



LHRMA

>> *Current Trends and Best Practices in
Employee Recognition*

June 2012

*We operate in a complex global economy
that is no longer driven
by sweat and steel but by information
and understanding*

**within this shifting economy,
people matter.**

WorldatWork and CICBN Survey Data

>> *Survey Comparison*

About WorldatWork Survey

- Conducted early 2011
- Sent electronically to 5,302 WorldatWork members
- 641 responses in final data set

Slide 3

“Specific applications may change as the environment, economy and labor markets shift, but new data suggests that even with a recession and some visible blips in the data over the past few years, recognition programs remain an important variable in the total rewards equation.”

- WorldatWork, "Trends in Employee Recognition," 2011

Current Challenges Faced by HR Professionals

>> *In today's hyper-competitive global economy*



At **ITAGroup**, we understand and appreciate the current challenges faced by today's HR Professionals.

- More with less
- Change agent
- Leverage all elements of the Total Rewards toolkit
- Strategic partner for the organization
- Diverse workforce with a wide range of motivations and drivers

No matter the economic conditions, employee engagement and retention will continue to be challenges

Slide 5

YIKES! The Cost of Disengagement

*“High engagement firms experience an EPS growth rate of **28%** compared to an **11.2%** decline for companies with low engagement.”*

- Towers Perrin

*“Disengaged workers cost the economy **\$300 billion** or more per year.”*
- Gallup

“When employees are highly engaged, their companies enjoy 26% higher employee productivity.”

- Watson Wyatt

*“Only **17%** of today’s workers are highly willing and able to contribute to their organization’s success, and an alarming **19%** of workers have mentally checked out of their jobs.”*

- Towers Perrin



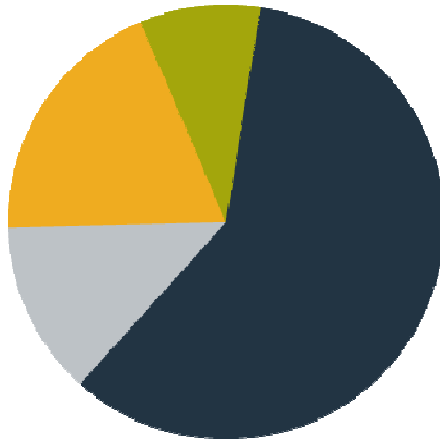
What does “engagement” look like?

Zappos Family Video

http://www.youtube.com/watch?v=4gHlEBU_NSg&feature=player_detailpage

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>> *Working within your Total Rewards Strategy*



Total Rewards Strategy

Leveraging 5 elements to attract, motivate and retain employees.

1. Compensation
2. Benefits
3. Work-Life
4. Development and Career Opportunities
- 5. Performance and Recognition**

86% of organizations have recognition programs in place and 70% of those organizations offer between three and six different programs.

- WorldatWork, "Trends in Employee Recognition," 2011.

RECOGNITION: a one-time cash or non-cash citation for a specific behavior, action or accomplishment.

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>>Current Trends in Employee Recognition



Most
recognition
practices
have not
changed
much since
2008

Topics we will examine include:

- Formality and strategy
- Company-wide versus department-specific
- Goals and award types
- Amount budgeted
- Recognition delivery settings
- Administration
- Training for managers
- Senior management buy-in

Slide 10

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>>2 popular questions

Why Strategic Recognition programs fail.

Budget

- Organizations budget on **average 2% of payroll budget** to be used for recognition programs
- Nearly **one in five organizations are budgeting greater than 2%** (change behavior versus recognizing years of service)

Training for Managers

- **Only 14% of organizations provide training** on recognition programs to managers (usually done through in-person training sessions)

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>>Current Trends – Structure and Delivery

Two more popular questions:

Formality and
Strategy

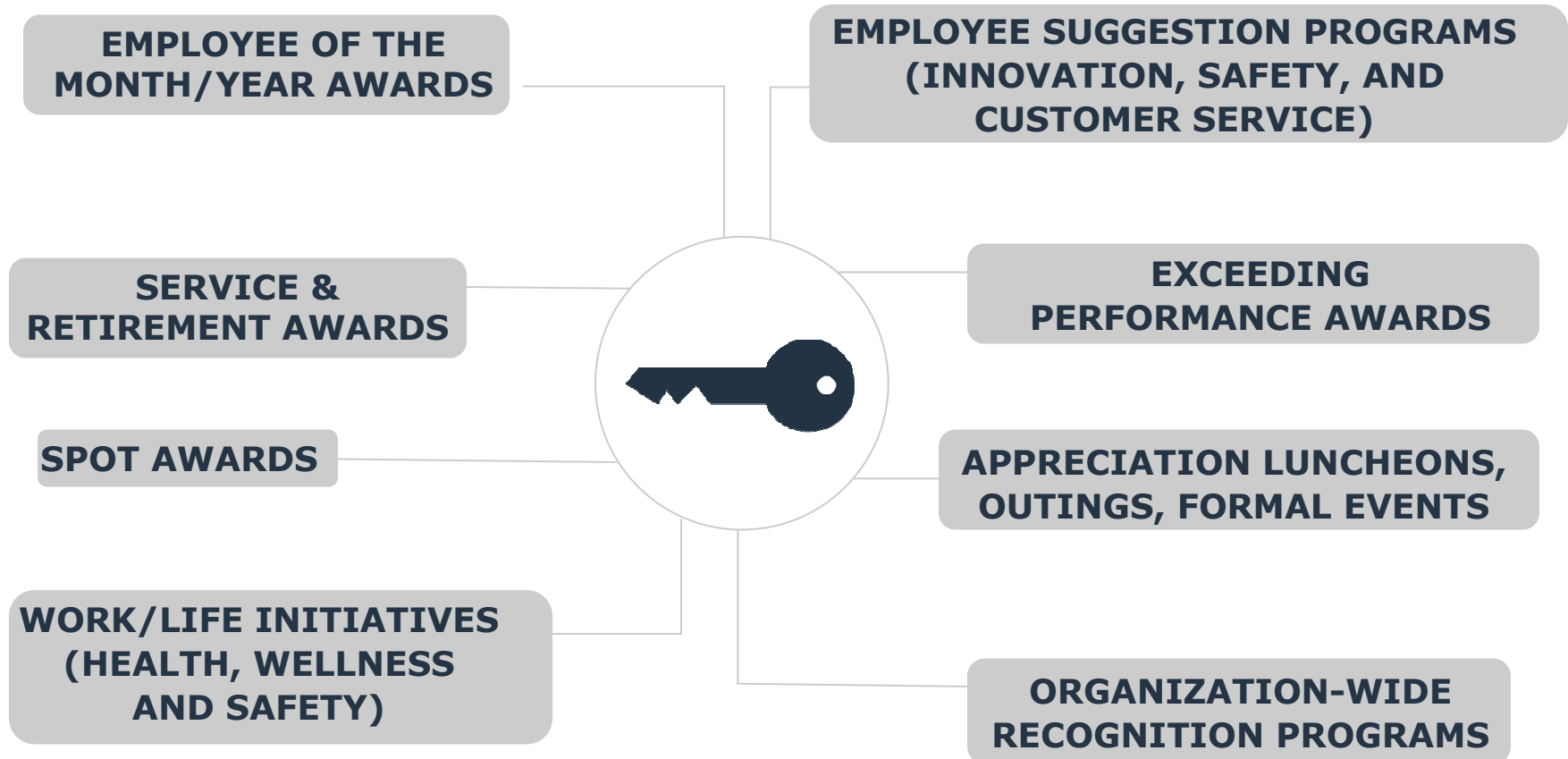
- **72%** of organizations have **both formal and informal** recognition programs in place (an additional **23%** have formal programs only)

