



# INADEQUATE REWARD AND RECOGNITION

## IMPACTS OF INADEQUATE REWARD AND RECOGNITION

The impacts of inadequate reward and recognition on both workers and organisations is numerous. Some impacts to consider are:

### ON WORKERS

**Low morale, increased job dissatisfaction:**

When employees feel undervalued and unappreciated, it can lead to a decrease in morale. If you notice a lack of enthusiasm, decreased productivity, or a negative atmosphere among employees, it may indicate inadequate reward and recognition practices.

**Decline in overall performance:** When employees feel their efforts are not adequately rewarded and recognized, it can impact their motivation and performance. A decline in individual or team performance, missed deadlines, increased errors, or a decrease in overall productivity can be signs of inadequate reward and recognition.

**Reduced motivation:** When employees do not feel appreciated for their contributions, their motivation and engagement levels can suffer. They may become less enthusiastic about their work, show a lack of commitment, and become disengaged from their tasks and responsibilities.

**Lower performance:** Feeling unappreciated can directly impact an employee's productivity and performance. When employees don't feel valued, they may be less motivated to put in their best effort, leading to a decline in the quality and quantity of their work output.

### ON ORGANISATIONS

**High employee absenteeism and turnover:** If employees feel their efforts are not recognised or rewarded appropriately, they may seek opportunities elsewhere, including time off to seek new opportunities. A constant influx of new employees can disrupt team dynamics and negatively impact productivity.

**Lack of employee engagement:** Engaged employees are motivated and committed to their work. Inadequate reward and recognition can lead to a decline in employee engagement levels. If you notice a lack of enthusiasm, disinterest, or decreased participation in company initiatives, it may indicate that employees feel their efforts go unnoticed or unrewarded.

**Lack of innovation and creativity:** When employees feel undervalued, they may be less inclined to contribute new ideas or take risks. Inadequate reward and recognition practices can stifle innovation and creativity within the workforce, as employees may hesitate to invest their time and energy in proposing or implementing innovative solutions.

**Absence of discretionary effort:** Discretionary effort refers to the additional effort that employees willingly put into their work beyond the basic requirements. When employees feel adequately rewarded and recognised, they are more likely to go the extra mile. If you observe a lack of initiative, minimal contribution beyond the job description, or a lack of creativity and



## PSYCHOSOCIAL HAZARDS FACT SHEET 6

**Increased stress and burnout:** The feeling of being unappreciated can contribute to increased stress levels among employees. It can lead to feelings of frustration, resentment, and a sense of being taken for granted. Over time, this can contribute to burnout and have negative effects on both mental and physical well-being.

innovation, it may suggest inadequate reward and recognition practices.

**Increased complaints and conflicts:** In an environment with inadequate reward and recognition, employees may become frustrated and express their dissatisfaction through complaints or conflicts. Unresolved conflicts, frequent grievances, or a rise in negative feedback can be indicators that employees feel undervalued and unrewarded.

**Lack of employee loyalty:** Inadequate reward and recognition practices can erode employee loyalty. If employees do not feel valued, they may become less committed to the organisation and more likely to consider alternative job opportunities. Decreased loyalty can lead to a lack of trust, reduced teamwork, and difficulties in retaining talented employees.

**Negative workplace culture:** Employees may feel resentful, unappreciated and undervalued, leading to increased conflicts, decreased teamwork and collaboration, and a generally unhealthy work environment. Employees may become less inclined to support each other, share knowledge, or collaborate on projects when they feel their efforts are not acknowledged or rewarded.