

Guidelines for Developing a Recognition Program at USC-Columbia Campus

Reward and Recognition Introduction

A **reward** is considered to be something that is given in return for good behavior or given for some service or attainment. **Recognition** is considered acknowledgement or a special notice or attention. In an organizational setting, reward and recognition programs must affect behavior measurably, improve results and deliver both tangible and intangible awards that everyone can earn and that everyone enjoys. To that end:

1. People should feel good about what they receive; and
2. The organization should benefit from a more positive workforce.

To do that a process must have the following key features:

- A. A variety of recipients;
- B. A mixture of formal and informal recognition;
- C. Timeliness; and
- D. Abundance

In addition, the organization must be able to get a Return on Reward (ROR) if they are to sustain any initiative. Similarly, the people in the organization must know where they stand at all times compared to the standards through feedback.

The goal for both can be summed up in the following equation:

Right Rewards → ***Right People*** → ***Right Reasons*** = ***Right Results***

A good reward and recognition system is a “pulling” strategy. It pulls people into it because they see what is being rewarded and recognized. It feels good to be part of both the receiving (and hopefully the giving) of the rewards and recognition, and they want to be part of it. However, research indicates that behaviors take about twenty tries before they are assimilated in a person’s normal patterns. In other words, to fully integrate people into this type of culture, both patience and consistency are required of the organization.

The Guiding Principles of Effective Recognition

1. Link recognition to the University’s mission, vision and values. Recognition decisions must support defined guiding principles of recognition and business objectives.
2. Provide equity in the distribution of recognition. All staff members should be given an equal opportunity to be recognized for the results of their work.
3. Give recognition for specific achievements. Encourage managers and supervisors to use recognition to encourage positive actions or acknowledge results. Actions that produce

positive and measurable outcomes should be rewarded. All supervisors and managers are responsible for ensuring that recognition is specifically linked to positive actions and contributions.

4. Involve coworkers, customers and partners in recognition efforts. They often have an awareness of the contribution that an employee makes.
5. Give recognition in a timely manner. Recognition given promptly is most effective.
6. Emphasize team recognition that encourages teamwork and fosters the cooperation needed to address the overall strategic business goals and mission of the University.
7. When practical, emphasize non-monetary recognition. Use of innovative non-monetary recognition can create a positive work environment.
8. Get input from employees regarding the type of recognition they receive. In appropriate circumstances, employees should be given the opportunity to provide input about the type of recognition they would like to receive.
9. Publicize recognition activities, including local level efforts.
10. Provide flexibility for recognition decisions at the University. Staff should be encouraged to delegate responsibility for recognition decisions to the lowest level practicable and eliminate unnecessary layered review processes.
11. Incorporate funding for recognition into department budget planning. The University should ensure that employee recognition is given attention in the budgeting process.
12. Provide uniform, simple training for managers and employees in effective use of recognition. A discussion of the recognition process will be included in selected University management training programs, and recognition information will be included in the orientation package for all new employees.

Legal Authority

The South Carolina Code of Laws authorizes the University of South Carolina and other universities/agencies to develop employee recognition programs as follows:

SECTION 8-1-170 Group productivity incentive programs.

State agencies are authorized to develop group productivity incentive programs for the recognition and award of team accomplishments through group performance. Employees of any organizational unit within each of the various agencies are eligible to share equally twenty-five percent of the identified savings resulting from reduced operational costs in the unit up to a maximum of two thousand dollars per employee in a fiscal year. The agency shall adopt policies and procedures to determine unit expenses or base data and for the year of participation in the

group productivity incentive program. Records of proposals, actual dollar savings, and employee awards will be reported to the Budget and Control Board or its designee. Any bonus or cash award paid as a group productivity incentive shall not become a part of the employee's base salary and shall not be considered as compensation in terms of contributions to and determination of benefits for any of the state's retirement systems.

SECTION 8-1-180 Tokens of recognition and other rewards; limit on amount per individual.

State agencies and institutions shall be allowed to spend public funds on employee plaques, certificates, and other events, including meals and similar types of recognition to reward innovations or improvements by individual employees or employee teams that enhance the quality of work or productivity or as a part of employee development programs of their agency or institution. Awards shall be limited to fifty dollars for each individual.

SECTION 8-11-190 Use of public funds to reward state employees.

State agencies and institutions must be allowed to spend public funds on employee plaques, certificates, and other events including, but not limited to, meals and similar types of recognition to reward innovations or improvements by individual employees or employee teams that enhance the quality of work or productivity or as a part of employee development programs of their agency or institution.