Recognition
Delivery
Settings

- **One-on-one settings with a manager** is most common (68%), with special events and staff meetings also regular settings at over half of organizations

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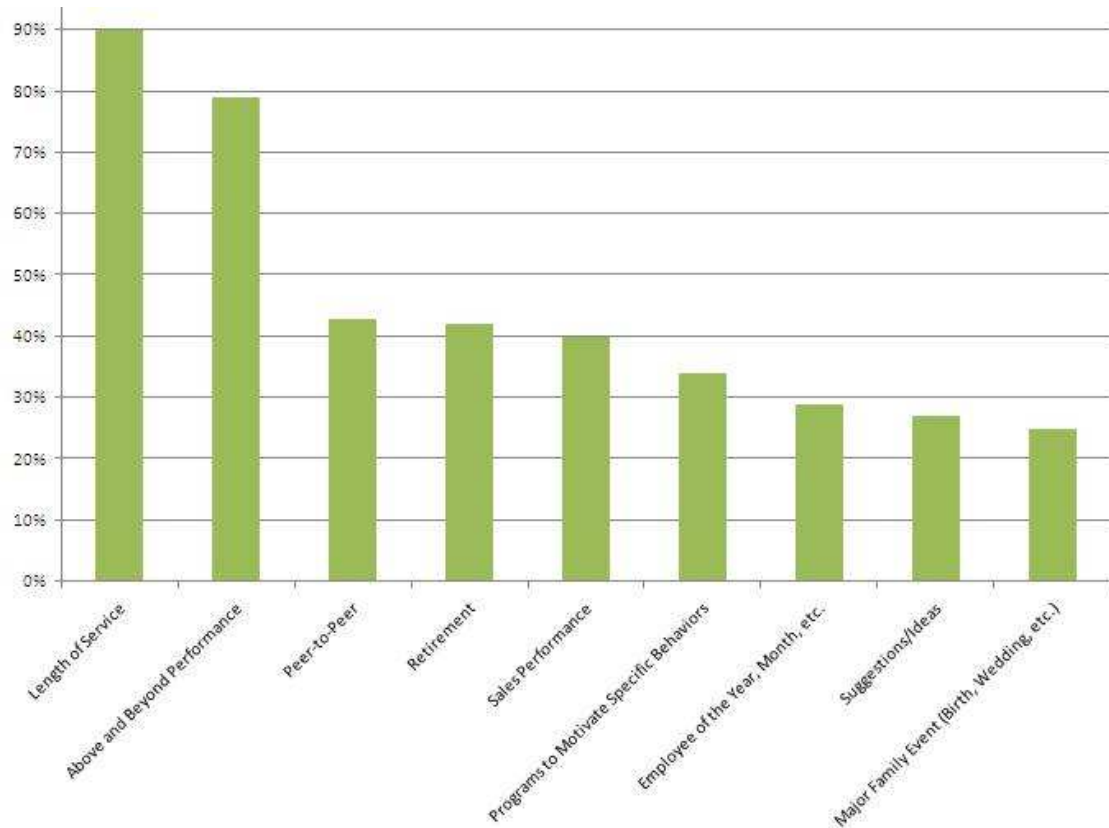
Employee Loyalty Solutions



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>>Current Prevalence

Most common types of recognition programs:



1. Length of Service: **90%**
2. Above & Beyond Performance: **79%**
3. Peer-to-Peer: **43%**
4. Retirement: **42%**
5. Sales Performance: **40%**
6. Programs to Motivate Specific Behaviors: **34%**
7. Employee of the Year, Month, etc.: **29%**
8. Suggestions/Ideas: **27%**
9. Major Family Event (Birth, Wedding, etc.): **25%**

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>>Current Trends – Recognition Objectives

Most common types of recognition program objectives:

Recognize years of service – **76%**

Create a positive work environment – **74%**

Motivate high performance – **71%**

Create a culture of recognition – **69%**

Increase morale – **66%**

Reinforce desired behaviors – **61%**

Support organizational mission/values – **59%**

Increase retention or decrease turnover – **46%**

★ **Encourage loyalty – 42%**

Support becoming/remaining an employer of choice - **39%**

Provide line of sight to company goals – **29%**

Support culture change – **15%**

Majority of organizations offer at least four different programs.

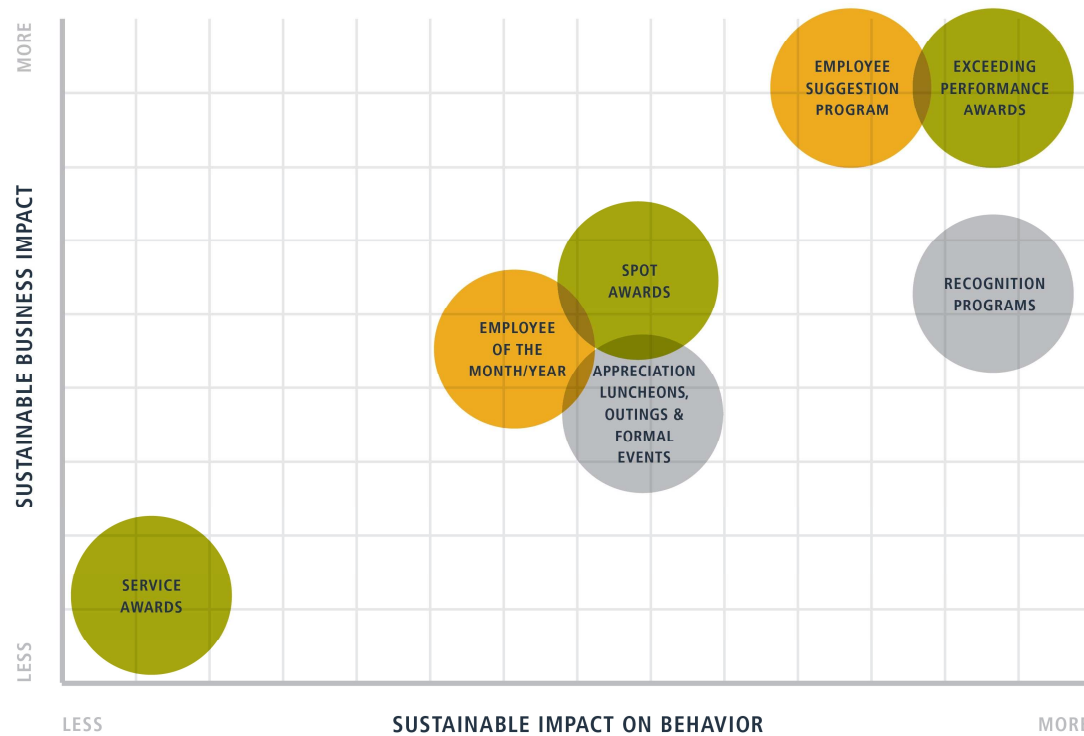
- WorldatWork, “Trends in Employee Recognition,” 2011

