The State of Employee Recognition in 2012

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Introduction

If you ask many employees how they are recognized, they may well respond with somewhat of a blank stare. You know the look – the look of, "What are you talking about? Do you mean my paycheck?" Employee recognition is not a common element of many workplaces, as indicated by the fact that less than 20 percent of respondents to our employee survey indicated they are recognized monthly or more often. This is reinforced by U.S. Department of Labor research which found that 64 percent of working Americans leave their jobs because they do not feel appreciated.[1]

Yet, organizations invest in recognition in a big way – spending roughly one percent of payroll on recognition activities.[2] Nearly 75 percent of organizations have a recognition program (despite the fact that only 58 percent of employees think that their organizations have recognition programs). However, two-thirds of HR respondents indicated that HR does not effectively enable recognition. Clearly, we have a situation in which a substantial amount of money is being invested, yet a large percentage of employees are not aware of – let alone benefiting from – employee recognition resources. Even HR does not think the organization is seeing much benefit. As business leaders, we should all be thinking that one of two actions needs to happen – either employee recognition begins to show its value or organizations should stop spending money on these activities.

At a time of intense budgetary pressure, you may feel inclined to go for the latter approach since, after all, employee recognition is a hard nut to crack. Recognition historically has been a grassroots effort, with individual departments or business units making decisions about when, why and how to recognize employees. This highly dispersed structure makes recognition difficult to measure and coordinate. Further, 87 percent of organizations have recognition programs that reward tenure or service anniversaries, and these programs have no relationship with improved employee or business outcomes. Why not just pull the plug?

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[1]   Source: http://www.forbes.com/2007/09/13/workplace-careers-recognition-lead-careers-cx_mk_0913robbins.html.

[2]   Source: *Trends in Employee Recognition*, World at Work, May 2011, http://www.worldatwork.org/waw/adimLink?id=51194.

Leaders should not give up on employee recognition because it may very well be the best-kept secret lever at their fingertips. Our research shows that those organizations with recognition programs which are highly effective at enabling employee engagement had 31 percent lower voluntary turnover than organizations with ineffective recognition programs. We also found that, in those organizations in which individual employees or teams are recognized, the entity's average score for employee results was approximately 14 percent higher than in organizations in which recognition does not occur.[3] Clearly, recognition can make a big difference to critical outcomes.

This study is the first in a two-part series and focuses on the state of employee recognition in organizations today. Specifically, this study benchmarks the following elements of employee recognition:

• Business case for employee recognition;

• Challenges with employee recognition;

• Program adoption;

• Program type;

• Recognition activities;

• Program standardization;

• Program age;

• Program origin;

• Program delivery (software versus non-software);

• Recognition effectiveness; and,

• Differences between recognition program design and reality.

Based on our findings, we identify three action items for organizations that are looking to improve their recognition programs. The report then gives data-driven recommendations for how to tackle each of these action items. The purpose of this study is to provide insights into

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3   "Employee results" is an index comprised of employee engagement, employee productivity and customer satisfaction. For more information, *High-Impact Performance Management: Maximizing Performance Coaching*, Bersin & Associates / Stacia Sherman Garr, November 2011. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/hipm.

the state of recognition today, highlighting the impact it can have and suggesting steps for improving it.

The forthcoming second part of this research will focus on best practices. That report will focus on the different levers of employee recognition, identifying "what works" to drive better employee and business results. It will also feature specific examples of how organizations are effectively leveraging employee recognition.

For those readers who seek an introduction to employee recognition, we have provided an overview of how employee recognition taps into employee motivations in "Appendix III: Motivations – An Introduction." We also provide an overview of our Employee Recognition Framework in "Appendix IV: The Bersin & Associates Employee Recognition Framework[4]," which illustrates all of the decision points that an organization needs to consider for creating a holistic recognition strategy and programs.

As always, we welcome you to continue the dialogue with us. If you have comments or see areas that you would like to further explore for your organization, please contact us at info@bersin.com or at 510-251-4400.

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[4]   For more information, *The Bersin & Associates Employee Recognition Framework: A Guide to Designing Strategic Recognition Programs*, Bersin & Associates / Stacia Sherman Garr, April 2012. Available to research members at www.bersin.com/library.

Key Findings

1. Three out of Four Companies Have a Recognition Program, but Many of Their Employees Do Not Know It

Seventy-three percent of HR respondents (versus only 58 percent of employee respondents) reported that their organizations have an employee recognition program in place. This disconnect indicates that, despite the money which organizations invest in recognition programs (approximately one percent of payroll), many employees do not even know those programs exist. Further, that investment is not making a significant impact on most organizations' cultures; only 17 percent of respondents report that their organization's culture supports recognition. Many organizations have a huge opportunity to leverage their recognition programs more effectively through, at a minimum, better communications about the programs currently in place.

2. Two-Thirds of HR Respondents Indicate That HR Does Not Effectively Enable Recognition

Nearly two-thirds of HR respondents do not think that HR effectively enables recognition in their organizations. This ineffectiveness is underscored by the fact that nearly one-half of HR respondents report their organization's culture does not support recognition. This lack of effectiveness is largely driven by the nature of most recognition programs; 87 percent of organizations reported that their programs are designed to recognize service or tenure. However, those organizations that recognize employees for "demonstrating company values," "displaying certain identified behaviors" and "achieving company goals" are more effective at enabling recognition than those that do not incorporate these attributes.

3. Organizations with Highly Effective Recognition Programs Experience 31 Percent Lower Turnover

Those organizations with recognition programs that are "excellent" at improving employee recognition experienced 31 percent lower voluntary turnover than those organizations with poor programs. Given that so many programs are ineffective, many organizations have an opportunity to reap substantial gains if they are able to leverage employee recognition more effectively.

4. Senior Leaders Are out of Touch with How Often Employees Are Recognized

Nearly 80 percent of senior leaders believe employees are recognized at least on a monthly basis, with 43 percent of senior leaders stating employees are recognized weekly or more often. This finding contrasts starkly with reports from managers and individual contributors; 40 percent of managers and only 22 percent of individual contributors report that their peers are recognized monthly or more often. We see a similar difference in opinions when we ask employees and senior leaders how often they themselves are recognized. Specifically, nearly two-fifths of senior leaders report they are recognized weekly or more often, as compared with just five percent of managers and two percent of individual contributors.

5. Nearly 70 Percent of Employees Report They Are Recognized Annually or Not at All

Fifty-six percent of individual contributors state that their peers are recognized annually or not at all. This number increases when we ask individual contributors how often they are recognized; nearly 70 percent of individual contributors state that they are recognized once per year or not at all. Contrast this with the small percentage of senior leaders – just 13 percent – who think employees are recognized once per year or not at all. Clearly, there is a major need to focus on educating senior leaders on

how their recognition experiences differ dramatically from those of individual contributors.

6. Employees Crave Recognition Specificity and Ease, but These Elements Are Not a Top Priority for HR

According to employees, the most important recognition program elements are that employees can receive specific feedback and give recognition easily. This is underscored by the fact that the top reason employees do not recognize each other is because there is no established way to provide recognition. Interestingly, HR's priorities are primarily focused on outcomes and the management of recognition programs – not the employee recognition experience. Specifically, HR identified the improvement of employee engagement and organizational performance as the most important attributes of an employee recognition program. The next three important attributes were that the program was easy to manage and implement, and that its costs are low. Only after these elements did a focus on specificity and ease of use factor into HR's priorities. This strong focus on ensuring recognition is low cost and easy to manage highlights how little HR prioritizes recognition today.

7. Senior Leaders Are Not as Important to Employee Recognition as HR Thinks

Employees report that the top reasons they do not recognize each other are "there is no established way to provide recognition," "difficulty in singling out individual contributions" and "the company culture does not reinforce recognition." Somewhat counterintuitively, the least common reason employees do not recognize each other is because senior leaders do not do it frequently – even though this was the top reason HR cited for why employees do not recognize each other. This finding indicates that, if employees know how to recognize each other and what to recognize others for, they are inclined to do it. Senior leaders, who are typically outside of employees' immediate work community, have a limited impact on employees' recognition inclinations.

8. Programs Help Create a Recognition Culture – Not the Other Way around

The roughly one-quarter of organizations which lack an employee recognition program were much more likely to report that the organization's culture does not reinforce recognition as a top challenge. Further, 92 percent of organizations in which HR had an extremely high opinion of the recognition program reported that their culture was either "extremely supportive" or "supportive" of recognition. This contrasts with those respondents who have the lowest opinion of their organization's recognition program; 74 percent of those respondents indicated that their organization's culture was only "somewhat supportive" or "not supportive" of recognition. This shows that a program is better than no program, but a good program makes a big difference to creating a culture of recognition.

9. Failing to Customize External Programs or Integrate Software Comes with a Price

Organizations that rely solely on externally purchased programs are 20 percent more likely to state that their company's culture does not support recognition, as compared with those who have programs which are designed internally or are a combination of internally designed and externally purchased programs. Moreover, organizations that use software or a blended approach are 10 percent more likely to have a culture which is extremely supportive of recognition, as compared with organizations that do not use software. We believe organizations see these results because, in both of these instances (the customization of a program and the use of software), organizations have to invest time and resources to ensure that the program is targeted to the right behaviors, customized to meet the organization's unique needs and designed to improve specific outcomes.

10. Recognition Programs Need to Be Refreshed Regularly

Recognition programs have a clear lifecycle, in which they are less effective at reinforcing organizational culture when they are first

introduced and then again when they are more than 10 years old. Recognition programs appear to hit their peak effectiveness after they have been in place between three and 10 years – a period during which they are old enough to have become integrated into the culture, but before they are left behind by changing organizational business strategy, goals and culture. Unfortunately, nearly 40 percent of organizations' recognition programs are more than 10 years old. Progressive organizations have processes in place to reengineer programs – so that they are new and exciting for employees, and also are aligned to support critical business needs.

A Brief Note on Methodology

This research is based on the results of two online surveys, administered between January 2012 and March 2012, and more than 30 research interviews conducted between January and May 2012.

The first survey (which primarily targeted HR practitioners) had a final sample size of 573 organizations; the second survey (which surveyed employees of all levels) had a final sample size of 261 organizations. For complete details, please refer to "Appendix I: Study Participants and Organization Demographics."

In both instances, the participants were from a broad range of industries and organization sizes. We did not include organizations with fewer than 100 employees. The majority of organizations (90 percent for the first survey and 99 percent for the second survey) were from North America. The respondents to the first survey were HR and talent management professionals, varying in level from manager to senior vice president. Respondents to the second survey were employees, including leaders, managers and individual contributors.

The two surveys had many similar questions, which enabled us to compare the answers from HR to those of employees. We also asked HR respondents a number of detailed questions about their programs' design. In addition, we asked employees specific questions about how often they are recognized.

Recognition Overview

Over the past few years, the volatile economy forced many organizations to do more with less. As a result, businesses sought new ways to innovate and grow without increasing costs. To better motivate and retain employees during these trying times, many organizations turned to employee recognition. But what does the term "employee recognition" really mean? In the course of our research, we heard many different definitions. Therefore, we begin this study of recognition by first defining the term and then delving into why recognition matters today.

Recognition Defined

We define recognition as the expressed appreciation by one person to another for that person's behaviors, activities or impact. Recognition may or may not be accompanied by a physical or financial reward, as shown in Figure 1. Recognition programs generally are designed to touch a large number of employees across the enterprise (e.g., more than just top performers). In many ways, recognition is part of the total rewards[5] an employee receives in that it can provide additional financial recompense for performance. Importantly, recognition should align with an organization's comprehensive talent management approach, and reinforce critical employee behaviors and expectations.

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5   Total rewards can include items, such as regular and incentive compensation plans, benefits, skills development, and career opportunities.