Each agency can develop recognition programs that meet its needs. While there is a \$50 limit on the amount that can be spent on each employee per award, employees are able to receive multiple recognition awards per year.

Funding

State or private sources of funding may be used, but the source of funding charged for recognition must be appropriate for the employee so as not to create any questionable or disallowed charges. Particular care must be taken to ensure that funds used for both monetary and non-monetary awards are allowed by a grant or contract. Because grants are restricted to specific purposes, approval should be obtained for any awards charges made to grants or contracts. Generally, however, grants would not be considered an appropriate funding source for this program.

All Internal Revenue Services (IRS) regulations must be adhered to when implementing a program. Under IRS regulations, all cash or gift certificate awards are taxable income unless considered a *de minimis fringe benefit*. The IRS has provided a list of FAQ's for government entities regarding *de minimis fringe benefits*, which may be found [here](#).

Types of Recognition Programs

An informal approach provides recognition at any time, typically by either the employee's supervisor, peers or customers. Examples include on-the-spot recognition of teamwork, project completion, a new or modified work practice and exemplary effort or service to others.

Departments or divisions may also want to plan a more formal approach to acknowledge employee accomplishments. Examples may include awards for cost-savings, innovation, safety, exceptional customer service, productivity or outstanding achievements. The University may also create institutional recognition awards programs to highlight the people and achievements that best exemplify the values of the University.

Employees may be recognized with monetary and/or non-monetary awards. Faculty, full-time and part-time classified, research grant, time-limited and temporary employees and temporary faculty are eligible for both monetary and non-monetary awards. Monetary recognition will be decentralized to divisions and departments so that employees may be recognized in accordance with the values and priorities of their respective work units. Monetary (cash or gift card/certificates) awards are subject to income taxes. State law restricts each occurrence of a monetary award to \$50 or less unless approved under bonus guidelines.

Non-monetary (goods or services) recognition should not result in tax liability for the employee if the value of the item is *de minimus*. The value of non-monetary awards should not exceed \$50 per employee in a fiscal year. Department heads will be responsible for keeping records to ensure that the cumulative value of awards does not exceed \$50 in a fiscal year. These records will be subject to audit. Copies of the employee recognition award form should be maintained with departmental purchasing records and/or provided to Accounts Payable as required. Examples of non-monetary awards include thank you notes, plaques, trophies, certificates, pencils, pens, desk items, cups, mugs, caps, shirts, sweatshirts, and other items such as tools, electronics, event tickets, radios, sports equipment and timepieces.

Creating a Recognition Program

Specifically, the overall program should be created using core organizational values as the foundational guiding principles.

Each director or department head may propose recognition programs for their areas. Generally, programs for recognition should be designed and administered consistently across all departments within a college or administrative area. Areas are strongly encouraged to include both informal and formal recognition approaches in their programs. Either an informal or formal approach may be used to recognize individuals or teams who have made significant contributions toward the University's goals, values, priorities and successful operations. Programs may include all previously approved awards programs.

Procedure

A recognition program proposal should be developed and approved prior to implementation. Program proposals for recognition events may also be approved. The program proposal should include the following:

- The senior management area (college or vice president area) to be covered;
- Specific program objectives and a description of the program;
- A list of participating departments or administrative units;
- Types of recognition (monetary or non-monetary; recognition event); monetary value of any award; description and cost of non-monetary awards;
- Frequency and scheduling of recognition program, including recognition events;
- The definition of eligible or participating employees;
- A description of nomination and selection process to be followed, including criteria upon which award decisions will be made;
- Anticipated number of recognition awards to be presented;
- The source(s) of funds for the recognition and estimated annual budget for the awards program; donated awards must also be included;
- A description of how the award program will be communicated to the employee; and
- The required approvals.

Proposals for recommended programs must be submitted by the department head or director and approved by the Associate Vice President for Human Resources Programs and Services in the Division of Human Resources. The written plans for all award programs must be reviewed by the Division of Human Resources for adherence to the State and University policies prior to implementation. Each proposal that includes non-monetary awards may also need to be reviewed by the Controller's Office to determine the application of tax regulations to the award. A program proposal form has been made available on the Human Resources website.

Departments interested in creating a program should initiate the consultation process with the Division of Human Resources. Consultation would include assistance with establishing program goals, eligibility, designing the program structure and elements, implementation plans and recommended communication, implementation and monitoring strategies.

Monitoring

At a minimum, all programs should track the number of recipients, the reasons for their selection, the type of award and value of the award.

Policy

The Division of Human Resources [policy 1.65](#) outlines the purpose, scope and procedures for the recognition program.