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>>Current Trends – Recognition Objectives

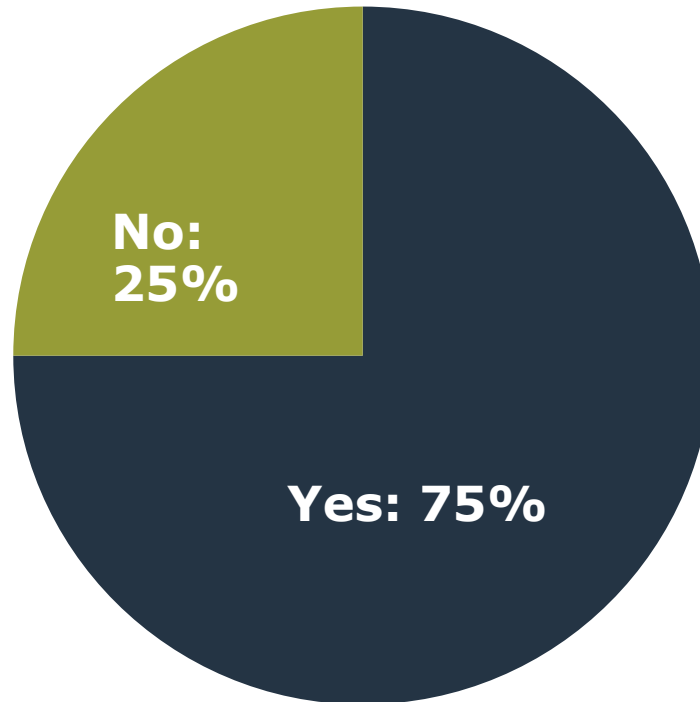
Strategic Recognition Programs



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>>Current Trends – Success of Recognition Program

Do you feel your programs are meeting the objectives/goals?

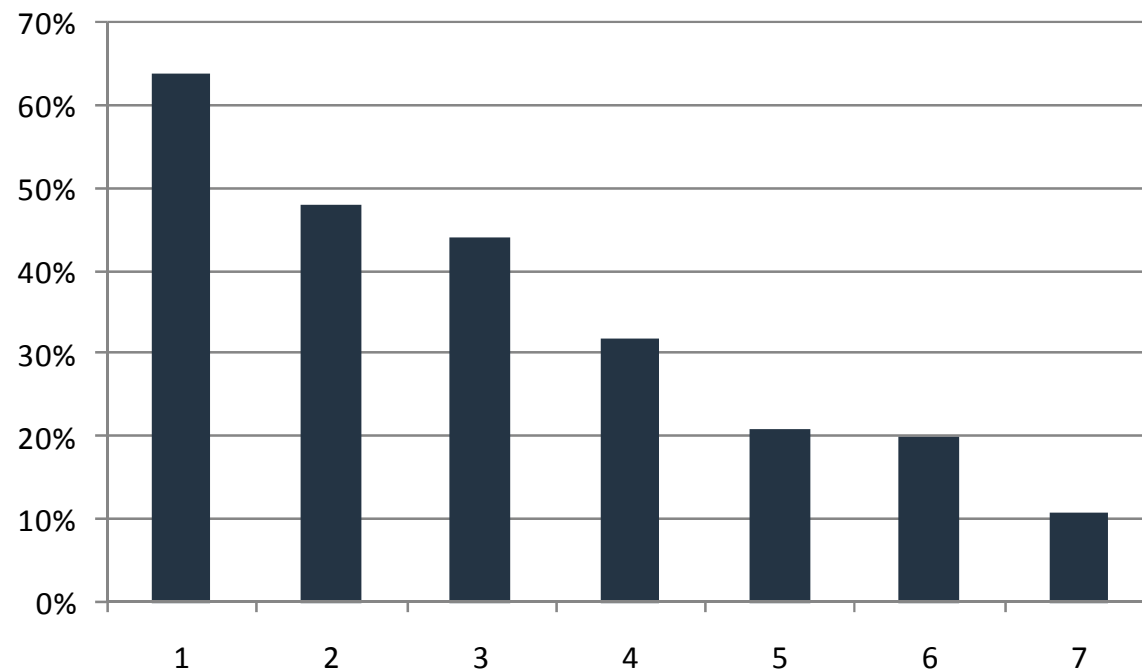


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>>Current Trends – Measuring Success of Recognition

What types of measurements for success do you use in your recognition programs?



1. Employee satisfaction surveys: **64%**

2. Usage rates and/or participation rates: **48%**

3. # of nominations: **44%**

4. Turnover: **32%**

5. Productivity: **21%**

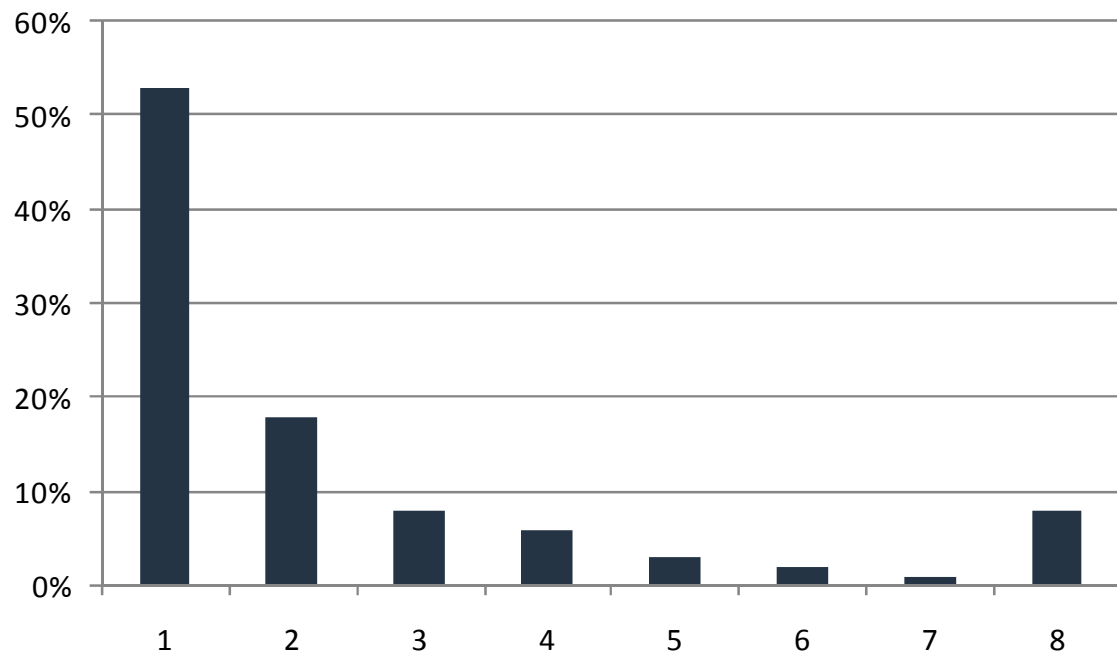
6. Customer Surveys: **20%**

7. ROI: **11%**

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>>Current Trends – Department Administration of Recognition Programs

Which department is responsible for administering the majority of your organization's recognition programs?