Figure 1: How Recognition Fits within Total Rewards[6]

		Praise and Emblematic Rewards
Total Rewards	Recognition	Token Rewards
		Monetary Rewards
	Skills Development and Career Opportunities	
	Benefits	
	Compensation and Incentive Plans	
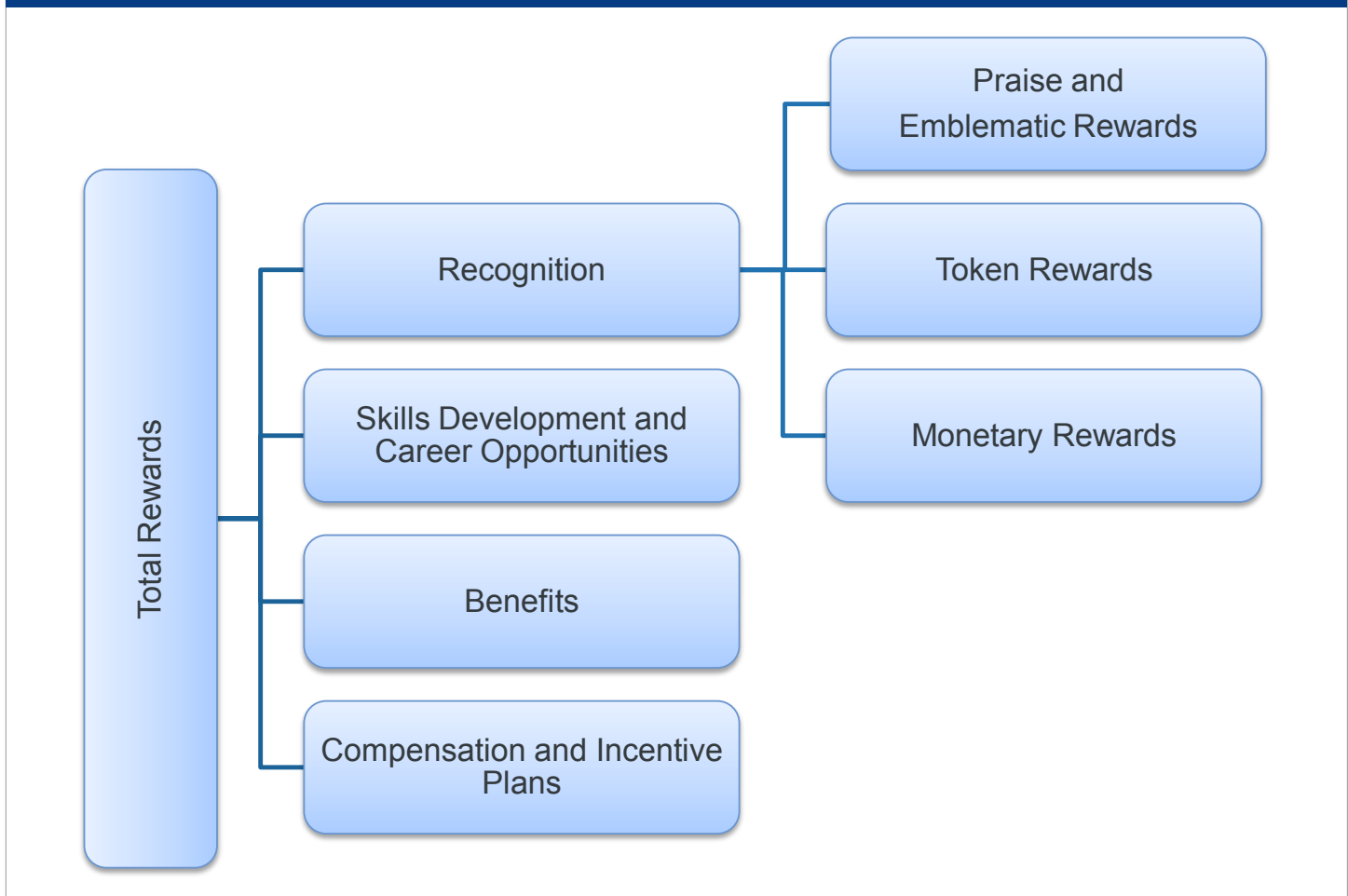
Source: *Bersin & Associates, 2012.*

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[6] "Emblematic rewards" are the recognition that represents an acknowledgement of contribution, but typically cannot be converted into something with monetary value. We include certificates, plaques and trophies in this category. Although they cost money to produce, they are not seen by the recognizee as having monetary value. "Token rewards" include items that cost money, but are viewed by recognizee as rewards of token value, usually less than $100. The "monetary" category includes items that are not of token value.

Why Does Recognition Matter Today?

Organizations turn to recognition today because it can have a positive impact on employee performance and engagement. For example, recent Bersin & Associates research on high-impact performance management[7] found that, in companies in which recognition occurs, the organization's average score for employee results (an index comprised of employee engagement, performance and productivity) was approximately 14 percent higher than in organizations in which recognition does not occur. Other research shows that a 15 percent improvement in employee engagement can result in a two percent uptick in operating margins.[8]

Across the past few years, five market factors resulted in organizations focusing more on recognition, including:

1. A volatile economy;

2. The need for greater agility;

3. The flattening of organizational structures;

4. Technology; and,

5. The rise of the millennial generation in the workforce.

In the following, we discuss each of these factors in detail.

1. **Volatile Economy** – As many Western organizations dealt with the economic recession, they found themselves unable to increase compensation, and had to decrease or eliminate bonuses. Further, many of those same organizations reduced portions of their workforces. The upshot was increased pressure on the workers who remained, but with fewer rewards for their harder work – resulting in lower employee engagement.[9] Coaching and development became a popular (and relatively cheap) alternative to show that the organization still valued the employees remaining on the job.

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[7]   For more information, *High-Impact Performance Management: Maximizing Performance Coaching*, Bersin & Associates / Stacia Sherman Garr, November 2011.
[8]   Source: http://www.forbes.com/2009/11/19/incentives-recognitionengagementleadership-ceonetwork-employees_print.html.
[9]   Source: "Employee Engagement Index, *Gallup Management Journal*, 2010, http://trustmattersgroup.com/spiritoftrust/?p=441.

Organizations have similarly turned to recognition, particularly the types requiring low cost per employee.

2. **The Need for Greater Agility** – As we all know, business is moving faster than ever. Organizations need to be able to reconfigure their workforces to respond to new business demands. Some of this reconfiguration will come from new hires and some of it will come from the current workforce. Further, the workforce continues to become more globalized, with increasing competition for top talent stretching across multiple regions. One study found that to sustain economic growth, by 2030 the United States will need to add more than 25 million workers and Western Europe will need to add more than 45 million employees.[10] The result is a dramatic need for practices that attract new employees and keep existing employees highly motivated and engaged. To do this, progressive organizations are creating recognition programs that align with business demands and the needs of the broader workforce.

3. **The Flattening of Organizational Hierarchies** – The old days of a top-down hierarchy, in which the manager is the "king," rarely exist anymore. Every day, more organizations are adopting collaborative work environments and reducing the levels of management within their ranks. The result is a decline in the number of promotion opportunities available to employees. To continue to show employees that they are valued, organizations are turning to a myriad of recognition approaches that do not include promotions.

4. **Technology** – As we all know, social technology has grabbed hold of the public's attention and time in a big way across the last five years. At the same time, transparency, collaboration and knowledge-sharing have become more the norm within organizations. Many organizations are attempting to leverage both trends by using social technology to increase the transparency, collaboration and knowledge-sharing within the organization. A key element of many social platforms (e.g., LinkedIn and Facebook) is the ability for individuals to give positive feedback directly to others within the network. It is, therefore, a natural extension that employee recognition has become more common in organizations following this approach. In fact, a whole host of technology providers are now offering services that enable this type of online social recognition.

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[10]   Source: "Global Talent Risk – Seven Responses," World Economic Forum, 2011.

5. **The Rise of the Millennial Generation in the Workforce** – Younger employees typically require more feedback (both positive and constructive) and development than older generations. Given that many organizations are in a situation in which baby boomers will soon start to retire in droves, employers are searching for ways to keep these younger workers engaged, productive and retained. Employee recognition can be a critical tool in doing all of these things.

Given that organizations are increasingly turning to recognition, it is important to understand what organizations expect of employee recognition, how recognition occurs in organizations today and how that experience differs depending on if you ask HR or employees. The next section of this report turns to these topics.

The Business Case for Employee Recognition

In the previous section, we outlined many of the factors that lead organizations to focus on employee recognition. We wanted to know, specifically, what benefits HR professionals think their organizations gain from supporting employee recognition programs – and how that compares with the benefits employees report they receive from those programs. Further, we also wanted to understand the extent to which recognition actually delivers improved outcomes.

Anticipated Benefits of Employee Recognition

HR's Perspective

🔑 **KEY POINT**

The most important anticipated benefits are that recognition "communicates to employees that they are valued" and "improves employee engagement."

In our survey, we asked HR respondents to rank the top two organizational benefits of employee recognition. We found that the most important anticipated benefits are that recognition "communicates to employees that they are valued" and "improves employee engagement" (see Figure 2). Interestingly, some of the other benefits that progressive organizations receive from recognition, such as reinforcing organizational culture and appropriate behaviors, were ranked much lower, on average, than these top two benefits. This signals that many HR professionals may not have considered the full range of benefits that employee recognition can bring to the organization. This also means that there is a sizeable opportunity for organizations to use employee recognition in a more impactful way.

Figure 2: Top Expected Benefits of Employee Recognition – HR's Perspective

Benefit	Percentage
Communicates to employees that they are valued	55%
Improves employee engagement	49%
Reinforces organizational culture	28%
Reinforces appropriate behaviors immediately	20%
Improves employee performance	18%
Improves sense of community	14%
Reinforces the organization's goals	13%

