

Minding the

Appreciation Gap

**Improving employee experience and
driving organisational performance
through the power of appreciation**



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Introduction



What if I told you there's something proven to increase team motivation, improve mental wellbeing, lower employee turnover and reduce feelings of burnout? Something more meaningful than a pay rise, more powerful than recognition alone, and more impactful than a cash bonus?

Well, there is – it's employee appreciation.

Appreciation is about valuing and celebrating your employees for who they are and what they do. The term is often used interchangeably with 'recognition', but there are some key differences. Recognition alone is often conditional – people are recognised for a particular piece of work or a project they've excelled in. On the other hand, appreciation is all-encompassing and involves showing genuine gratitude for who a person is rather than for the results they deliver.

We know that employees who feel genuinely appreciated have a significantly better workplace experience, which translates to:

-  **Better performance**
-  **Increased fulfilment**
-  **Higher levels of empathy**
-  **Reduced stress**

How can we be so sure? Because research consistently highlights the power of appreciation and demonstrates a significant gap. As we will explore in this eBook, employees who feel appreciated and valued at work are **43% more productive** and have better mental wellbeing.



Less than 40% of employees who felt appreciated had considered leaving their company in the last 6 months, **compared to 81%** of those who rarely or never felt appreciated.



78% of people who frequently feel appreciated at work are motivated, **compared to just 37%** of those who are not.

Our 2024 survey of 2,026 employees across the UK

Our pioneering new **Economic Value Study** collected and analysed data from over 300 of the world's leading companies to understand the requirements for and impacts of employee engagement. We found clear evidence that having an engaged workforce is a key driver of a successful business, and were able to demonstrate a concrete link between employee engagement and business results. And what did we find was one of the most important underlying components of achieving that engagement? You guessed it – employee appreciation.

Employee appreciation is a strategic investment in the overall success and performance of an organisation. When you value people in a way that's meaningful to them it sparks a powerful movement. Because appreciation appreciates.

But our research also highlighted a clear gap between what HR leaders believe most positively impacts the employee experience and what actually makes the biggest difference – appreciation. It tells us that the power of employee appreciation is still broadly under-utilised, and presents a significant opportunity for employers to improve the employee experience and drive organisational performance.

So, throughout this eBook we'll explore its transformative potential and consider the ways that your organisation can “Mind the Appreciation Gap”, drawing on new data and findings from our Economic Value Study and 2024 HR Priority Report.

We hope you find our insights helpful. And, as always, please **get in touch** with our team if you'd like to discuss anything in more detail.

Thank you.

Nebel Crowhurst,
Chief People Officer
& Chief Appreciation Officer
Reward Gateway | Edenred



Chapter 1:

Understanding employee appreciation

Appreciation is one of the most important contributors to a positive working environment, so it's important to understand what it means.

appreciation *noun*

the act of recognising or understanding that something is valuable or important.

Cambridge Dictionary



To genuinely appreciate somebody means to recognise their value as a person and feel gratitude towards them. In the workplace, this translates as appreciating an employee for their whole self – placing value on their wellbeing and fulfillment rather than just their work output. In other words, to harness the power of appreciation and reap the benefits, employers need to appreciate their people for who they are, not just what they do.

Appreciation enriches the employee experience and drives business performance.

Increasing engagement and encouraging your workforce to perform at its best means understanding employee needs at every level. When an employee feels genuinely appreciated, they are more engaged, more driven, and more loyal to their organisation. So much so that **83% of UK employees** admit they feel more motivated and productive when they have a manager who cares about them as a person.

Is appreciation the same as recognition?

In a word, no!

Employee recognition is the act of recognising somebody for their contribution, often linked to the organisation's purpose, mission and values. And as we explored earlier, **employee appreciation** takes a more holistic and inclusive angle of appreciating the person as a whole. An appreciation-driven culture, therefore, places more emphasis on celebrating diversity, inclusion, equity and belonging than recognition alone.

While both are vital components of engagement, appreciation demonstrates high-level gratitude for somebody whereas recognition focuses on rewarding and celebrating a particular achievement, milestone or behaviour.



Appreciation =

being grateful
for who your
employees are



Recognition =

being grateful
for what your
employees do

Employee recognition can take on various forms including peer-to-peer recognition, manager-led recognition and leader-led recognition. But what it all has in common is a formal or informal acknowledgment of something an employee has done.