1. HR: **53%**

2. Compensation: **18%**

3. Individual Dept.: **8%**

4. Benefits: **6%**

5. Corporate Comm.:
3%

6. Org. Development:
2%

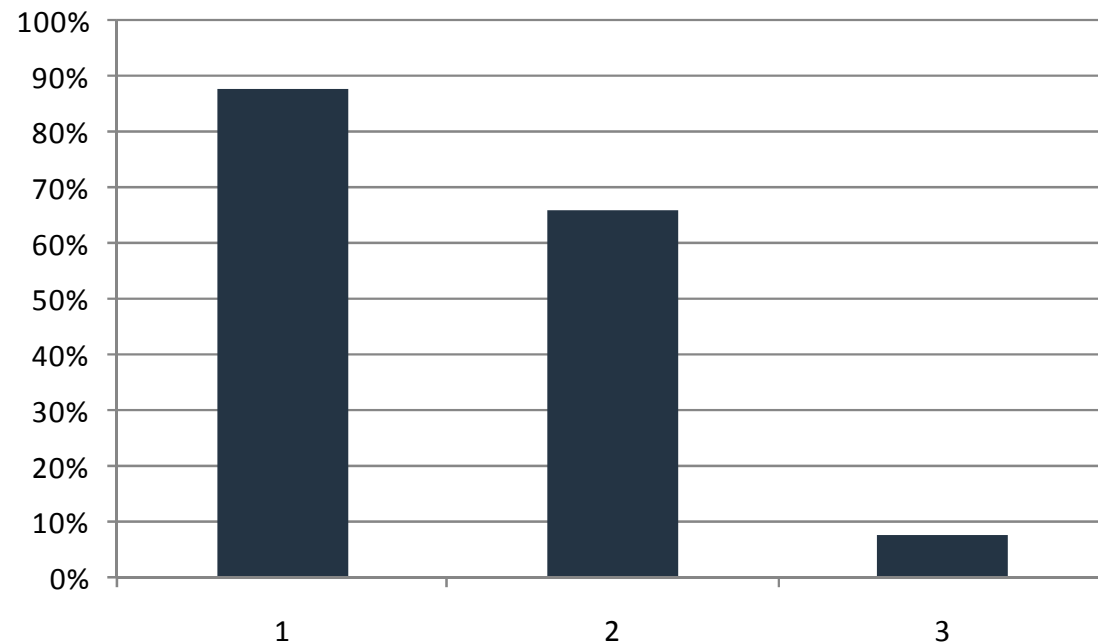
7. Training: **1%**

8. Other: **8%**

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>>Current Trends – Company-Wide vs. Department-Specific Recognition

What type(s) of recognition programs are in place in your company?



1. Company-wide:
88%

2. Dept. / Region /
Division / Unit /
Team-specific:
66%

3. Other: **8%**

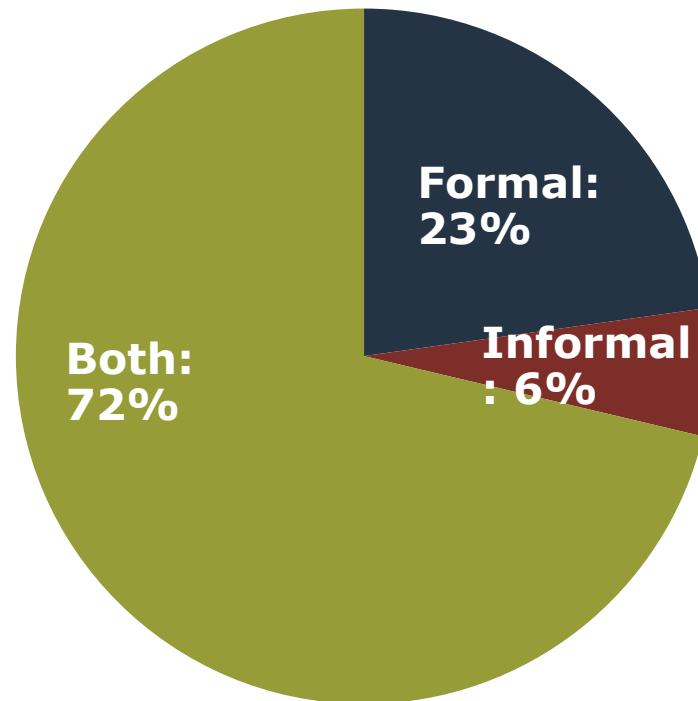
Note: About half (51%)
of organizations offer
company-wide and
department-specific
recognition



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>>Current Trends – Formality of Recognition

What style(s) of recognition programs are in place in your company?

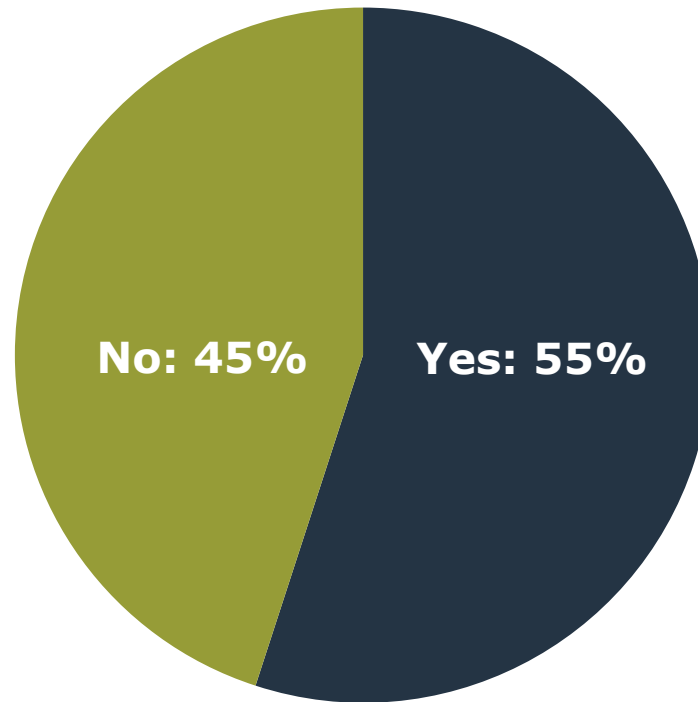


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>>Current Trends – Recognition Strategy

Is there a written strategy behind your organization's recognition programs? (e.g., why they were created, goals, etc.)