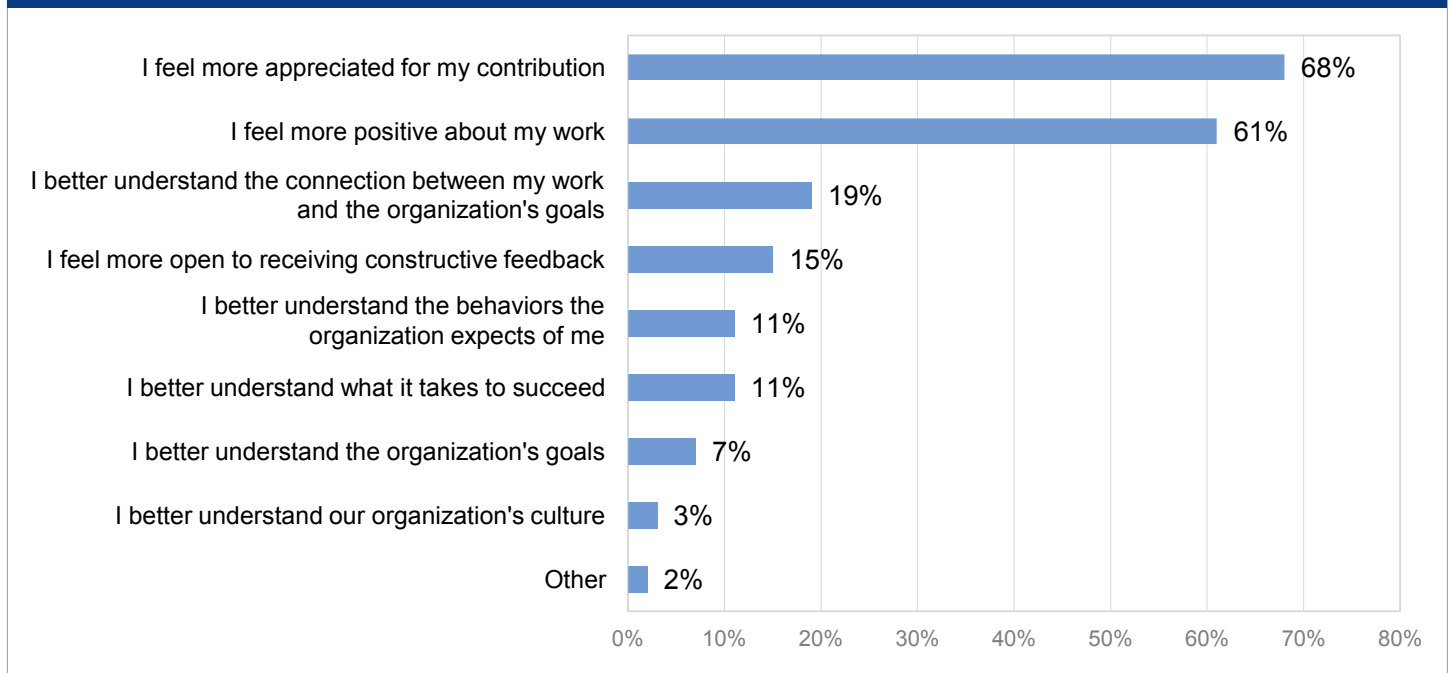Source: *Bersin & Associates, 2012.*

Employees' Perspectives

🔑 **KEY POINT**

Roughly three-fifths of respondents indicated that recognition makes them feel more positive about their work, which is a critical factor in employee engagement.
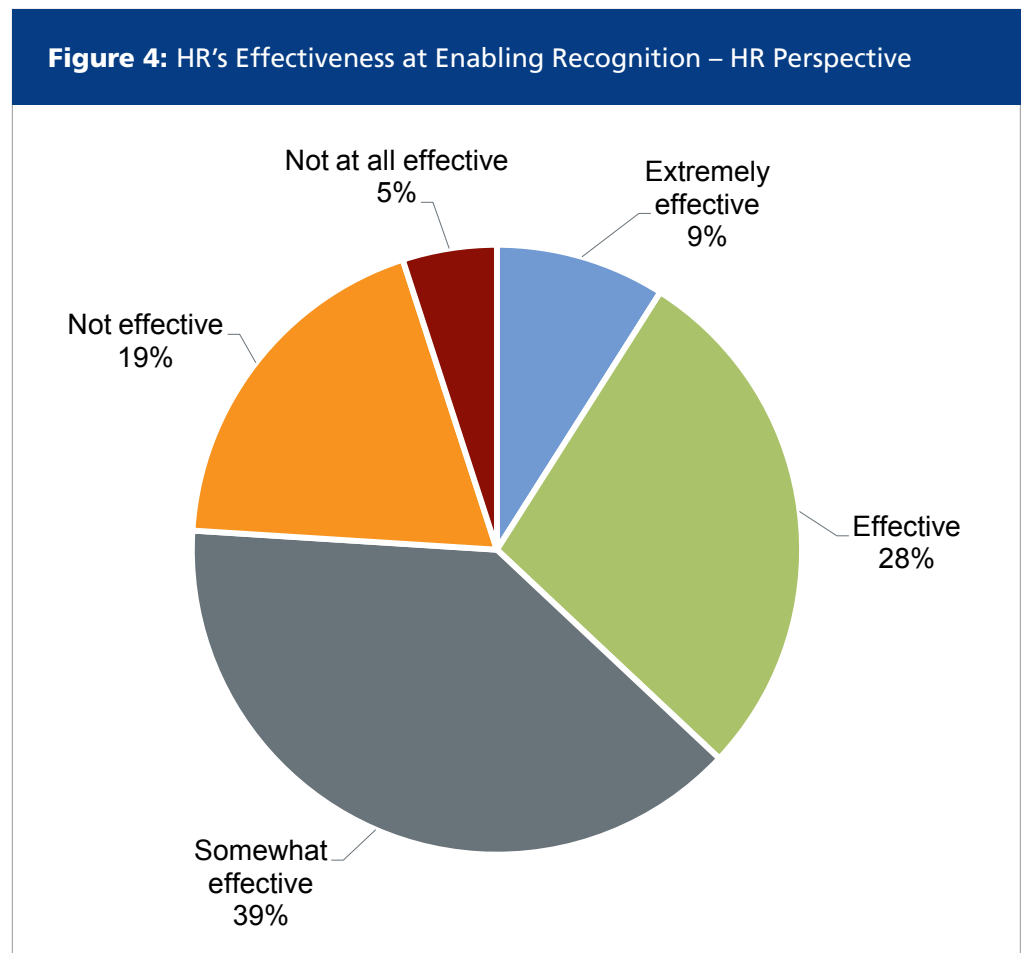
As we would expect, the view from employees closely mirrors that from HR. When we asked employee respondents to rank the top two benefits they receive from recognition, more than two-thirds reported that recognition makes them feel appreciated for their contributions. Roughly three-fifths of respondents indicated that recognition makes them feel more positive about their work, which is a critical factor in employee engagement. For employees, the least commonly cited benefits included, "I better understand our organization's culture" and "I better understand the organization's goals." Again, this underscores the fact that most HR organizations leverage recognition programs as a way to communicate employees' value and encourage them to "feel good" about the organization – but not to reinforce the organization's culture or achievement of goals.

Figure 3: Top Benefits of Recognition – Employee Perspective

Benefit	Percentage
I feel more appreciated for my contribution	68%
I feel more positive about my work	61%
I better understand the connection between my work and the organization's goals	19%
I feel more open to receiving constructive feedback	15%
I better understand the behaviors the organization expects of me	11%
I better understand what it takes to succeed	11%
I better understand the organization's goals	7%
I better understand our organization's culture	3%
Other	2%

Source: *Bersin & Associates, 2012.*

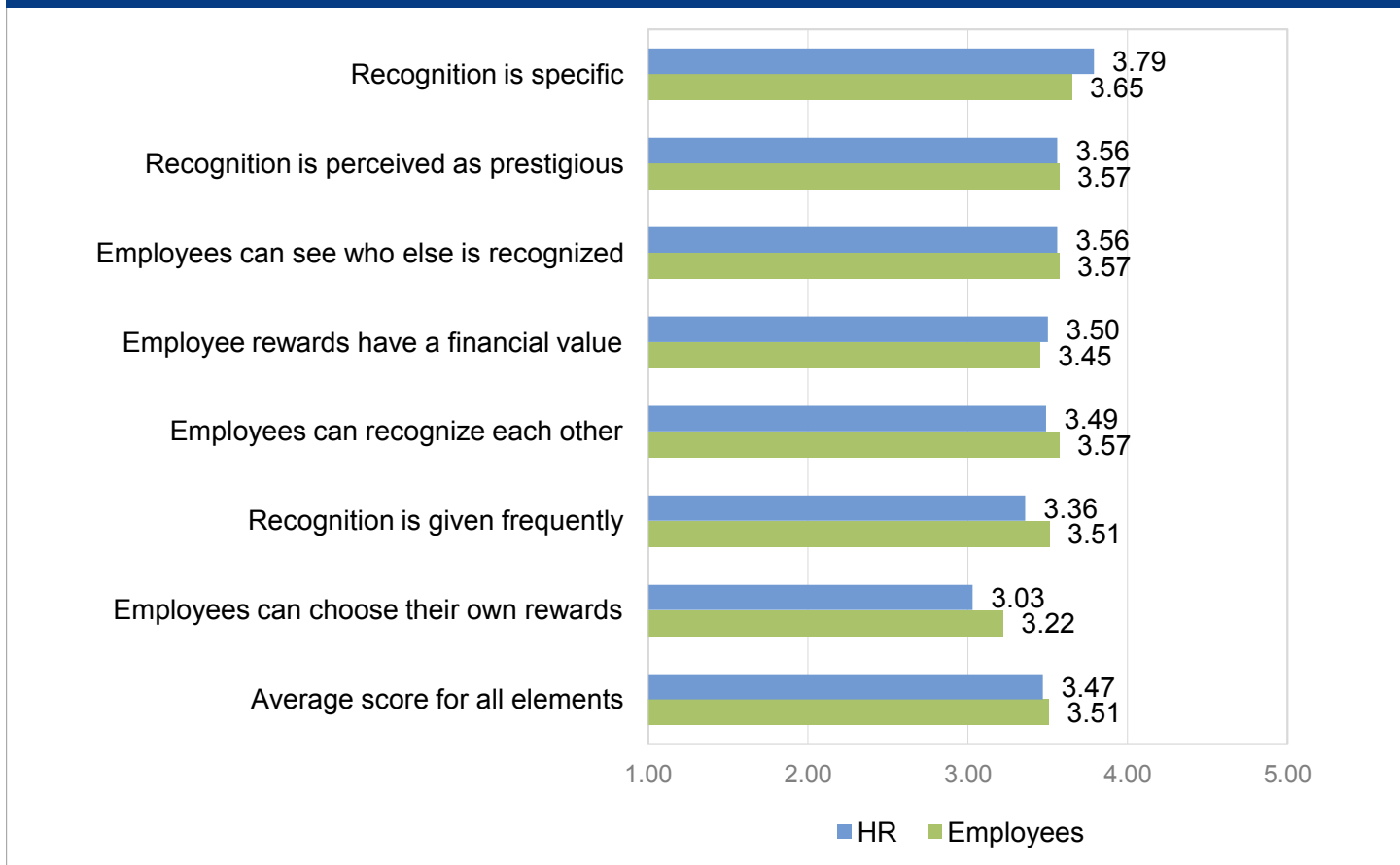# Recognition Program Effectiveness

The next question we should be asking is, how effective are employee recognition programs at actually enabling this recognition to take place? We posed this question to our HR survey population; nearly two-thirds of HR respondents stated they do not believe that HR effectively enables recognition, as shown in Figure 4.

Figure 4: HR's Effectiveness at Enabling Recognition – HR Perspective

Not at all effective
5%

Extremely
effective
9%

Not effective
19%

Effective
28%

Somewhat
effective
39%

When we looked at individual employee recognition program elements, we found that HR and employees had roughly the same low opinion of the effectiveness of their programs at enabling those different elements (see Figure 5). Interestingly, employees did rank "recognition is given specifically" and "employees can choose their own rewards" a little higher than HR, indicating that some managers and parts of organizations are more effectively recognizing employees than HR thinks. Despite this small bright spot, in general, the scores for effectiveness at recognition are relatively low.

Figure 5: Effectiveness of Recognition Programs – Specific Recognition Elements

Element	HR	Employees
Recognition is specific	3.79	3.65
Recognition is perceived as prestigious	3.56	3.57
Employees can see who else is recognized	3.56	3.57
Employee rewards have a financial value	3.50	3.45
Employees can recognize each other	3.49	3.57
Recognition is given frequently	3.36	3.51
Employees can choose their own rewards	3.03	3.22
Average score for all elements	3.47	3.51

■ HR ■ Employees

*This is based on a scale of 1 to 5, for which 1 is low and 5 is high.

