

**O.C. Tanner Study Links Career Recognition to Enhanced ROI, Decreased Employee Turnover - Newly Released White Paper Outlines Strategy to Drive Employee Retention and Engagement -**

SALT LAKE CITY, March 6, 2013 – Many organizations establish employee recognition programs to enhance levels of engagement and reinforce core company values and culture. Often overlooked is the strong return on investment that effective employee recognition programs can deliver.

A recent study commissioned by O.C. Tanner<sup>1</sup>, the global leader in the appreciation and recognition business, revealed that programs that celebrate key service anniversaries for employees (e.g. 5-year, 10-year, 25-year anniversaries, etc.) were linked to decreased turnover. The cost of replacing an employee can be a significant expense for many companies – ranging from 30 to 400 percent of his/her annual salary. By contrast, an effective employee service recognition program costs roughly \$25 per employee per year<sup>2</sup>.

The O.C. Tanner study aligns with another recent survey which found 39 percent of employers are concerned they will lose top talent in 2013, and 50 percent of employees believe an increase in recognition is the best way to boost retention<sup>3</sup>.

The following are highlights from the O.C. Tanner Study and White Paper, “Celebrate Careers: An Effective Strategy for Driving Employee Engagement and Retention”:

**Employee Retention**

- Celebrating key service anniversaries for employees decreases turnover:
  - Employees who work at a company that has a program to celebrate key service anniversaries anticipate staying at their current company 1.9 years longer than employees who work at an organization without such a program
  - Employees who rate their key service anniversary recognition program as effective anticipate staying 4.1 years longer than those without a program and 2.2 years longer than employees with an ineffective program
  - Employees who previously worked at a company that had a program to celebrate key service anniversaries stayed at their previous company 2.0 years longer than employees who worked at an organization without such a program
  - The correlation between key service anniversary recognition programs and decreased turnover holds true across generations
    - This correlation is especially strong among employees ages 25-44, who anticipate staying 3.9 years longer if their current company has a key service anniversary recognition program
- Organizations that implement an effective key service anniversary recognition program for employees can benefit from significant cost savings, given that turnover and onboarding costs vary from:
  - Thirty to fifty percent of the annual salary for entry-level employees
  - One hundred fifty percent of the annual salary for middle-level employees
  - Up to 400 percent of the annual salary for specialized, high-level employees

<sup>1</sup> Study conducted by The Cicero Group on behalf of O.C. Tanner, September 2012

<sup>2</sup> Figure based on O.C. Tanner benchmark data for effective career achievement programs

<sup>3</sup> Study conducted by Harris Interactive on behalf of CareerBuilder, November 2012

## **Employee Engagement**

- Key service anniversary recognition programs increase engagement, connecting employees to management and co-workers alike:
  - Fifty-eight percent of employees from an organization with a key service anniversary recognition program strongly believe their company cares about them, compared to 39 percent with no program
  - Sixty-nine percent of employees from an organization with a key service anniversary recognition program strongly believe they fit in and belong, compared to 51 percent with no program
- Eighty-one percent of employees believe key service anniversary celebrations help them feel appreciated for their work

“Celebrating key service anniversaries has long been an integral part of the O.C. Tanner approach for increasing employee retention among our clients,” said David Sturt, Executive Vice President of Marketing and Business Development at O.C. Tanner. “The study found that employees who work at organizations with effective service anniversary recognition programs plan to stay at their current company up to an additional four years — thereby reducing hiring costs, delivering a strong return on investment and positively impacting workplace culture.”

Learn more about strategies for driving employee retention and engagement, along with Six Best Practices for Recognizing Employees’ Career Achievement, in [the recently released O.C. Tanner White Paper](#). Additionally, reference the [related White Paper from The Cicero Group](#) for further insights on the return on investment of service awards programs.

### **About O.C. Tanner**

O. C. Tanner helps the world appreciate great work. We build strategic employee recognition solutions that drive behavior, unify teams and increase engagement. More than 8,000 global organizations rely on our smart technologies, social strategies, award fulfillment and thought leadership to shape cultures where people, teams and profits thrive.