RECOGNITION IN THE MODERN WORKPLACE
Most Human Resources professionals know that recognition and appreciation are an essential part of creating a great culture. But how are companies recognizing their employees and what program elements are generating the most value to organizations?

Read on to discover what over 1,000 Human Resource leaders from 12 countries are doing for employee recognition in their organizations and where they are finding the most success. The 2017 Recognition in the Workplace study provides benchmarking information and guides stakeholders to program decisions that will generate the most value.
EXECUTIVE SUMMARY

1. Not all companies do recognition the same way—some have “Years of Service” programs (76%), some have “Above and Beyond Performance” programs (72%), some recognize “Ongoing Effort” (65%), but relatively few companies offer all three types of recognition (38%).

2. Ongoing effort programs were the least utilized program, yet they delivered the highest retention and engagement outcomes.

3. The top two reasons HR Leaders wanted a recognition program were to provide encouragement and motivation (39%) and increase loyalty (14%).

4. While most companies manage their recognition programs in-house, only 37% of HR decision makers felt their in-house program delivered “excellent” value.

5. Recognition programs generally offer employees three types of awards. While cash awards were the most common award type, it only generated “excellent” value 55% of the time. The best value was a simple combination of a symbolic award, treat, and a meal out, generating “excellent” value 72% of the time.
An online survey of 1,083 HR decision makers was conducted from February to March 2017.

Companies with at least 500 employees that had a recognition program were included.

Individuals responding to the survey had to be involved in recognition program decision making.

Panelists were invited from twelve countries. Surveys were translated to ensure respondents could take the survey in their preferred language.

A cross-section of industries was represented, including manufacturing, professional services, finance, healthcare, and transportation.
Opportunity for Diversification of Recognition

Previous research conducted by the O.C. Tanner Institute has demonstrated that there are three core areas of employee recognition: celebrate careers, reward results, and encourage effort. Each of these types of recognition has a different impact on employees and a unified and authentic approach to appreciation leads to an engaged workforce that stays with an organization longer. With so much evidence that employee recognition impacts employees, it is not a surprise that many organizations are using recognition, but very few organizations are using all three types of recognition:

- **Celebrate Careers:**
  Recognition for “Years of Service” at an organization. For example, award items and symbolic pieces given to employees after working 1, 3, 5, 10, 15, 20, etc. years.

- **Reward Results:**
  Recognition for “Above and Beyond Performance” that accompany big wins and project completions. This is typically more formal and frequently accompanied by an award item.

- **Encourage Effort:**
  Recognition for “Ongoing Effort” and progress. This is most often informal and comes in the form of a written note, an email, or a sincere verbal thank you.

The 2017 Recognition in the Workplace study revealed that 76.4% of organizations have a “Years of Service” recognition program, 72.3% have an “Above and Beyond Performance” recognition program, 65.1% had an “Ongoing Effort” recognition program, but only 37.8% offered all three. This highlights an opportunity for additional emphasis for organizations.
COMPANIES ARE MAKING GREAT PROGRESS IN THEIR EFFORTS TO RECOGNIZE EMPLOYEES. HOWEVER, HR LEADERS NEED TO RECONSIDER THEIR RECOGNITION STRATEGY TO INCLUDE ALL THREE CORE PROGRAM TYPES. BY INCREASING THEIR PROGRAM COVERAGE, STAKEHOLDERS AND ADMINISTRATORS WILL BE ENABLED TO DELIVER GREATER VALUE TO THEIR ORGANIZATION.

**Call to Action**

Companies are making great progress in their efforts to recognize employees. However, HR Leaders need to reconsider their recognition strategy to include all three core program types. By increasing their program coverage, stakeholders and administrators will be enabled to deliver greater value to their organization.
ROI of Diversified Recognition Programs

When HR decision makers indicated that their organization offers all three types of programs, 55.8% said their programs deliver “excellent” value. When compared to organizations that only have two programs or one, only 43.2% and 40.3% felt the same.

The study results indicated that outcomes are greatly improved when organizations diversify the types of recognition they give employees. For example, at organizations with only one program, only 29.8% of Human Resource professionals indicated that the organization saw an increase in organizational pride because of their recognition practices; however, among those who have three programs, 74.6% said the same. That is a 44.8% difference. The results clearly demonstrate the importance of having more than one program if organizations are looking to improve the ROI of their recognition practices:

<table>
<thead>
<tr>
<th></th>
<th>ONE PROGRAM</th>
<th>TWO PROGRAMS</th>
<th>THREE PROGRAMS</th>
<th>DIFFERENCE BETWEEN ONE &amp; THREE</th>
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</thead>
<tbody>
<tr>
<td>Pride in the Company</td>
<td>29.8%</td>
<td>55.6%</td>
<td>74.6%</td>
<td>44.8%</td>
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<tr>
<td>Retention</td>
<td>32.3%</td>
<td>50.0%</td>
<td>60.5%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Meaningful Work</td>
<td>31.5%</td>
<td>56.3%</td>
<td>70.4%</td>
<td>38.9%</td>
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<tr>
<td>Improved Work Quality</td>
<td>36.3%</td>
<td>54.7%</td>
<td>71.1%</td>
<td>34.8%</td>
</tr>
<tr>
<td>Celebrated Success</td>
<td>33.5%</td>
<td>64.1%</td>
<td>72.1%</td>
<td>38.6%</td>
</tr>
<tr>
<td>Increased Collaboration</td>
<td>26.2%</td>
<td>48.4%</td>
<td>60.5%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Improved Health and Wellbeing</td>
<td>29.4%</td>
<td>46.9%</td>
<td>57.0%</td>
<td>27.6%</td>
</tr>
<tr>
<td>Increased Potential</td>
<td>27.4%</td>
<td>47.7%</td>
<td>65.2%</td>
<td>37.8%</td>
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The difference in outcomes between having one program and having three is quite large. Across all category measures, there was more than a 25% increase in ROI when comparing organizations that have one program type to those that have all three types of programs. This means in terms of pride in the company, retention, meaningful work, improved work quality, celebrated success, increased collaboration, improved health and wellbeing, and increased potential organizations find much great success when they have a fully diversified recognition practice.

Call to Action

Companies can increase important business outcomes by increasing the breadth and depth of their recognition programs. This effect is amplified when companies reprioritize award type spending to emphasize a personalized, leader driven approach.
Why Do Recognition?

HR decision makers overwhelmingly said that encouragement and motivation was the reason why they had a recognition program – 39% indicated that this was their primary purpose for having a recognition program. 14% of decision makers said that loyalty and retention were the primary reason for their program. Also, several other words appeared frequently: performance, better work, and reward.

RECOGNITION OBJECTIVES

<table>
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<tr>
<th>Objective</th>
<th>Percentage</th>
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<tr>
<td>Encouragement/Motivation/Boost Morale/Increase Productivity</td>
<td>39%</td>
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<tr>
<td>Increase Loyalty/Retention</td>
<td>14%</td>
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<tr>
<td>Recognize Good Work</td>
<td>8%</td>
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<tr>
<td>Set Standard To Aspire To</td>
<td>7%</td>
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<tr>
<td>Help Employees Feel Valued/Needed</td>
<td>7%</td>
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<tr>
<td>Reward Hard Workers</td>
<td>6%</td>
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<tr>
<td>Bonus/Added Incentive</td>
<td>6%</td>
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<tr>
<td>Show Appreciation/Thank Employee</td>
<td>5%</td>
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<tr>
<td>Generic Positive</td>
<td>4%</td>
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<tr>
<td>Boost Revenue</td>
<td>4%</td>
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<tr>
<td>Track/Review Employee Performance</td>
<td>3%</td>
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<tr>
<td>Better Infrastructure</td>
<td>1%</td>
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<tr>
<td>Work/Life Balance</td>
<td>1%</td>
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Is your recognition program employee-centric? While a recognition program might affect employees, organizations may lose authenticity when the core purpose of the program is to “boost revenue” or “track employee performance.” Ask yourself and important stakeholders why you are recognizing employees to ensure that your recognition solutions are aligned with your company goals and objectives.

Call to Action

Call to Action
How to Implement Recognition Programs?

In terms of actually implementing recognition solutions, companies have a choice: they can manage a recognition program in-house, share responsibilities with a vendor, or wholly outsource the program and assign an in-house admin. When asked about how they manage their recognition program, only 26.4% of companies solely used an external provider. Instead, 42.0% of companies preferred managing their program in-house and 31.6% share responsibilities with a vendor.

Unsurprisingly, large companies with 2,500 to 4,999 employees were most likely to solely use an external provider (32.8%), and smaller companies with less than 1,000 employees were most likely to attempt in-house program management (51.9%).

There were also large differences globally. When comparing against the United States, we found that companies in India, Singapore, Hong Kong, and France were more likely to use an external provider. Australia, China, and France were more likely to share responsibilities with an outside vendor. Brazil and Mexico were most likely to manage the program in-house.
Finally, there were also large differences in terms of the value recognition programs generate. When asked about the value their program generates, 65.0% of respondents with solely an external program provider felt that they received “excellent” value for their money. Only 45.6% of respondents with a combination of in-house and external program administration and 37.1% of in-house administration felt the same way.
VALUE OF RECOGNITION PROGRAMS

**EXTERNAL**
65% Excellent
33% Good

**IN-HOUSE AND EXTERNAL**
46% Excellent
47% Good

**IN-HOUSE**
37% Excellent
50% Good

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**Call to Action**

If your company has an in-house program, it may be time to consider the options external vendors provide. The consistent value generated by an external vendor could be exactly what your company needs to increase program effectiveness.
How Do Organizations Reward Employees?