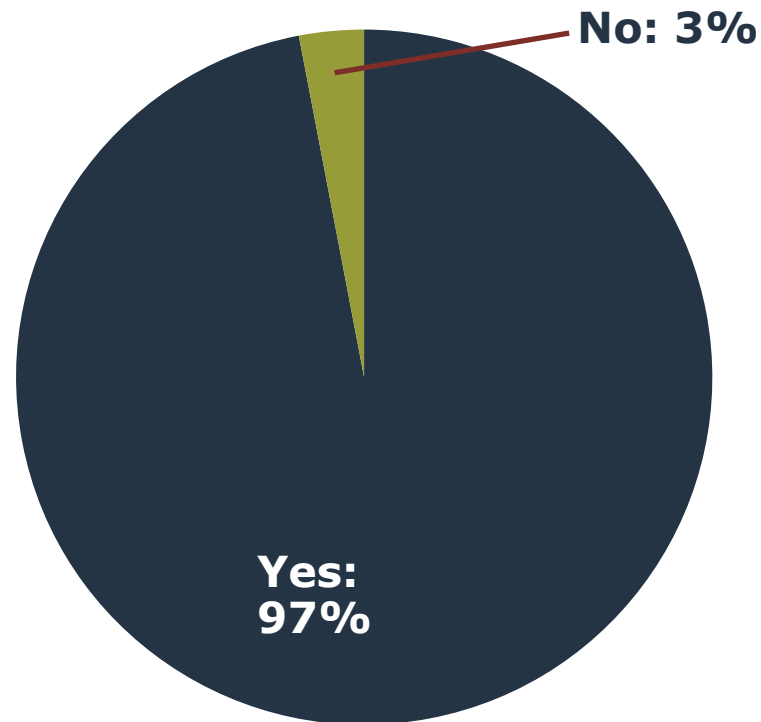
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>>Current Trends – Recognition and Organizational Strategy

Does your recognition strategy align with your organization's strategy?

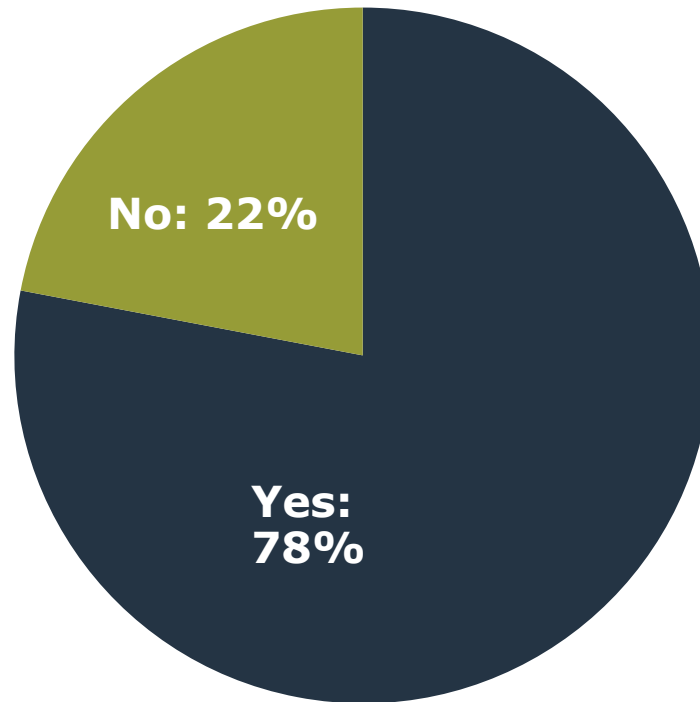


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>>Current Trends – Budgeting for Recognition Programs

Is there a budget for your recognition programs?



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>>Current Trends – Percentage of Payroll Budget for Recognition Programs

What percentage of your payroll budget is used for recognition programs?

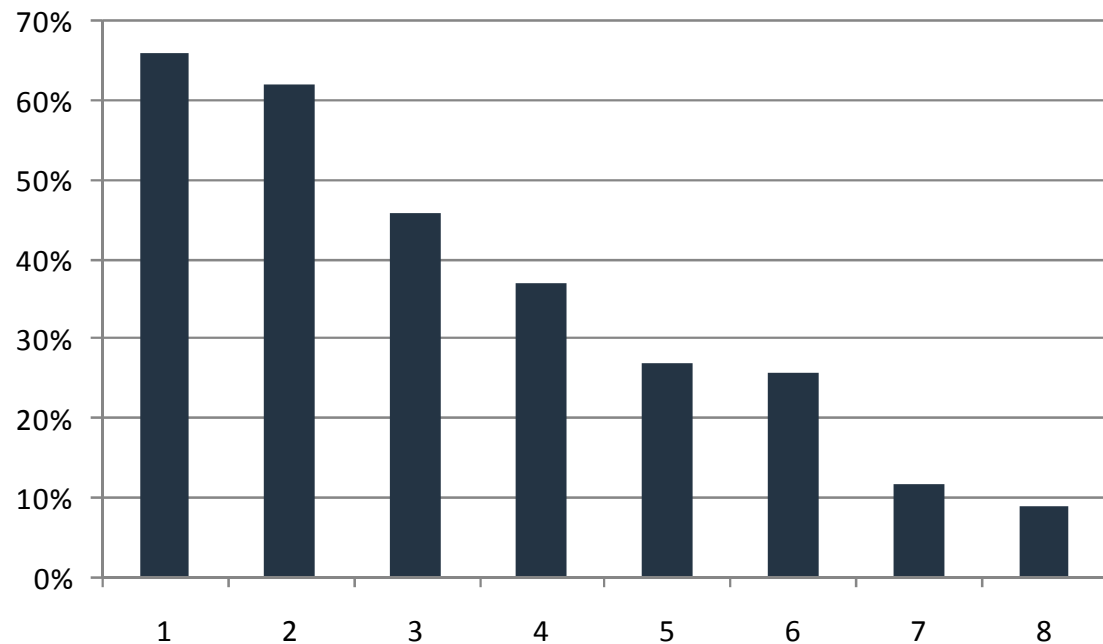
WorldatWork:

- 0%: **12%**
- 0.1% - 1.0%: **58%**
- 1.1% - 2.9%: **12%**
- 3.0% - 5.9%: **12%**
- 6.0% - 10.0%: **3%**
- >10.0%: **3%**

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>>Current Trends – Media Communication of Recognition Programs

Which media channels do you use to communicate your recognition programs?

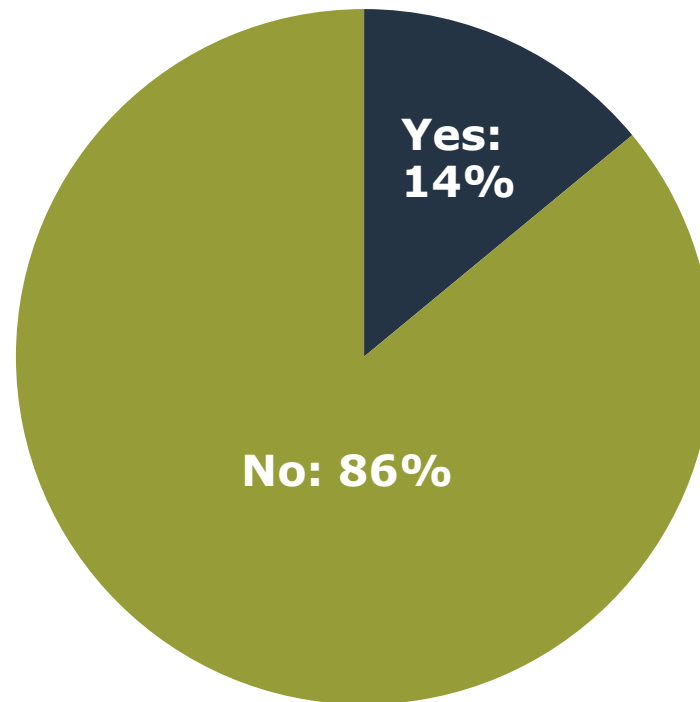


1. Internet/intranet: **66%**
2. E-mail: **62%**
3. Company newsletter: **46%**
4. Employee orientation: **37%**
5. Posters, flyers and/or table tents: **27%**
6. Employee handbook: **26%**
7. We do not have a communications plan for our recognition programs: **12%**
8. Other: **9%**

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>>Current Trends – Training for Managers About Recognition Programs

Do you have a formal training for managers about your recognition programs?