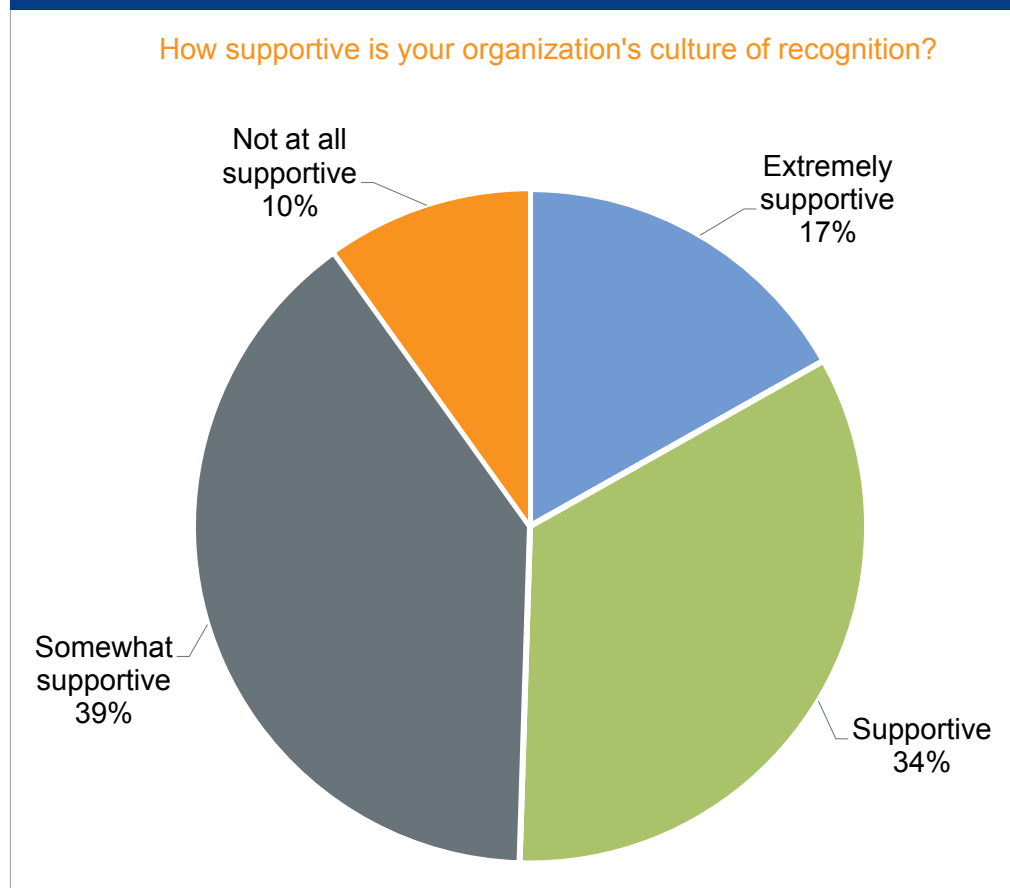Source: *Bersin & Associates, 2012.*

🔑 **KEY POINT**

Only about one-half of respondents indicated that their organization's culture is "supportive" or "extremely supportive" of recognition

Another way to look at this question of recognition program effectiveness is to assess the extent to which organizations' cultures support recognition. We find that here, too, most organizations do not perform very well. As Figure 6 shows, only about one-half of respondents indicated that their organization's culture is "supportive" or "extremely supportive" of recognition. Given that most organizations have a recognition program, this general lack of support for recognition is alarming.

Figure 6: Degree to Which Recognition Is Supported by Organizational Culture – HR Perspective

How supportive is your organization's culture of recognition?

Not at all supportive
10%

Extremely supportive
17%

Somewhat supportive
39%

Supportive
34%

*Numbers may not total 100% due to rounding.   Source: *Bersin & Associates, 2012.*

Measurable Impact of Employee Recognition

Despite this poor performance, not all is doom and gloom. We found that good recognition programs can make a difference. In fact, 92 percent of organizations for which HR had an extremely high opinion of the recognition program reported that their cultures were either "supportive" or "extremely supportive" of recognition. This contrasts with those respondents who have the lowest opinion of their organization's recognition program; 74 percent of those respondents indicated that their organization's culture was only "somewhat supportive" or "not supportive" of recognition. These findings are further illustrated in Figure 7, which shows that, as the respondent's opinion of the recognition program improved, the respondent's opinion of the culture's supportiveness of recognition did, as well.

Figure 7: Relationship between HR's Opinion of Recognition Program and Organization's Cultural Supportiveness of Recognition*
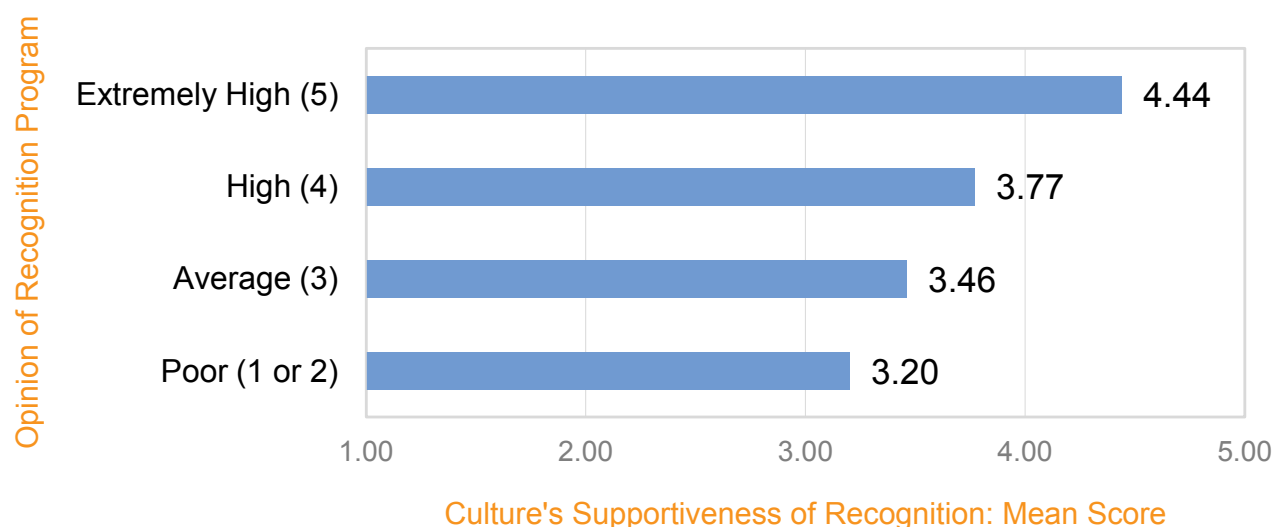
*This is based on a scale of 1 to 5, for which 1 is low and 5 is high.

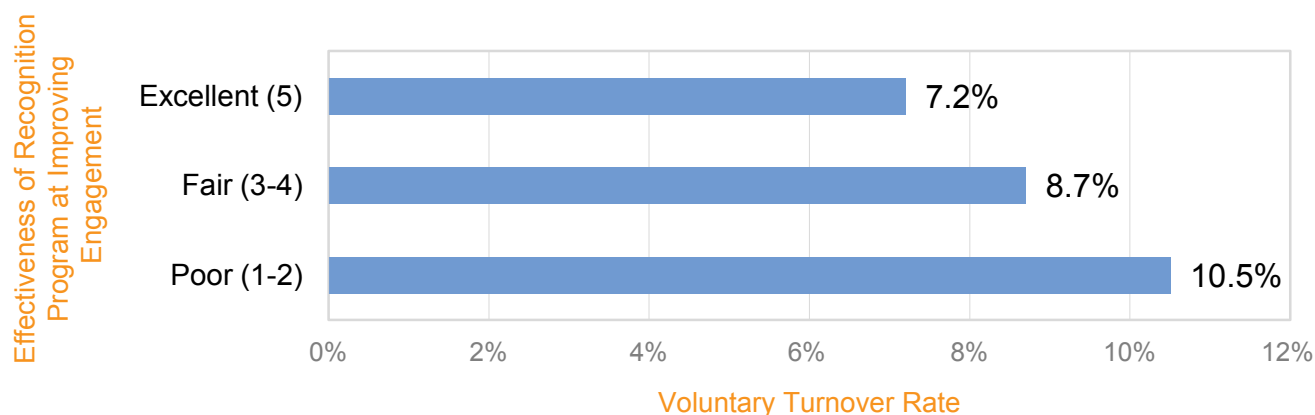Source: *Bersin & Associates, 2012.*

🔑 **KEY POINT**

We found that those organizations with employee recognition programs that are highly effective at increasing engagement had a 31 percent reduction in voluntary turnover

This relationship indicates that high-quality recognition programs create cultures more supportive of recognition. We did, however, want to see if better evidence of the impact of employee recognition exists; we found it when we looked at the relationship between employee recognition programs and turnover.

Specifically, we found that those organizations with employee recognition programs which are highly effective at increasing engagement had a 31 percent reduction in voluntary turnover (see Figure 8). This finding makes sense in light of the fact that U.S. Department of Labor research found 64 percent of working Americans leave their jobs because they do not feel appreciated.[11] Increasing the frequency and effectiveness of recognition has a relationship with retention – and can clearly make a difference to the bottom line.

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[11]   Source: http://www.forbes.com/2007/09/13/workplace-careers-recognition-lead-careers-cx_mk_0913robbins.html.

Figure 8: Turnover Rates Based on Effectiveness of Employee Recognition Programs at Improving Employee Engagement

Source: *Bersin & Associates, 2012.*

Meridian is an example of an organization that has seen measurable results from its employee recognition program.

Case in Point: How Meridian's Metrics and Evaluation Efforts Fire on All Cylinders

Meridian, one of Canada's largest credit unions, has a talent management strategy based on the premise that engaged employees lead to engaged credit union members (e.g., customers), which ultimately drives profit and sustainable growth. Furthermore, the company believes that, when employees are recognized for desired behaviors, they are more likely to repeat these behaviors, which results in and sustains high organizational performance.

To improve its recognition efforts, the organization created a new program, "iApplaudu@Meridian." Prior to creating the program, Meridian did two things. First, it involved the organization's top leaders in the recognition strategy. Executive sponsorship of the program is perhaps most strongly demonstrated by the company's president and CEO, who supports and endorses the program

regularly. Second, the organization established clearly defined goals and objectives that would be evaluated and measured after the program was implemented.

Today, "iApplaudu@Meridian" includes a platform that allows for all employees to be "recognizees" or "recognizors." The program criteria include behaviors aligned to the organization's values andbrand (e.g., providing superior, personalized service to colleagues or customers), performance (sales incentives), employee referrals and tenure anniversaries. Now that the program is well underway, the organization's leaders can analyze recognition program metrics – and they do so continuously. Quarterly insight meetings are held to review program usage, strengths and opportunities. Meridian's third-party technology provider includes a flexible reporting platform that allows the program team to run a variety of useful analytical reports (e.g., how often the management team is using the system to recognize and reward employees).

To date, Meridian has achieved the results it had set out to achieve prior to the program's implementation, including – business outcomes, employee engagement, performance, behaviors, employee retention and activities and participation level. Some of the key results are included in Figure 9.

Figure 9: Meridian's Key Performance Metrics and Results	
Category	**Measurement and Evaluation Result**
Employee Engagement	• When employees were asked to rate whether or not they are recognized for doing good work, the percent of employees who would rate this "5" out of 5 increased from 44 percent to 51 percent. • The engagement score relative to recognition has moved from 3.96 to 4.13 on a five-point scale (with five as the highest). • This is a significant result, as movement of .10 is considered a material change.

Source: *Meridian, 2012.*

Figure 9: Meridian's Key Performance Metrics and Results (cont'd)

Category	Measurement and Evaluation Result
Employee Retention	• Turnover rate for engaged employees is lower than it is for disengaged employees (see Figure 10 for more detail).
Tactical Goals: Activities and Participation Level	• Cost-savings were evident in the rewards budget due to reductions in administration and management costs. • Fifty-four percent of recognition given through the online recognition program was not linked to a monetary reward. • Ninety-six percent of employees maintain active accounts in the online recognition program.