When asked about their recognition programs, companies reported that cash was the most common type of award given. While this held true across all three types of recognition programs, cash had the highest usage in “Above and Beyond Performance” programs. Overall, retail gift cards and symbolic awards had the second and third highest average usage across programs, respectively.
While these are the most common types of awards given, it was rare for an organization to offer only one type of award. On average, companies with at least 1,000 employees offered about three award types for both their “years of service” and “above and beyond performance” recognition programs. Companies with less than 1,000 employees offered two. These findings were similar across industries.

While cash is the most common award type, it is not perceived as the most effective award type for any program. We examined the value of the program when cash is included against the value of the program when other elements were included. The results are illuminating: when measuring the effect on “excellent” value, cash was not in the top three award types across all program types. Instead, personalized awards (symbolic awards, treats, or a meal out) were the most effective at adding value. For example, for Years of Service programs cash only provided “excellent” value 55.0% of the time, whereas personalized awards provided “excellent” value 72.0% of the time.

The results for Ongoing Effort programs were markedly different. While personalized awards still had the highest “excellent” value, prepaid gift cards and merchandise an employee could select jumped up to the second and third spots. Above and Beyond Performance programs were also different; cash dropped down in “excellent” value to 46.0%, while a personalized awards remained at top, providing 59.0% “excellent” value.
VALUE OF RECOGNITION BY REWARD TYPE

- **Years of Service**
  - Gift of Employer Choice: 80%
  - Vacation or Paid Trip: 80%
  - Cash: 80%
  - Gift of Employee Choice: 80%
  - Retail Giftcard: 80%
  - Pre-paid Cash Card: 80%
  - Redeemable Points: 80%
  - Personalized Touch: 80%

- **Ongoing Effort**
  - Gift of Employer Choice: 40%
  - Vacation or Paid Trip: 40%
  - Cash: 40%
  - Gift of Employee Choice: 40%
  - Retail Giftcard: 40%
  - Pre-paid Cash Card: 40%
  - Redeemable Points: 40%
  - Personalized Touch: 40%

- **Above and Beyond Performance**
  - Gift of Employer Choice: 20%
  - Vacation or Paid Trip: 20%
  - Cash: 20%
  - Gift of Employee Choice: 20%
  - Retail Giftcard: 20%
  - Pre-paid Cash Card: 20%
  - Redeemable Points: 20%
  - Personalized Touch: 20%
Recall that only 65.1% of companies have an “Ongoing Effort” program and the highest value generating award type was personalized awards. How does this affect program outcomes? Personalized recognition within an ongoing effort program had a particularly strong effect on retention. When three personalized moments were included in an ongoing effort program, decision makers saw retention 71.9% of the time. We also found a particularly strong impact on meaningful work, with 81.3% of companies with the program finding that outcome prevalent.

**Call to Action**

Many HR decision makers feel that cash and gift cards are the most effective award type to use in their programs. This is simply not the case – a simple combination of a symbolic award, a treat, and a meal out delivered more value. Decision makers should reconsider the award types within their programs, with “excellent” value in mind.
Conclusion

Overall, companies are making a considerable effort to recognize their employees. However, there are several important findings from this study:

First, a diversified approach to recognition within the workplace is critical in reaching business outcomes. When companies have a formal approach to celebrate careers, reward results, and encourage effort, they were much more likely to find “excellent” value in their program. They are also more likely to see tangible outcomes of their recognition programs. There was a considerable increase in value when companies moved from one aspect of recognition to two, and at least a 25% increase in ROI when moving from one to three aspects.

Second, companies need to reevaluate who manages their recognition program. Many companies are trying to maintain these programs in-house, yet only 37% of those decision makers felt their in-house program delivered “excellent” value. Compared to external vendors, who generate “excellent” value 65% of the time, an external solution is more effective at generating immediate value to an organization.

Lastly, it is important to evaluate the types of awards companies are giving for employee recognition. A common perception is that cash or gift cards provide the most value to a program, but this is simply not the case. While these award types do generate “excellent” value, a simple combination of a symbolic award, a treat, and a meal out delivered value 72% of the time.
The O.C. Tanner Institute regularly commissions research and provides a global forum for exchanging ideas about recognition, engagement, leadership, culture, human values, and sound business principles.

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