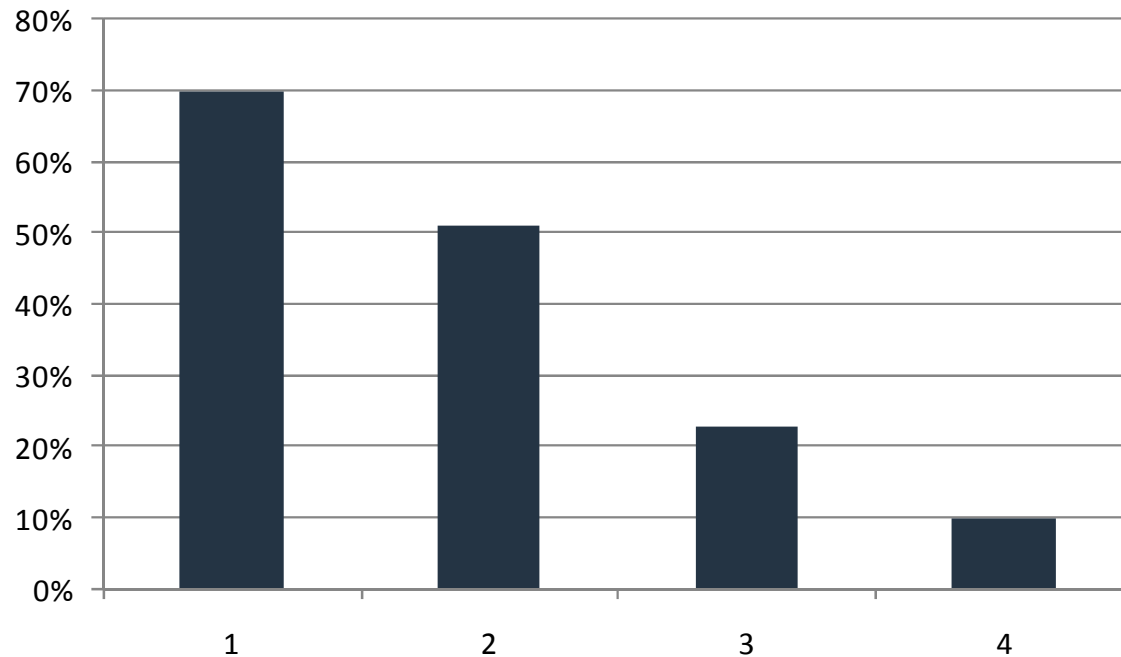


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>>Current Trends – Training Methods Used for Managers About Recognition Programs

Which formal training methods do you use to train your managers?



1. In-person training session: **70%**

2. Online education: **51%**

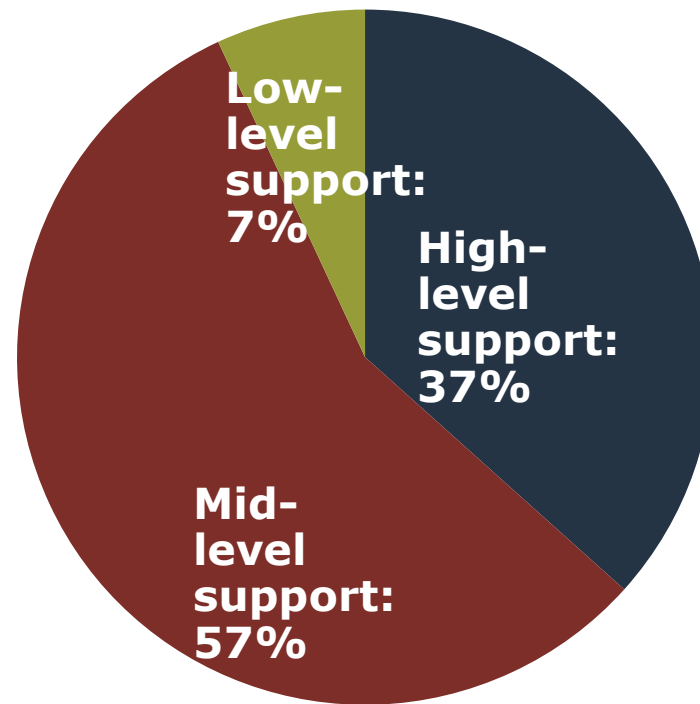
3. Handbook: **23%**

4. Video: **10%**

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>>Current Trends – Senior-Management Support for Recognition Programs

What level of support do you feel your organization's senior-management team shows for your recognition programs?



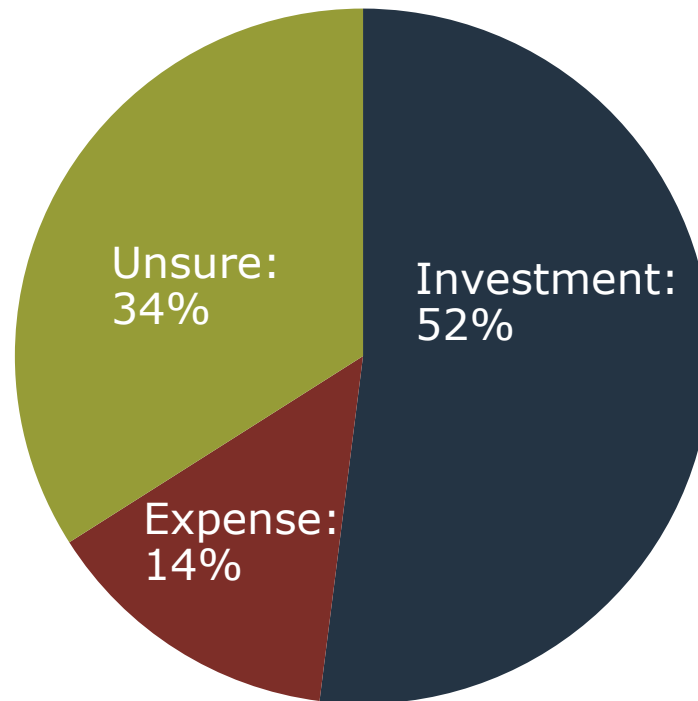
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>>Current Trends – Sr. Mgmt View of Employee Recognition Programs

Which of the following best describes how senior management in your organization views employee recognition programs?