Source: *Meridian, 2012.*

Case in Point: How Meridian's Metrics and Evaluation Efforts Fire on All Cylinders (cont'd)

In addition, Meridian's team wanted to measure the financial impact of its recognition program, and particularly the financial impact of the program on business performance. Meridian's financial results indicate there may be a connection between engaged employees and business results. For example, the following numbers compare top and bottom quartile employee engagement scores.
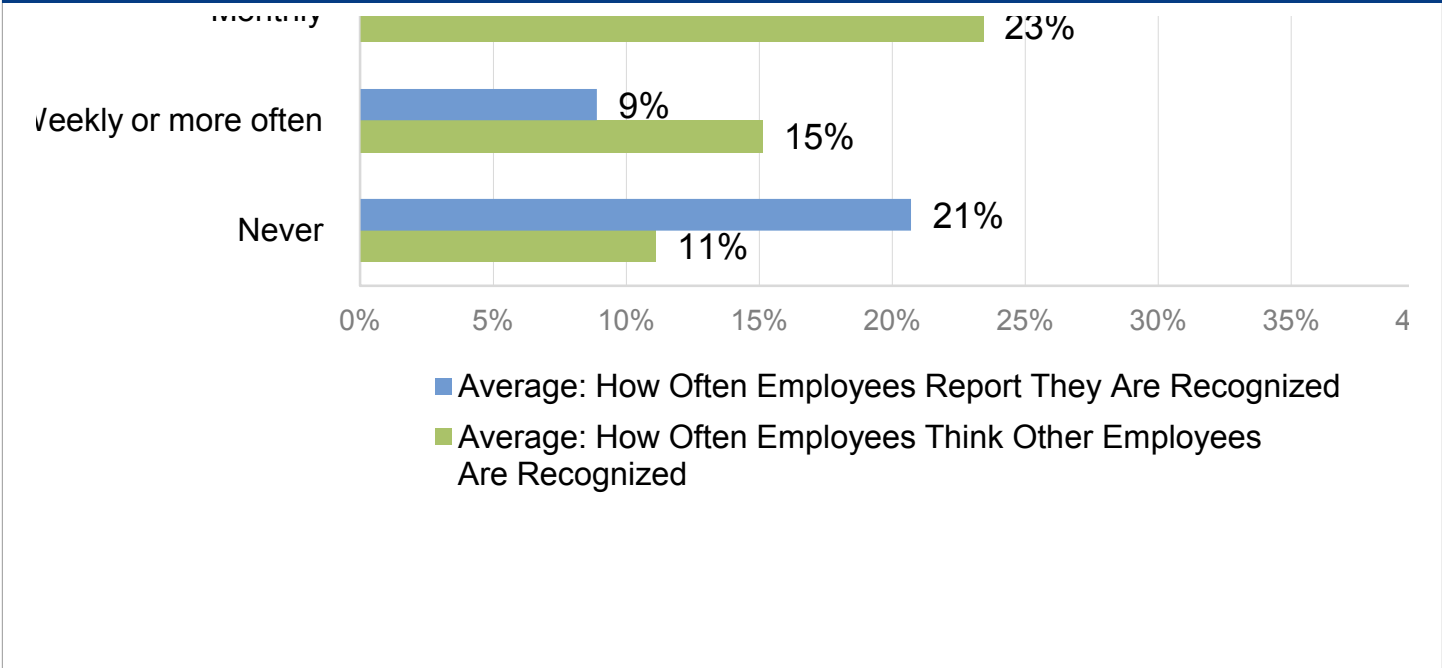
• Average growth (Canadian dollars, in millions) per full-time employee (FTE):

  o Most engaged employees (top quartile) – Canadian $2.11 million per FTE

  o Least engaged employees (bottom quartile) – Canadian $1.29 million per FTE

• Membership (client) growth percentage attributable to each FTE:

  o Most engaged employees (top quartile) – 4.7 percent

  o Least engaged employees (bottom quartile) – 1.1 percent

Case in Point: How Meridian's Metrics and Evaluation Efforts Fire on All Cylinders (cont'd)

- Revenue growth percentage increase per FTE:

  o   Most engaged employees (top quartile) – 6.5 percent

  o   Least engaged employees (bottom quartile) – 2.3 percent

- Financial margin growth percentage:

  o   Most engaged employees (top quartile) – 10.9 percent

  o   Least engaged employees (bottom quartile) – (-)1.2 percent

These figures show that more engaged employees produced greater financial results. In addition, Meridian's turnover rate for engaged employees is lower than it is for disengaged employees (see Figure 10).

Figure 10: Meridian's Engaged Employee Turnover Rate

Monthly — 23%
Weekly or more often — 9%, 15%
Never — 21%, 11%

■ Average: How Often Employees Report They Are Recognized
■ Average: How Often Employees Think Other Employees Are Recognized

Source: *Meridian, 2012.*

> Meridian continues to evolve its program by setting new benchmarks and continually evaluating its key metrics. As a result, employees enjoy a wide variety of individualized and meaningful rewards, while the leadership team is better able to align employee recognition for performance against strategic goals and the demonstration of desired behaviors. ❧

In summary, HR and employees have similar perspectives about the top anticipated benefits of employee recognition; they expect recognition to engage employees and make them feel valued. Unfortunately, though, most employee recognition programs are not very effective, as assessed by HR, employees and the level of cultural support for recognition. However, the programs that were rated as highly effective have a significant relationship with stronger cultures of recognition and lower voluntary turnover numbers. Let us now turn to what exactly organizations do with their recognition programs to create these benefits.

Employee Recognition in Today's Organizations

Organizations spend a substantial amount on employee recognition. By one account, the market is roughly a $46 billion per year industry.[12] Another oft-cited statistic is that organizations spend approximately one percent of employee payroll on recognition.[13] No matter how you cut it, organizations spend a lot on employee recognition – the question is, what do they get for their money?

This section will benchmark recognition programs[14] in detail. We have divided the topics into the following subsections:

1. Program adoption;

2. Program type;

3. Recognition activities;

4. Program standardization;

5. Program age;

6. Program origin; and,

7. Program delivery – software versus non-software.

Recognition Program Adoption

We began our research with what we thought was a simple question, does your organization have a recognition program? Interestingly, we got very different answers from HR than from employees (see Figure 11). According to HR, nearly three-fourths of organizations today have adopted some type of program. However, non-HR employees indicate

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12   Source: Incentive Marketing Association: http://www.incentivemarketing.org.

13   Source: *Trends in Employee Recognition*, World at Work, May 2011, http://www.worldatwork.org/waw/adimLink?id=51194.

14   An "employee recognition program" is a set of structured processes dedicated to highlighting regular employee contributions to the organization. These contributions could be demonstrating company values, achieving company goals or something else that the organization deems worthy of recognition. Recognition can take the form of verbal or emblematic rewards, token rewards, or financial rewards.

that recognition programs are much less prevalent – only about 60 percent of employees indicated their organization has a program. While these survey responses were from individuals representing different companies, both survey sample sizes were large enough to be representative. Therefore, we conclude that a lot more organizations have recognition programs than have employees who know those programs exist.

Figure 11: Presence of Recognition Program – HR and Employee Perspectives

HR	73%
Employees	58%

0% 10% 20% 30% 40% 50% 60% 70% 80%
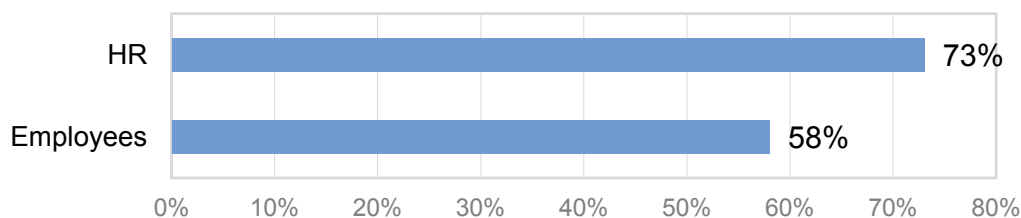
Source: *Bersin & Associates, 2012.*

For the sake of this study, we assume that the HR responses are representative of the prevalence of recognition programs, given that HR professionals are more likely to know about the existence of these programs. Using the HR responses, we see that approximately one-fourth of organizations do not have a program in place. Our research finds that this may be due to organizations lacking the funding, expertise or the motivation to put together a formal program. In addition, an organization's culture may not support or value recognition as a competitive differentiator or priority in achieving business results.

Differences by Company Size and Industry

KEY POINT

Larger organizations are more likely to have a recognition program.

We also discovered some program adoption differences with respect to company size, as shown in Figure 12; specifically, larger organizations are more likely to have a recognition program. This may be due to the fact that larger organizations have enough employees to more easily cover the costs of managing a formal recognition program (recalling that organizations typically spend one percent of payroll on employee recognition). Another reason may be that smaller organizations are often focused on some of the more foundational talent management

elements, such as implementing a sound performance appraisal process, and have not yet turned to employee recognition.

Figure 12: Recognition Program Adoption – By Company Size
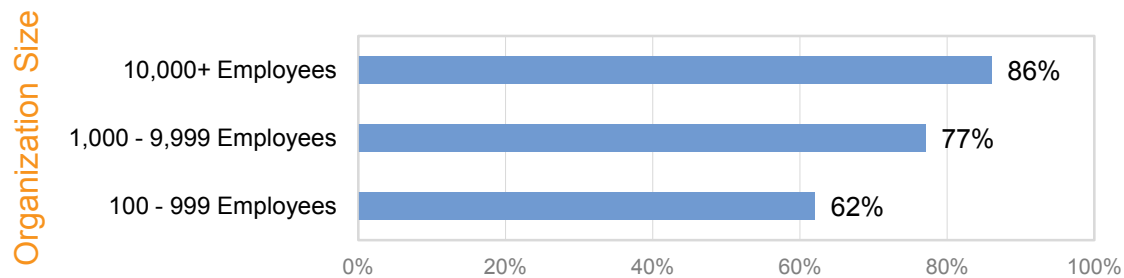
KEY POINT

The most important element of employee recognition is the recognition activity itself – and that it occurs frequently and includes specific details.

KEY POINT

Organizations in the public / nonprofit / educational sector are less likely to have an employee recognition program than are private-sector organizations.

One thing to keep in mind, especially for smaller organizations, is that a recognition program does not have to cost a lot of money. As we have stated in other research[15], financial rewards actually have mixed results in terms of driving employee behaviors. The most important element of employee recognition is the recognition activity itself – and that it occurs frequently and includes specific details. An example of an organization that has incorporated frequent recognition is Trinity Health, which is the 12th-largest healthcare system in the U.S. Trinity Health encourages teams to begin meetings with a reflection, perhaps a thoughtful reading, a humorous story or simply a moment of silence to bring participants fully into the meeting. At the end of the meeting, teams are encouraged to express some form of appreciation. Depending on the focus, the appreciation could go to the entire team or to an individual. It could also be recognition of something significant or a small contribution. Regardless, the point is that taking the time to be intentional with appreciation or recognition can be easily integrated into daily or weekly activities. Furthermore, it makes appreciation a part of the everyday culture.

In addition to differences by organization size, we also saw differences in recognition program adoption by industry, as shown in Figure 13. Organizations in the public / nonprofit / educational sector are less likely to have an employee recognition program than are private-sector

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15   For more information, *The Bersin & Associates Employee Recognition Framework: A Guide to Designing Strategic Recognition Programs*, Bersin & Associates / Stacia Sherman Garr, April 2012. Available to research members at www.bersin.com/library.

companies. This is at least partially due to the ongoing turmoil public-sector organizations experience – leaving them with less time and funding to focus on recognition. For example, a recent U.S. employment report shows that the private sector created 121,000 jobs in March, while public-sector payrolls lost 1,000.[16]

Figure 13: Recognition Program Adoption – By Industry[17]
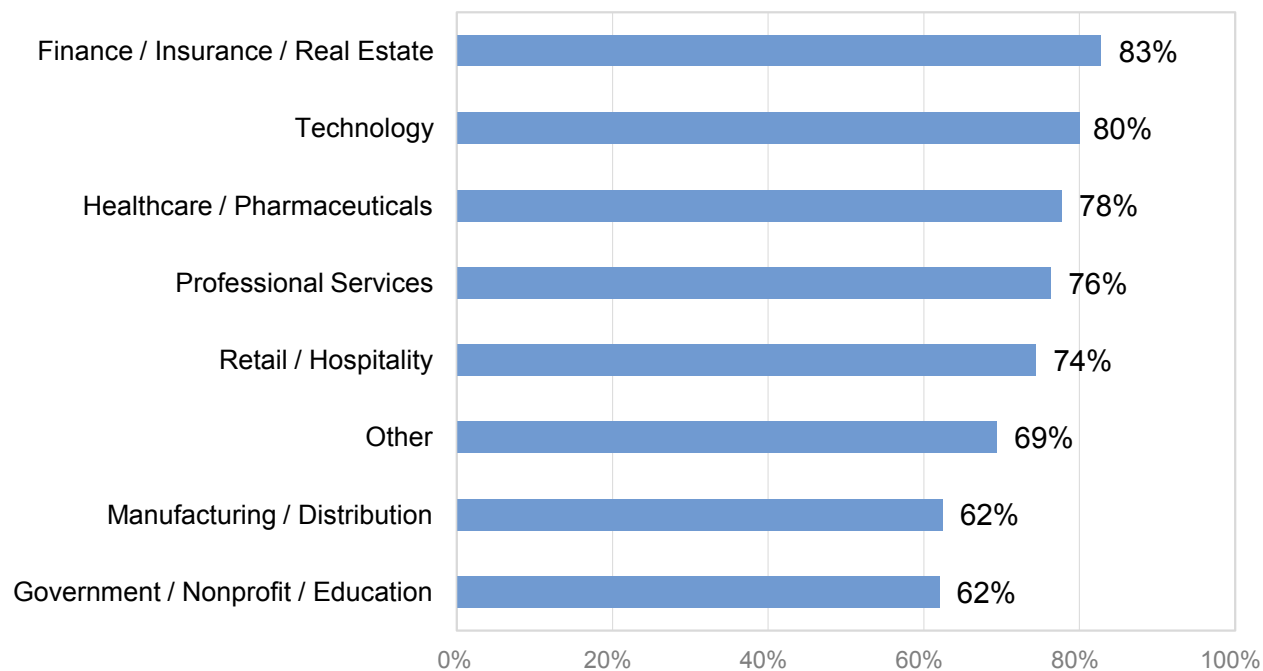
Source: *Bersin & Associates, 2012.*