A study by the Haas School of Business at UC Berkeley found that while receiving recognition increases an employee's productivity by 23%, feeling appreciated and valued increases productivity by 43%. That's nearly double the impact of recognition alone.



Expert insight

Amy Brann, neuroscientist and author

So what does appreciation do to our brains?

Neuroscientist and leading expert Amy Brann describes how receiving appreciation triggers significant neural activity. It activates the parts of the brain that enhance our abilities to focus and process experiences, while also triggering the release of chemicals that make us feel safer, happier and more connected to other people.

Conversely, Amy explains that feeling unappreciated activates the brain's stress response, leading to both short and long-term problems including reduced innovation, focus and engagement.

“We’ve often neglected the humanity that comes together in a workforce, and it’s a missed opportunity.”

To get the best from teams, organisations need to recognise and respect how people’s brains work.”

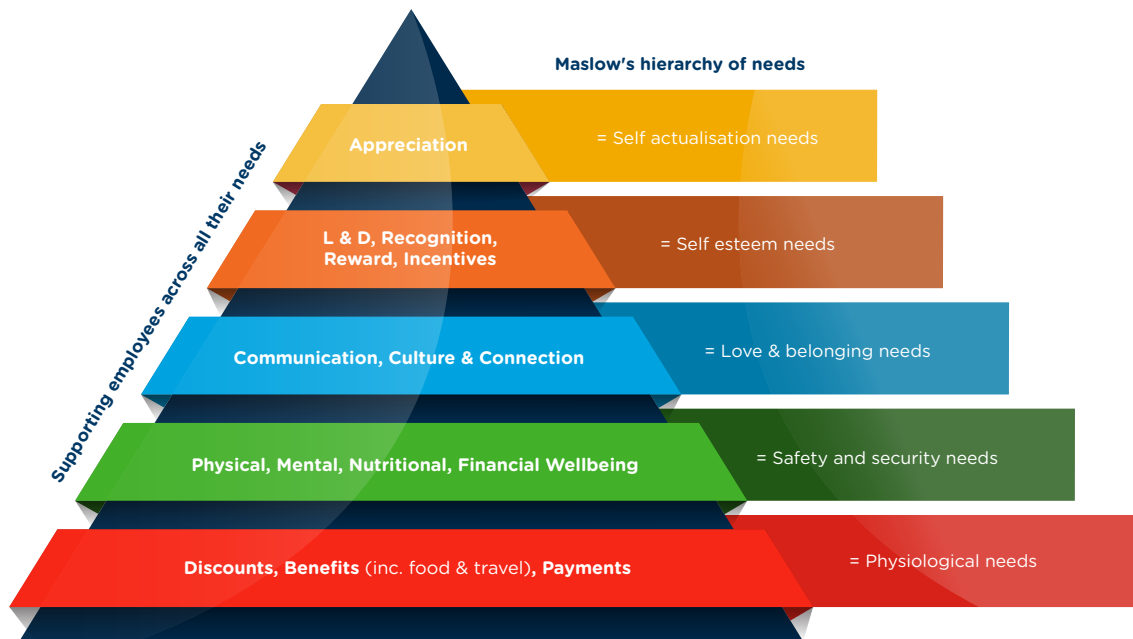
“We have one brain”, Amy added, “...this whole idea that humans ‘end’ when they walk into the work environment and are suddenly ‘workers’ and not ‘humans’ is nuts!”

The neurological benefits of feeling appreciated are consequential, both inside and outside of the workplace.

“Appreciation is so critical at the root level of humans. We’re talking about someone’s identity. And when you really deeply appreciate someone, you’re saying ‘I see who you are as a human.”



Watch Amy’s full interview,
The Science of Appreciation



An employee's hierarchy of needs

We know that appreciation has the power to increase engagement and drive productivity, but where does it sit within the broader hierarchy of an employee's needs? Our Economic Value Study sought to help us understand these needs to allow organisations to fully support their people and build engaged, productive workforces.

The study considered the efficacy of different benefits and programmes that aimed to increase engagement.