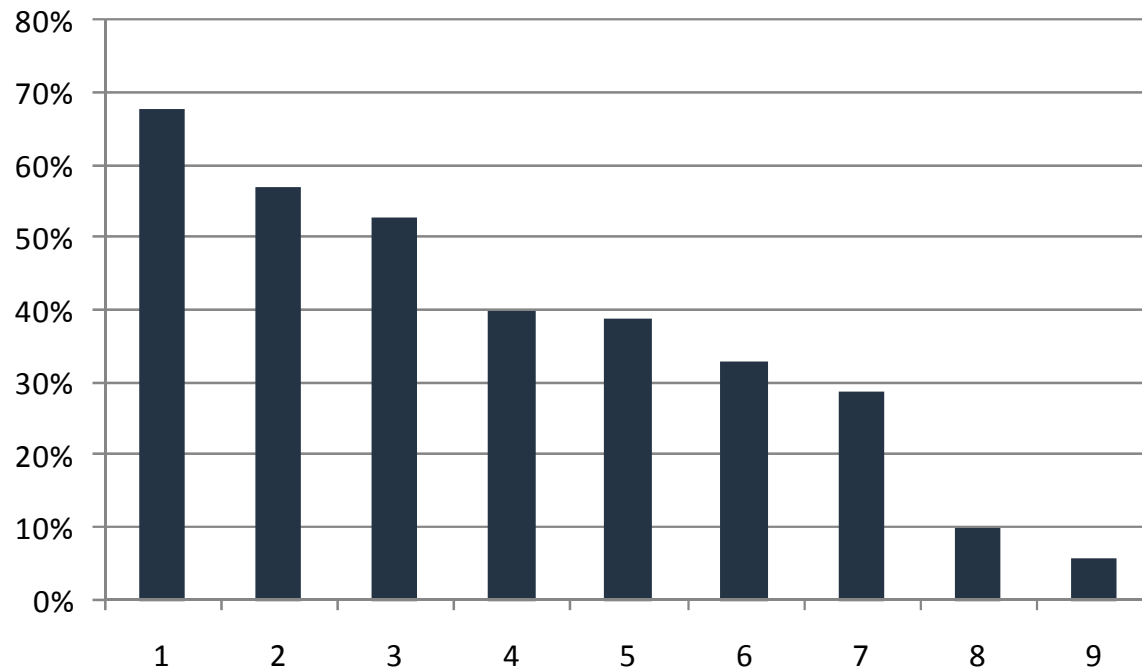
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>>Current Trends – Presentation of Recognition Awards

How are recognition awards presented?

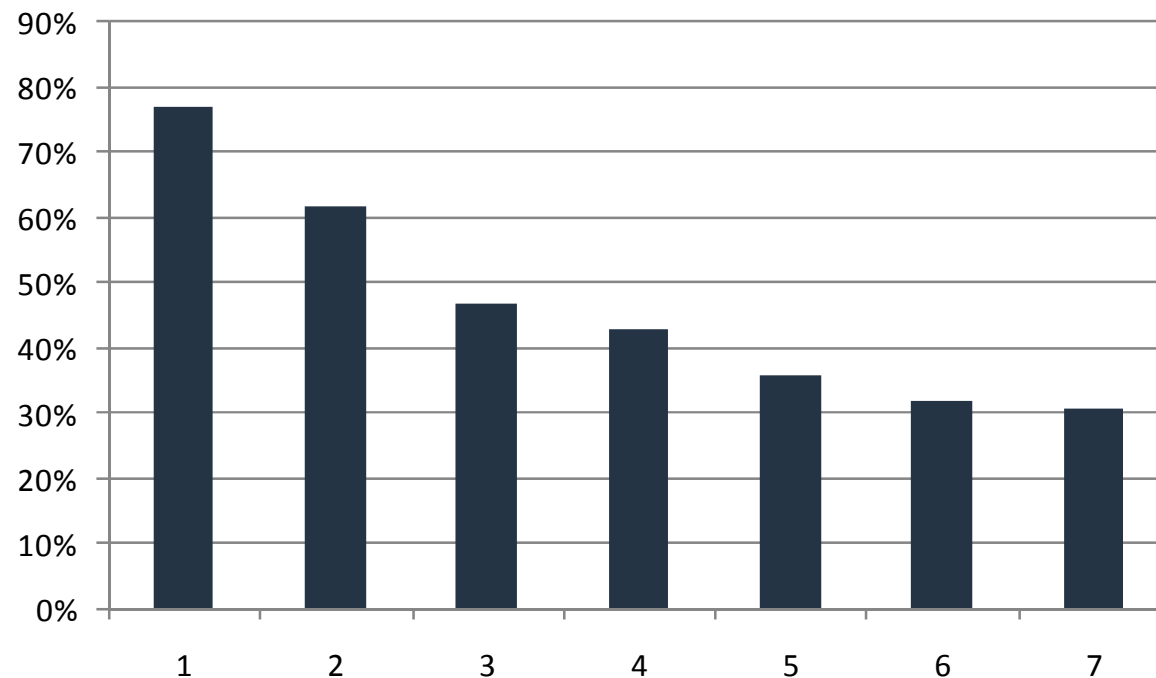


1. One-on-one with manager: **68%**
2. Special event (e.g., banquet, luncheon, etc.): **57%**
3. Staff meeting: **53%**
4. Company-wide meeting: **40%**
5. E-mail announcements/notifications: **39%**
6. Intranet announcement: **33%**
7. Company newsletter: **29%**
8. Not presented (e.g., mailed to recipient at work or home): **10%**
9. Other: **6%**

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>>Current Trends – Types of Recognition Awards (Items)

What types of items are presented as recognition awards?