Recognition Program Type

As we mentioned earlier, recognition programs can take a number of different forms. The most common recognition program is one that rewards service or tenure anniversaries (see Figure 14). This is unsurprising, given that tenure awards are, for many organizations,

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16   Source: "Despite recovery, US public employees face more layoffs," Reuters / Lisa Lambert, April 8, 2012, http://www.reuters.com/article/2012/04/08/usa-states-employees-idUSL2E8F39HE20120408.
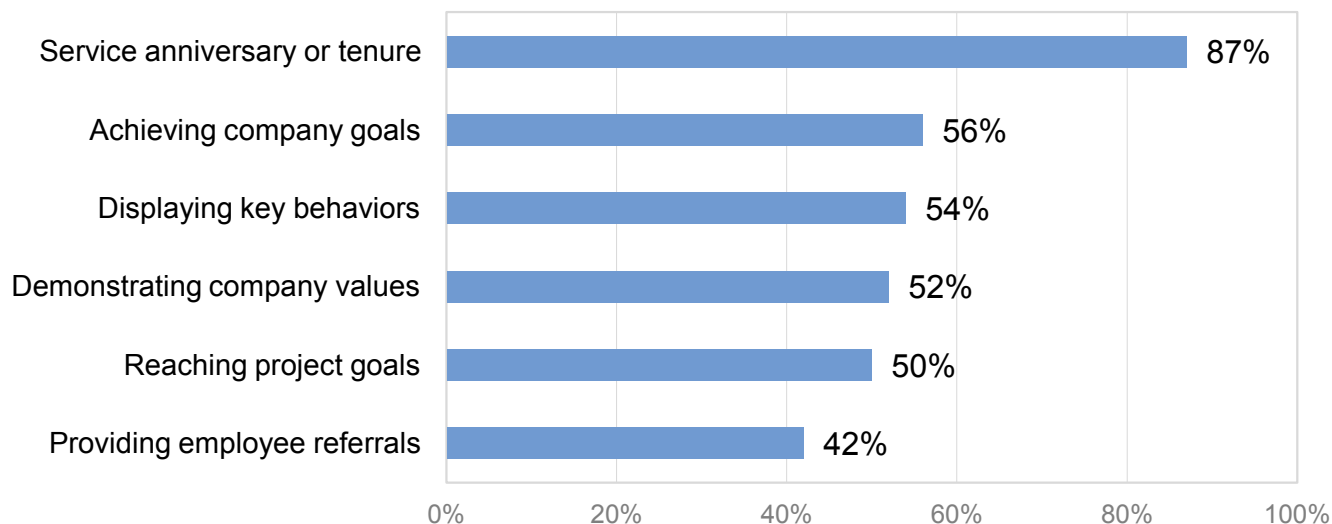
17   The "Other" category includes agriculture, auto and transportation, construction, energy and utilities, media, communications and entertainment, travel, defense and aerospace / aviation, and chemicals and engineering.

where the concept of a recognition program began. Approximately one-half of organizations have a program designed to recognize factors, such as achieving company goals, displaying key behaviors, demonstrating company values and reaching project goals. Roughly 40 percent of organizations use their recognition programs to thank employees for providing referrals. Later in this report, we will discuss how effectively these programs actually recognize these different behaviors.

Figure 14: Average of Organizations with Different Types of Recognition Programs

Type	Percentage
Service anniversary or tenure	87%
Achieving company goals	56%
Displaying key behaviors	54%
Demonstrating company values	52%
Reaching project goals	50%
Providing employee referrals	42%

Source: *Bersin & Associates, 2012.*

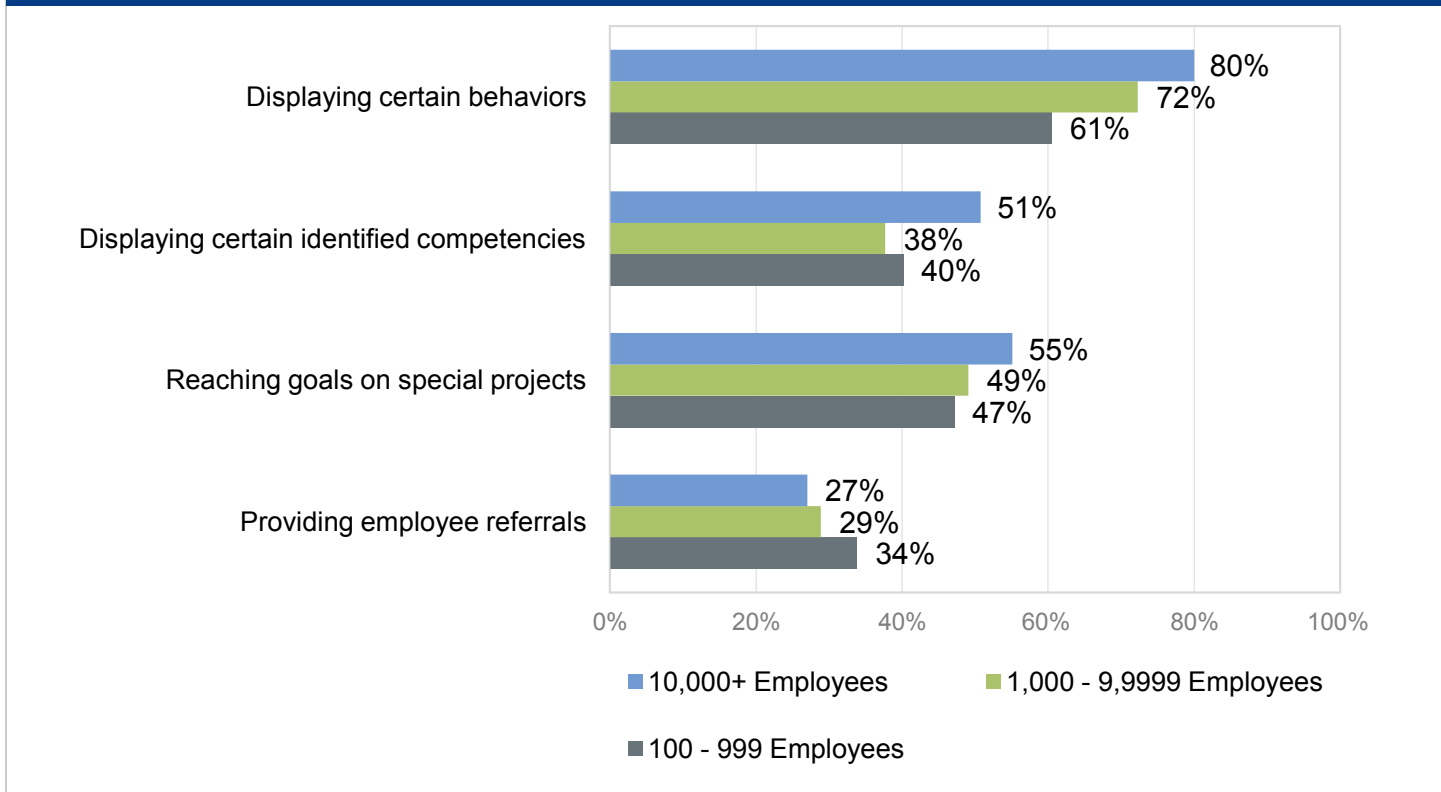We found distinctions among what companies design their programs to recognize when we looked at those organizations by number of employees, as shown in Figure 15. Larger organizations tend to include "displaying certain behaviors," "displaying certain competencies" and "reaching goals on special projects" within their recognition programs more than smaller organizations. Smaller organizations are less likely to have defined behaviors or competencies or prioritized emphasizing them to employees. Smaller organizations do, however, tend to build in an employee referral recognition component more often than larger organizations. This is largely because many smaller organizations lack the brand presence that large organizations possess, which can make it more difficult to attract candidates. As a result, some smaller organizations turn to recognition as a tool to engage employees to refer candidates.

(For detailed charts on recognition activities by industry, please see, "Appendix II: Additional Data.")

Figure 15: Percent of Organizations with Key Program Design Attributes – By Company Size

Displaying certain behaviors
- 80%
- 72%
- 61%

Displaying certain identified competencies
- 51%
- 38%
- 40%

Reaching goals on special projects
- 55%
- 49%
- 47%

Providing employee referrals
- 27%
- 29%
- 34%

■ 10,000+ Employees ■ 1,000 - 9,9999 Employees
■ 100 - 999 Employees

Source: *Bersin & Associates, 2012.*

Recognition Activities

KEY POINT

More than one-half of organizations give public, non-monetary recognition.
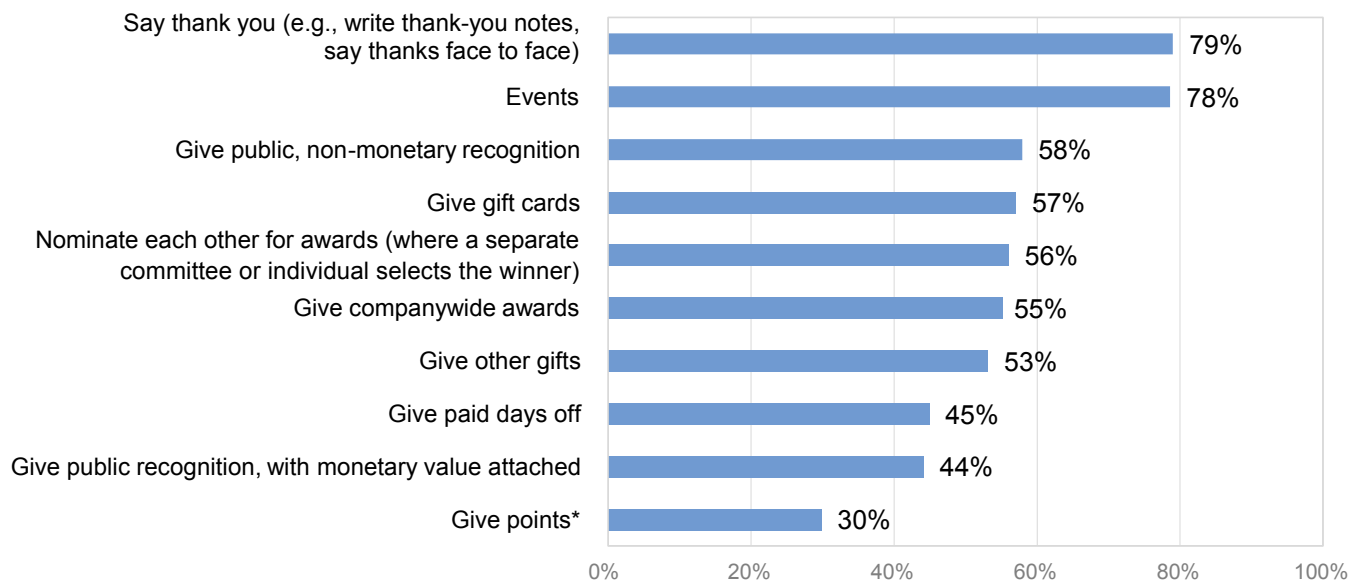
Recognition of the elements in Figure 15 can occur in a variety of ways. Figure 16 outlines the most popular recognition activities (according to HR). At the top of the list is saying "thank you," followed by recognition events (e.g., a thank-you dinner or lunch-time pizza party). Figure 16 shows that more than one-half of organizations give public, non-monetary recognition.[18] An example of this type of recognition may be an organization which shows a video of employees who have contributed to projects that meet product innovation goals. Another example may

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[18] "Non-monetary recognition" is also known as an "emblematic" reward, a type of recognition that includes praise and appreciation, special projects, certificates, and trophies and plaques.

be at a department meeting, during which a senior leader discusses noteworthy team accomplishments and recognizes employees by name.