We did this by comparing the perceived popularity of initiatives against the actual employee net promoter score (eNPS) they achieved. The results highlighted that the most effective initiatives or tactics are not necessarily the ones that are thought to be the most popular. HR leaders, therefore, need to act strategically to develop a solution that engages and motivates their employees by tapping into their core needs.

With this in mind, our engagement experts applied their findings on employee needs to Maslow's famous 'hierarchy of needs'. The result is an adapted model that sets out

Abraham Harold Maslow was an American psychologist who, in 1943, published a paper titled "A Theory of Human Motivation". It introduced a five-stage hierarchy of human needs, which suggested that people need to fulfill their most basic needs before moving onto the more advanced ones. Today, Maslow's theory is often presented in a pyramid to represent how each level needs to be satisfied before moving up. His model is still widely popular and used around the world.

five different levels of employee needs to define the total employee experience (EX).

Sitting right at the top of the pyramid is appreciation, which addresses the self actualisation needs that **Maslow described as** the need "to become everything that one is capable of becoming." Assuming that an organisation can meet the basic needs of employees with a competitive salary and benefits package, attention should focus on addressing wellbeing needs and building an engagement strategy that has connection, recognition and appreciation at its heart.



Chapter 2: The case for appreciation

Understanding the power of appreciation is one thing, but building a case for investing in an appreciation-led culture is another thing altogether. Lack of budget and resources continue to be a challenge, and 67% of HR managers state they are having to do “more with less” in 2024.

Employees are seeking a higher level of support from their organisations than ever before, with increasing emphasis being placed on meaning and purpose. Making progress in meaningful work is one of the biggest contributors to motivation, but **we found** that feeling overworked and under-recognised are two of the main reasons that drove employees to consider leaving their job in the last six months.

Organisations that want to see the best results need to make their employees feel truly appreciated by addressing all of the elements within the employee hierarchy of needs pyramid. The results can be transformational, leading to a number of different organisational benefits, such as:

- ✓ **Increased trust and collaboration among team members**
- ✓ **Improved retention rates**
- ✓ **Greater morale and job satisfaction**
- ✓ **Higher productivity levels**



The Appreciation Gap

Our 2024 survey of 2,026 employees and 1,001 HR managers across the UK has unveiled a clear appreciation gap, with around a quarter of employees saying they rarely or never feel appreciated. This is particularly concerning, given that the level of appreciation an employee feels has a significant influence on their overall experience at work and perspective of their employer. 81% of those who report regularly feeling appreciated say they can effectively collaborate and build connections with colleagues, compared to just 48% of those who rarely feel appreciated. 63% of appreciated employees say their employer has a good level of benefits that are tailored to their needs, compared to just 26% of those who feel unappreciated.

What's even more concerning is that feelings of burnout are 53% more likely to occur in employees who do not feel appreciated at work compared to those who do.

Despite their best efforts, many HR leaders still have blind spots that are preventing them from being able to meet the needs of their employees. This is often due to a misalignment of priorities, which is in no doubt only exacerbating the feeling of having to do more with less.

In other words, feeling unappreciated at work can put a dark cloud over the entire employee experience and render other benefits and initiatives completely ineffective.

Our **Economic Value Study** highlighted that 'connection to managers' was a key driver of employee satisfaction, but **41% of employees** say they would not recommend their line manager. This doesn't come as too much of a surprise when you consider that **37%** said their manager doesn't make them feel appreciated.

The study also found a misaligned priority when it comes to the importance of effective internal communication. It was widely acknowledged that establishing open lines of transparent communication is vital for cultivating an engaged workforce, yet only 12% of the HR leaders we spoke to listed communications as one of their top three priorities. Despite employee engagement coming out as the **top HR priority for 2024**, there seems to be little recognition of the impact that communication has on this.

When asked about what they thought had the biggest effect on eNPS, HR leaders ranked cash bonuses significantly higher than employee recognition programmes. However, our research suggests that typical performance-driven cash bonuses have little or no correlation with any facet of employee engagement or business outcomes. And the eNPS data supported this, with employees scoring recognition programmes above cash bonuses in terms of positive impact.

The bottom line is that HR leaders are not always seeing the true value of the strategies and programmes that lead to higher engagement and improved organisational performance. Closing the gap and realigning priorities means refocusing on appreciation as a key driver of motivation and developing a strategic solution that supports employees across all their needs.





