mutual respect.

### Why Recognition Boosts Productivity

Many factors influence how much effort employees put into their work, but an easy way to think about it is this:

Humans are motivated by extrinsic and intrinsic factors.

Extrinsic factors at work, such as getting paid, are the motivators we often think about. Pay matters, and monetary incentives can be effective if done right. But extrinsic factors alone can only go so far.

That leaves intrinsic factors to do much of the motivating on a typical business day. Intrinsic motivation is like a magnet that draws us toward activities that are fascinating, enjoyable and fun for their own sake. Work feels intrinsically engaging when people:

- Like the work they do.
- Like the people they are around.
- See the meaning and purpose in their efforts.

Recognition supports all three of those criteria: It celebrates individual work, it bonds teams together and it connects personal achievement to organizational success.

When employees feel engaged in this way, they show up each day ready to give their best. They also work harder, are more productive and are less prone to burnout. As a business owner or manager, be sure that your employees understand the



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overarching goals and objectives of the business, how their role contributes to those goals and the implications to them as employees when those goals are achieved. Recognition also affirms the importance of quality. It says excellence is better than cutting corners, a job well done is better than hiding mistakes. Recognition likely increases conscientiousness on a work site, which in turn improves safety outcomes. A recognition-rich culture communicates the idea that people are paying attention to how work gets done and that every employee matters in their role.

### Learning and Development are Key to Workplace Culture

Leaders may question the connection between learning and development programming, workplace culture and retention. [According to McKinsey research, a lack of development or growth opportunities led around 60% of employees to leave their jobs.](#) Opportunities for growth effectively keep talent engaged and committed by improving workers' sense of well-being, lowering anxiety and increasing confidence. Additionally, high-achieving, ambitious and motivated candidates are attracted to employers that can demonstrate a track record of advancement for those who perform well.

Industry conferences are valuable as a learning and development tool because of the topic sessions and expert panels they offer. They're also opportunities for employees to network with peers, share ideas and gain exposure to new technologies.

Assisting employees with joining industry associations or acquiring job-specific certifications is also very valuable to professional growth. This shows a commitment to employees' development, which improves the culture and encourages your talent to stick around.

Lunch-and-learns are a great in-house option for learning and development because they have the added benefit of team building. Formal mentoring programs can prepare mentees for career growth and a specific growth track, while more informal arrangements set up a relationship where established employees share their expertise and serve as a go-to resource for developing employees. Relationships like these are valuable not just for learning and development but also for individual promotion within the organization. This can create greater loyalty among employees, which also positively impacts your workplace culture.



### "Feed-forward" Management

Managers need to be aware of how their actions and words impact not only individual employees, but how they feed into the overall culture of their organization. Managers need to be trained to give intentional, constructive feedback in ways that are positive and uplifting, while still driving professional growth. Feed-forward input coaches and empowers your team members by focusing on positive solutions and expanding their skills, rather than only focusing on unsatisfactory work or actions, something commonly associated with feedback.

By putting in the effort to really get to know their reports and coworkers, leaders and managers know who people are, how they work, and what they care about, which enables recognition to be structured to better reflect business priorities and make the recipient feel seen. Embedding recognition into the culture means drawing direct connections between positive employee actions and stated company values, so people can see exactly how they're contributing to the culture.

This enables employees to maintain a long-term, big picture outlook when conducting their work, a critical skill for their career development and one they need to harness if they desire to progress into leadership roles. Your employment brand is your staff. Not what you say on your website. Not what your mission or vision statement claims. It is what your staff says, what they do for your clients/customers and what they tell their friends and family. If

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you want to build a strong brand, start by building a strong, healthy, vibrant workplace culture. You will receive more than just a big return on your investment. You will find yourself loving going to work every day because you have helped build a strong, connected community, not just a workplace.



### Three tips to developing and maintaining a positive, engaged workplace culture:

- 1. Have regular, focused, uninterrupted 1:1 meetings with your staff - where you listen more than you talk!** Using active listening, through frameworks such as [Appreciative Inquiry](#), where genuine curiosity and empathy take center stage. Don't just wait to meet with your employees for an 'annual review'. Use the acronym MBWA (Management By Wandering Around) as your mantra. Literally get up and out of your chair on a regular basis, wander around your workplace and catch people doing good work. Acknowledge them for their efforts and outcomes, either privately or publicly. Make personal check-ins routine to learn how your team is doing at work and in their lives.
- 2. Ensure that the workplace is an inclusive, safe space. Free of judgement.** Open to healthy conflict and discourse. Using mistakes as learning opportunities, not gateways to punishment and/or shaming. This may be the hardest thing to take on. What is safe for one may not feel safe for others. Our Western culture is prone to avoid conflict, at the risk of honest, candid feedback. Consider adopting a framework for encouraging frank, open conversations, such as [Radical Candor](#) and/or [Difficult Conversations](#).
- 3. Get regular readings of how you're doing,** either through the use of anonymous surveys if your organization is big enough, or, by keeping a log of your one-on-one meetings. Either way, use the data from the feedback you receive to keep track of your progress. Share the results of surveys with your people and discuss the whys and what ifs of the data. Make changes and track progress on an on-going basis and routinely reassess your [KPIs](#) with the goal of keeping people informed, involved, improving and innovating for success.

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

### Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://vsjf.org)



**Vermont Sustainable Jobs Fund**

Accelerating Sustainable Economic Development

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