Figure 16: Percent of Organizations Indicating Specific Recognition Activities Occur

Activity	Percent
Say thank you (e.g., write thank-you notes, say thanks face to face)	79%
Events	78%
Give public, non-monetary recognition	58%
Give gift cards	57%
Nominate each other for awards (where a separate committee or individual selects the winner)	56%
Give companywide awards	55%
Give other gifts	53%
Give paid days off	45%
Give public recognition, with monetary value attached	44%
Give points*	30%

*"Points-based recognition programs" are award programs that enable employees to earn points for worthy performance, actions and behaviors that can be redeemed for merchandise, gift certificates or other items. In the coming years, we think that many of the organizations that today give gift cards and merchandise may transition to points-based programs because they are increasingly easy to administer.
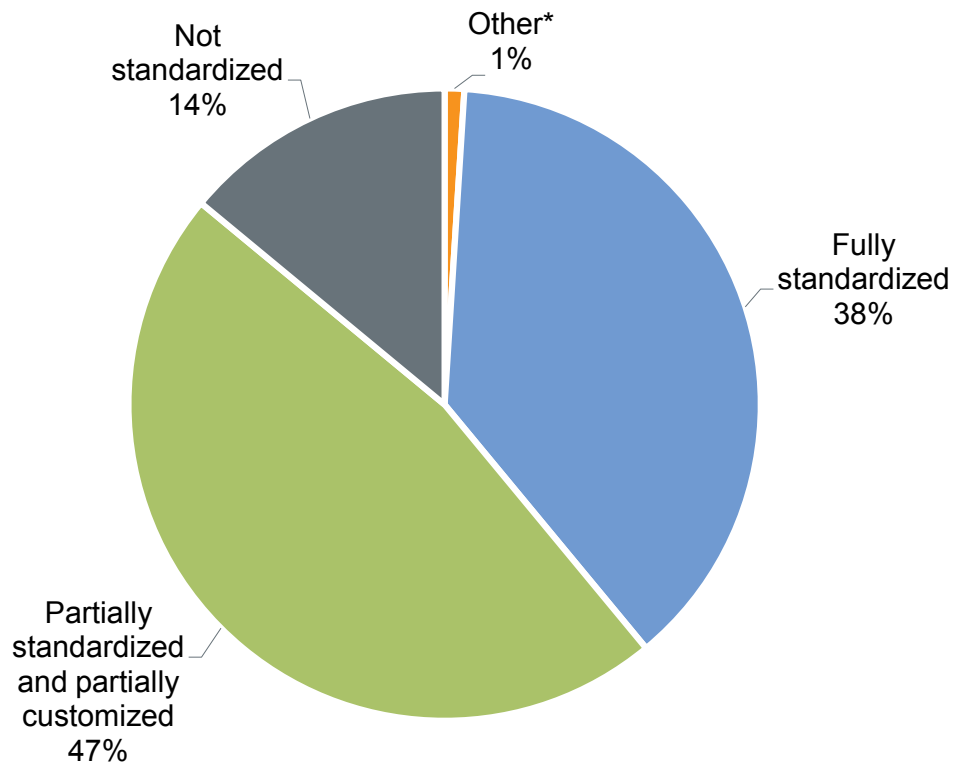
Source: *Bersin & Associates, 2012.*

Recognition Program Standardization

Given all of the different types of recognition and the way in which they can occur, we wanted to understand the extent to which individual organizations try to standardize their programs. Standardization refers to the consistency of a program across the organization versus customization by employee types, business unit, region, function, etc.

As shown in Figure 17, approximately 40 percent of organizations' programs are fully standardized, while nearly one-half of organizations use a partially standardized program. This breakdown is understandable, given that most organizations focus on using consistent practices – which ease administration and send employees a consistent message, while also customizing the program to meet the needs of different functions and

geographies. This customization could be for populations as varied as HiPos[19], midlevel managers in China or sales staff in a retail store.

Figure 17: Program Standardization

*The term "Other" was an option for survey respondents. We did not, however, get enough similar responses to report trends from that option.

Source: *Bersin & Associates, 2012.*

We observed some interesting differences when we looked at the data by company size and industry. Smaller organizations, which are generally less complex, more frequently had fully standardized programs, as compared with larger organizations. Alternatively, large organizations, with their multiple business units and cross-geographic operations, were more likely to have partially standardized programs. The industry analysis revealed that retail / hospitality organizations were more often partially standardized (58 percent), as compared with other industries. This is

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19   A "high-potential employee" is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions within the company. Often, these employees are provided with focused development as part of a succession plan and are referred to as "HiPos."
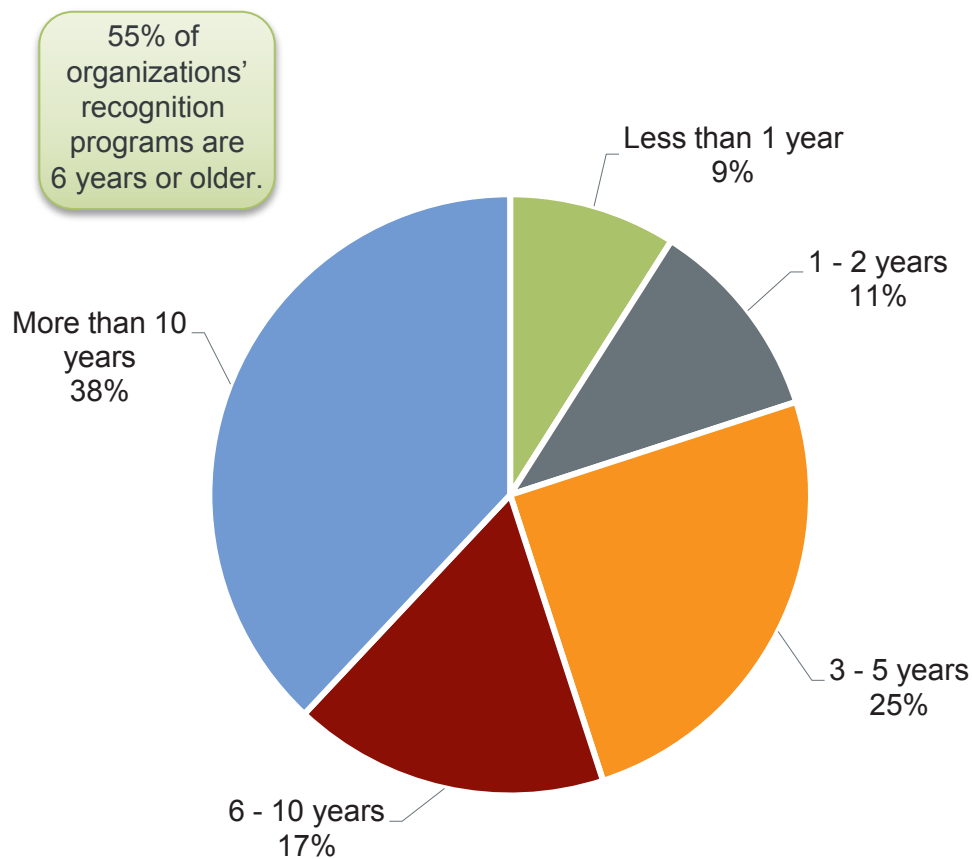
because retail industries have a wide variety of employee populations, many of which require some customization. The industries with the least amount of standardization were manufacturing / distribution and the technology industries (approximately 18 percent of both of these industries are non-standardized). This lack of standardization is due to different factors for each of these industries. Manufacturing industries, many of which are unionized, more likely have legacy programs that were instituted in response to demands by unions. Over time, the type and number of these programs burgeoned, resulting in the lack of standardization. Technology companies, by contrast, are comprised of many different types of workers who are motivated by very different types of recognition (e.g., a marketer is motivated by different recognition from a computer scientist). As a result, technology companies' recognition programs are also very dissimilar within the organization.

(For detailed charts on company size and industry, please see, "Appendix II: Additional Data.")

Recognition Program Age

Our research shows that most recognition programs are quite old; 55 percent of employee recognition programs are at least six years old (see Figure 18). Despite this heavy weighting toward older programs, many organizations are investing in new programs – 20 percent of organizations have a program that is two years or younger. Those adding new programs within the last year include organizations of all sizes and industries, although the retail / hospitality industry has added slightly more programs, as compared with other industries. Conversations with leaders in those industries indicate that new programs are being developed with a renewed focus on improving customer service and employee turnover.

(For detailed charts of program age by industry, please see, "Appendix II: Additional Data.")

Figure 18: Recognition Program Adoption – By Number of Years in Use

55% of organizations' recognition programs are 6 years or older.

Less than 1 year
9%

1 - 2 years
11%

More than 10 years
38%

3 - 5 years
25%

6 - 10 years
17%

Case in Point: Calgary Marriott Downtown Evolves Its Recognition Program to Drive Bottom-Line Results

The Calgary Marriott Downtown, part of one of the world's largest hotel chains, employs more than 300 employees. In 2008, the organization found it needed a tool that would better support its recognition strategy, business goals and employee retention efforts. Although the organization had a number of initiatives in place, they were scattered across various departments. As a result, the programs lacked consistency and there was no way to track whether or not employees were using them. Furthermore, the cost of maintaining the program was

Case in Point: Calgary Marriott Downtown Evolves Its Recognition Program to Drive Bottom-Line Results

high, and it was not effective at driving positive behaviors that it defined for its associates.