Chapter 3: Closing the gap

Our question, then, is what can employers do to close the appreciation gap and increase the engagement and motivation of their workforce? While there is never going to be a single initiative or programme that works for every different employee group, the organisations that see the most success are the ones that address the entire hierarchy of employee needs.

Just as motivations and challenges can differ from employee to employee, so must the strategies that organisations deploy to drive engagement and demonstrate genuine appreciation. HR leaders who want to see the best results need to offer a benefits and engagement solution that fulfills every level of the hierarchy.

Let's explore what that might look like, one level at a time.



Level 1: Physiological needs

An employee's physiological needs are their basic requirements that form the first level of the pyramid. They were described by Maslow as the starting point for motivation, and in EX-terms they translate to things like salary, benefits and discounts.

Employees should receive a salary that is fairly benchmarked and provides them with enough to ensure their most basic needs – such as food, clothing and shelter – can be met. But fulfilling an employee's physiological needs involves

more than just fair pay. Organisations should provide benefit options that demonstrate a real appreciation of these needs, like food vouchers, commuter benefits and other discounts that help mitigate the rising cost of living.

This level is all about helping your people to make their money go further so that they can provide for their most basic needs, particularly during a difficult economic climate.

Benefits that help meet physiological needs



In-store and online food vouchers



Commuter benefits and transport savings



Easy to use, transparent discounts



Generous employee Cashback options



Healthy office snacks and subsidised meals

[Schedule an Employee Discounts demo](#)

Level 2: Safety and security needs

Once an employee’s physiological needs have been fulfilled, their main drivers of motivation and engagement move up the pyramid to safety and security needs. People need to feel that they are both physically and psychologically safe, and that their employers truly care about them. An employee’s safety and security needs are underpinned by all elements of wellbeing – physical, mental, nutritional and financial.

The priority for this level is to demonstrate an appreciation of employees’ holistic wellbeing and need for long-term security. This involves offering benefits that support all pillars of

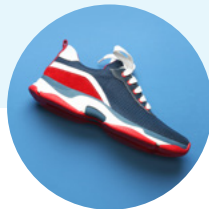


wellbeing as well as precautionary benefits that guard against uncertainty, such as dental cover and personal accident insurance. An effective wellbeing strategy addresses both short and long-term safety and security needs by providing employees with the education, support and tools they need to be better versions of themselves both at home and work.

Wellbeing benefits



Employee assistance programme



Subsidised gym memberships and classes



Tailored wellbeing plans



Financial wellbeing support and coaching

Precautionary benefits



Private medical insurance



Personal accident insurance

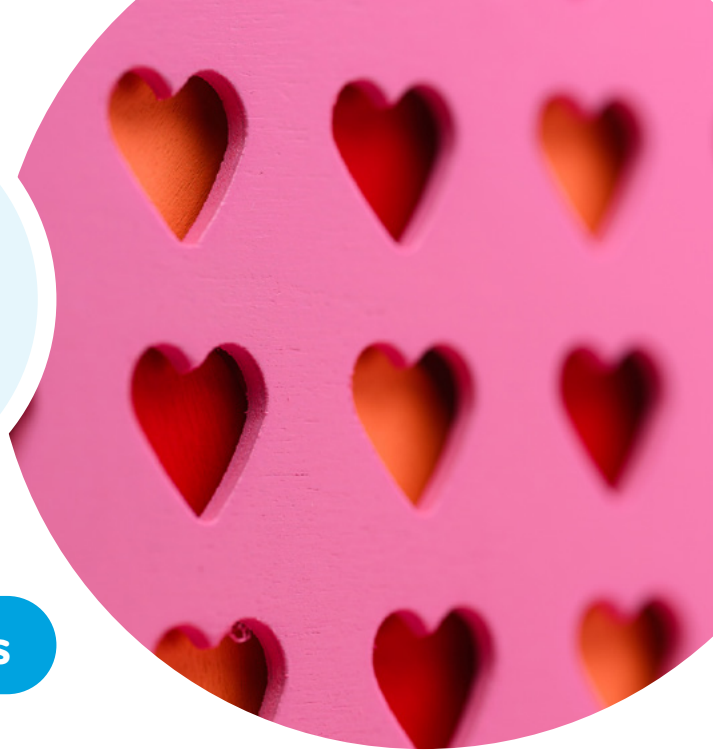
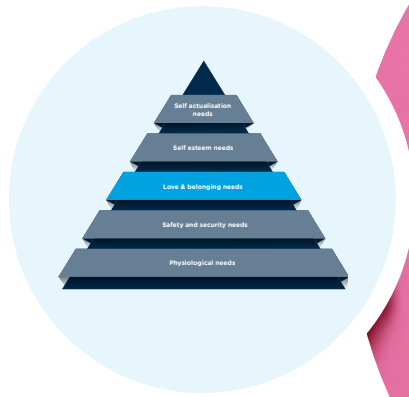