1. Certificates and/or plaques: **77%**

2. Cash: **62%**

3. Gift certificates for product purchases: **47%**

4. Company logo merchandise: **43%**

5. Food: **36%**

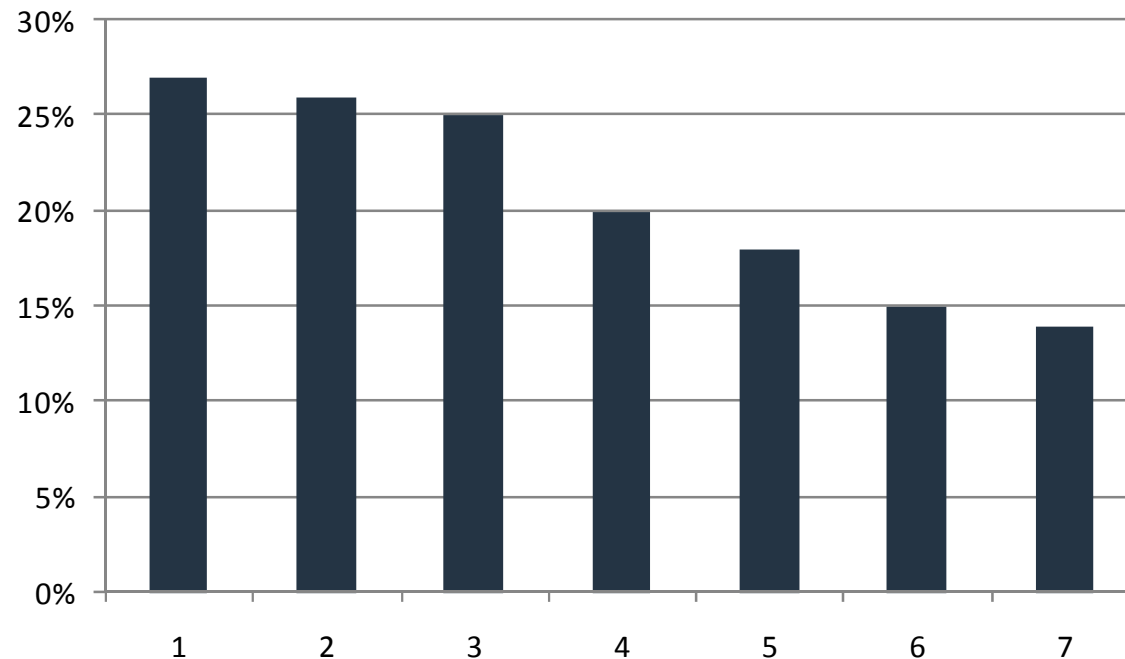
6. Timepieces (e.g., watches, clocks, etc.): **32%**

7. Jewelry: **31%**

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>>Current Trends – Types of Recognition Awards (Items)

What types of items are presented as recognition awards?



1. Household items: **27%**
2. Office accessories: **26%**
3. Electronics: **25%**
4. Recreational items/sporting goods: **20%**
5. Gift certificates for personal services: **18%**
6. Travel: **15%**
7. Redeemable points: **14%**

Seinfeld:

http://www.youtube.com/watch?v=aQlhrrqTQmU&feature=player_detailpage

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>> *Current Trends – What is the research missing?*

The research is great, but here is what we are seeing:

Social Recognition

Data Integration

Gamification

Best Practices

>> *Successful Recognition Programs for Today...and Tomorrow*

- 1 Link reward to company strategies and goals.
- 2 Integrate your programs under one platform.
- 3 Create simple and user-friendly systems.
- 4 Involve and train management.
- 5 Impact a large number of employees.
- 6 Communicate and promote the program.
- 7 Measure what matters.
- 8 Give personalized awards, not money.
- 9 Give immediate and innovative awards.
- 10 Incorporate peer recognition.

Best Practices

>> *Successful Recognition Programs for Today...and Tomorrow*

ITAGroup's experience has shown that successful programs have several key elements in common.

1 Link reward to company strategies and goals.

Reward and recognition programs must **connect the needs and expectations of the workforce with the company's goals and strategies**. A program which reinforces important company values and goals will encourage employees to act in line with goals and emphasize the importance of achieving them.

2 Integrate your programs under one platform.

Bring all your different recognition programs into one platform and leverage the power of recognition for your organization.

3 Create simple and user-friendly systems.

At ITAGroup we say "practical," but to ensure managers and employees meet the program's participation goals, **the nomination and giving procedures should be simple and quick**.



Best Practices

>> *Successful Recognition Programs for Today...and Tomorrow*

4

Involve and train management.

Employees value receiving recognition from their direct managers, and managers are typically in charge of administering programs; therefore **managers should be involved** in designing programs and trained in how to use them effectively.

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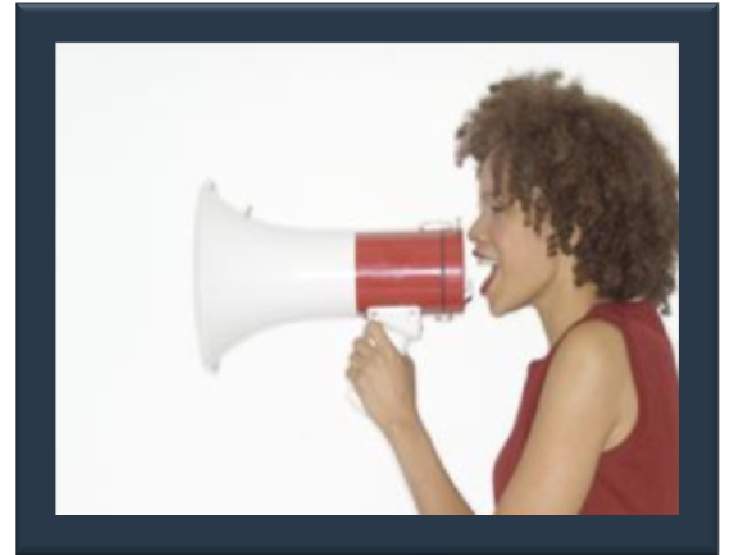
Impact a large number of employees.

The most effective programs **motivate a large number of a company's employees,** rather than only top performers.

6

Communicate and promote the program.

You cannot over communicate your recognition program and the importance and power of recognition. When **properly communicated, employees understand** the behaviors being reinforced and the logic behind them.



Best Practices

>> *Successful Recognition Programs for Today...and Tomorrow*

7

Measure what matters.

You cannot improve what you don't measure. Track and monitor the impact of your programs and the investment.

8

Give personalized awards, not money.

Cash doesn't improve performance or drive a behavior. Cash rewards also run the risk of creating employee expectations that become difficult to meet.

9

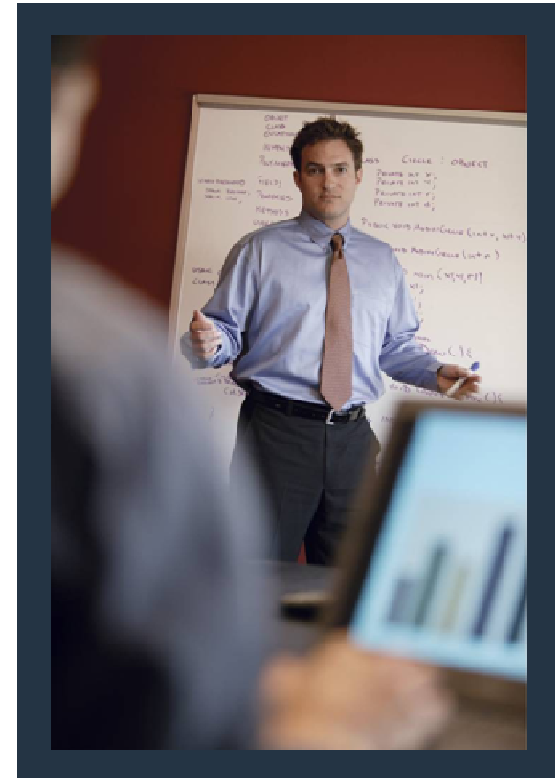
Give immediate and innovative awards.

Recognition should be given **immediately** following the recognizable action, or it loses its relevancy and risks offending employees. Awards should also be innovative and fun to keep employees engaged.

10

Incorporate peer recognition.

Peer recognition typically involves smaller and less expensive awards, but it tends to be **very effective at motivating and retaining employees**.



**THANK YOU – and Long Live
Loyalty!**

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