Dental cover



Life Assurance

[Schedule an Employee Wellbeing demo](#)



Level 3: Love and belonging needs

The third level of the pyramid looks at an employee's love and belonging needs, which translates to their needs for communication, culture and connection. This is where companies can start to see some real movement in key drivers of organisational performance such as levels of employee productivity and attrition.

Fulfilling an employee's love and belonging needs involves building a positive culture and a strong sense of community. They need to feel well-connected to their managers, peers and have trust in leadership. They also need to receive effective employee

communications that connect their daily work to the organisation's wider strategic direction and purpose.

This level is about the employee engagement strategies that seek to build a sense of connection between a company and its employees. The role of a HR leader is crucial to stewarding the culture of an organisation, and the most effective employee engagement initiatives seek to bring people together in this manner.

Benefits that help meet love and belonging needs



Employee forums and committees



Effective internal communication



Team building events and activities



Volunteering programmes



Employee engagement surveys

[Schedule an Employee Surveys demo](#)



Level 4: Self esteem needs

After the first three levels of employee needs have been addressed, employers can begin thinking about ways to fulfill their employee's self esteem needs. In his original paper, Maslow discussed the core human desire for achievement, success and recognition. When applied to the modern workplace, this refers to employees' need to feel as though they are making a difference and contributing something positive.

Organisations can tap into an employee's self esteem needs by providing learning and development opportunities that help them fulfill their potential, recognition programmes that spotlight success, and incentives that reward achievements in line with business objectives.

This level focuses on enabling people to do their best work and develop throughout their careers, while celebrating their successes along the way. It's about utilising a full arsenal of tools to build a recognition-rich culture that attracts and retains the best talent.

Benefits that help meet self-esteem needs



Employee recognition platform



Manager-led performance awards



Spot bonuses



Customised eCards



Team performance bonuses

[Schedule an Employee Reward and Recognition demo](#)



Level 5: Self-actualisation needs

Only once an employee feels as though their needs have been met across all other levels of the pyramid can they reach self-actualisation. As we explored in earlier chapters, this is where organisations can tap into the transformative power of appreciation.

Self-actualisation refers to a person's desire for fulfillment through feeling valued, respected and appreciated. In the workplace, this means that employees feel able to bring their whole selves to work and become everything they are capable of becoming.

When an organisation is able to support employees across all of their needs – at all levels of the pyramid – employees will begin to feel genuinely appreciated.



There are no individual benefits or solutions that result in employee self-actualisation and appreciation.

Instead, this level can only be reached when organisations deliver the benefits, initiatives and solutions that fulfill the full hierarchy of employee needs.

THANK
YOU

Conclusion

There is certainly no silver bullet or miracle solution when it comes to employee appreciation. But the most successful organisations find ways to address a wide range of their employees' needs.

Developing an engagement and benefits strategy that effectively aligns with the overarching business goals is another key driver of success. Meaningful success means ensuring that improvements in employee engagement translate to tangible improvements in business outcomes. Therefore, effective measurement is critical when it comes to demonstrating return on investment and shaping future iterations of the strategy.

Thank you for taking the time to read this eBook.



About Reward Gateway | Edenred

Appreciation appreciates

We partner with over 4,500 companies in 23 countries and empower them to attract, engage, retain and appreciate 8 million employees globally.

Capture the power of appreciation with our total employee experience platform and spark a powerful movement in your business by valuing your people more meaningfully. Because appreciation, appreciates.

Come and say hello to find out what we can do for you!