To improve its recognition programs and make them more transparent, the Calgary Marriott Downtown redesigned its recognition program to better align with its strategy. As part of this process, the organization adopted new web-based technology. The technology platform offered a points-based system for rewarding Marriott's employees. The organization branded its program S.P.I.R.I.T. – Rewards (meaning special recognition, participation in the community, introducing new business, recruitment, innovation and team recognition). This acronym stands for the performance and behaviors most valued by the organization. It also represents measurable criteria that are easy for employees to understand. The system was customized to be interactive and engaging – employees and associates were able to earn points at any time for living any of the S.P.I.R.I.T values.[20]

After implementing this new recognition program, employee engagement increased dramatically. The overall engagement score increased 16 percent, and the hotel had the highest improved employee satisfaction rates throughout Marriott Hotels' Northwest region. Furthermore, importantly, the renewed program has impacted the bottom line by motivating employees to focus on suite upselling – tripling the number of suite upsells over a two-year period. In addition, the organization saw a 15 percent increase in the satisfaction score on the metric that asked about the quality of the rewards offered to employees, despite the fact that many wages had been frozen or seen minimal increases over a two-year period. ❧
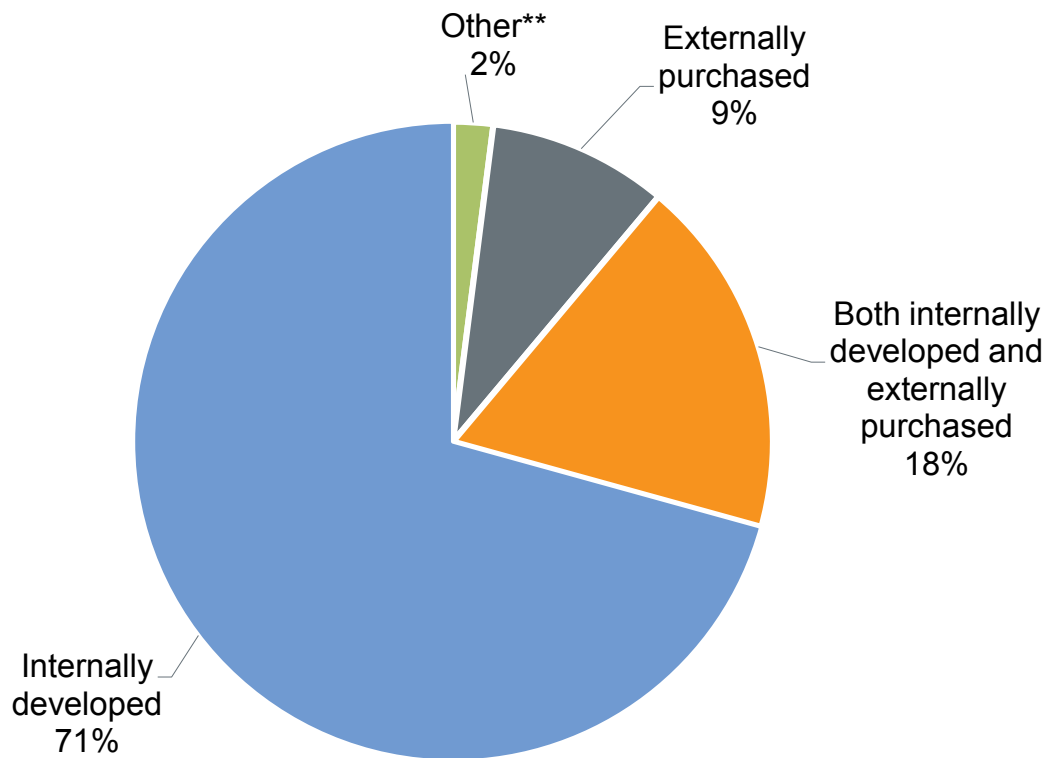
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[20]   "Points" are a reward mechanism for employees who meet certain recognition criteria. Points can be redeemed for a wide range of brand-name merchandise, travel, gift cards and experiences using an extensive online catalogue.

Recognition Program Origin

Organizations can obtain a recognition program in several different ways:

- Developing a program internally;

- Buying an "off-the-shelf" program; or,

- A combination of the two.

As shown in Figure 19, most organizations develop their programs internally, while a small percentage or companies only purchase them externally. This high level of internal development is not surprising, given that most recognition programs focus on tenure, which is one of the easier programs to execute, and thus is more conducive to internal development. Approximately 20 percent of organizations have decided to both develop their programs internally and partner with an external solution provider. These organizations typically choose this route so as to augment their domain expertise or to obtain resources to help execute on program initiatives (e.g., a third party to help manage the awards nomination, scoring process and / or an event).

Figure 19: Recognition Program Origin*

Other**
2%

Externally
purchased
9%

Both internally
developed and
externally
purchased
18%

Internally
developed
71%

*Numbers may not total 100% due to rounding.

**The term "Other" was an option for survey respondents. We did not, however, get enough
similar responses to report trends from that option.

Source: *Bersin & Associates, 2012.*

With regard to organization size, we see that smaller organizations
are much more likely to develop their programs internally, while large
organizations are more likely to partner or solely purchase their program
from an external provider (see Figure 20). At least part of the reason for
this difference in program design is that smaller organizations are usually
less complex than larger ones. As a result, smaller organizations need
less support in managing programs across multiple regions and divisions,
thus making the internal design of a program more feasible. In addition,
some smaller organizations can lack funding to purchase programs and,
therefore, rely more on internal resources to design programs.

Figure 20: Recognition Program Origin – By Company Size
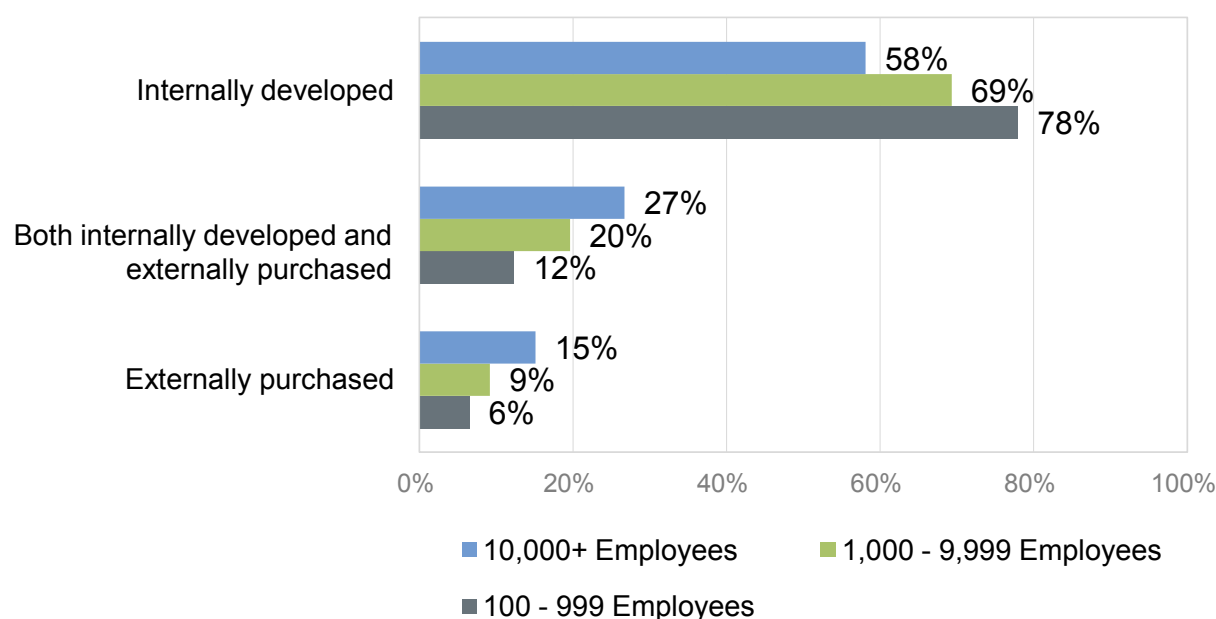
Source: *Bersin & Associates, 2012.*

When we look at distinctions by industry, we see that organizations in the government / nonprofit / education industries tend to rely more on internally developed programs *(please see "Appendix II: Additional Data," for more details)*. As discussed earlier, the market affects different industries to varying degrees and some of these industries were particularly impacted by the most recent downturn. This has, in turn, reduced their spending on external programs.

Recognition Program Delivery: Software versus Non-Software

Most organizations leverage software to support a number of talent processes, such as recruiting, performance management, onboarding, succession management, benefits, compensation and more. In recent years, several recognition program technology providers have emerged with platforms that help to manage recognition programs (e.g., promote key performance and behavior criteria, distribute rewards and thank-you notes, allow nominations, and more). Today, many organizations are beginning to adopt those programs, with roughly one-half using some type of software-based program, as shown in Figure 21.

Figure 21: Recognition Software Delivery Method

Software-based
16%

Both software-based and non-software based
34%

Non-software-based
50%
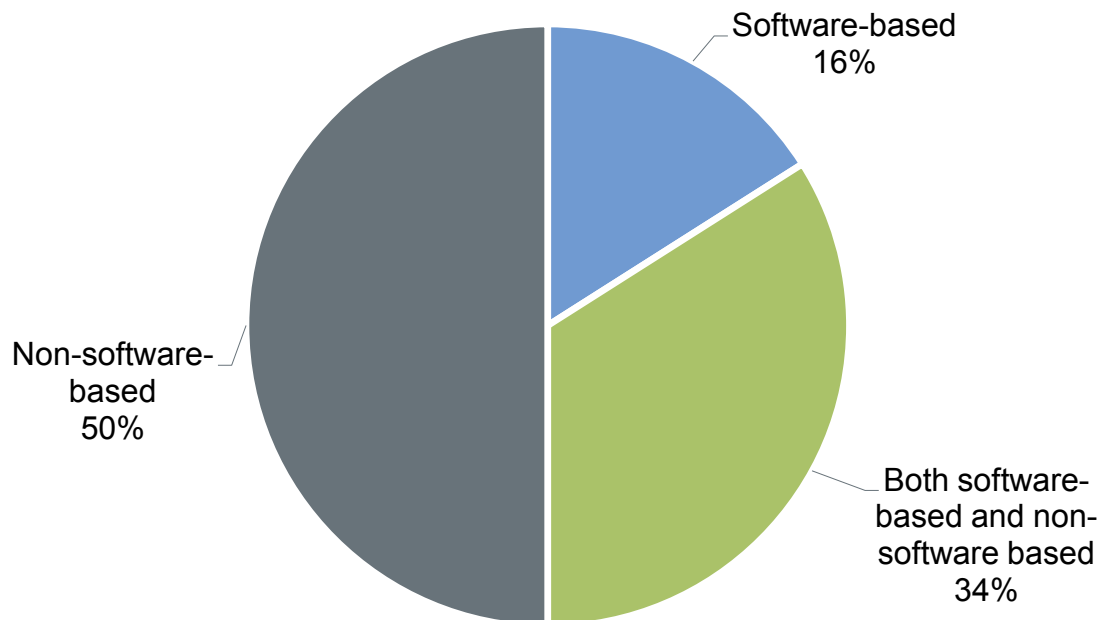
Our research shows that smaller organizations are less likely to use software than larger organizations; 59 percent of organizations with fewer than 1,000 employees do not use software, as compared with 35 percent for organizations with more than 10,000 employees. Some smaller organizations may not have complex programs and feel they cannot justify the investment *(though, with a properly targeted program, a business case can likely be made)*. Larger organizations often have a number of diverse programs that can benefit from greater levels of automation. As we have noted in other instances, the government / nonprofit / education and manufacturing / distribution industries tend to lag other industries, using the least amount of software-based programs.

(For detailed charts on company size, please see, "Appendix II: Additional Data.")

Case in Point: Lilly Canada Drives Recognition across All Levels within the Enterprise[21]

Lilly Canada, one of Canada's top pharmaceutical companies, is the Canadian affiliate of major American pharmaceutical company, Eli Lilly & Company. When data from "Voice of the Employee" surveys (done internally at Lilly Canada) showed room for improvement in rewards and recognition between supervisors and employees, Lilly Canada wanted to move to a solution that would recognize and reward sideways, up and down – as well as peer to peer, and also supervisor to subordinate and subordinate to supervisor. In 2010, Lilly Canada selected a third-party vendor to help them do this.

The HR team took the budget that it had for all of the other rewards programs and reallocated that dollar amount into a point value for use with the new system. This meant that Lilly Canada's awards nomination process, along with all the dinners and gift cards, were replaced with a performance-based points system. Based on the number of people managed by each supervisor, points budgets for supervisors were developed. The solution was implemented to mimic the same performance leadership behaviors that show up in Lilly's performance management system and code of conduct, in which performance management, leadership assessment and rewards are tightly integrated together.

Training and transparent exposure were key to a successful implementation. The transparency of the rewards program online made it easy to see who was and was not being rewarded, as well as for what supervisors were giving out points. The transparency of the system also helped managers learn best practices from each other. The HR team used both training and learn-as-we-go processes to bring the new rewards program to managers, knowing that some managers would be concerned with over-recognition.

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21   For more information, *Recognizing Employees: Lilly Canada Increases Employee Engagement with a Dynamic Rewards Program*, Bersin & Associates / Katherine Jones, July 2011. Available to research members at www.bersin.com.

> Some of Lilly's Canadian-based employees are managed by global managers around the world. These managers also have an opportunity to use the Canadian-based tool to recognize their Canadian staff members. This helps to ensure that physical separation or country location does not prevent the Canadian-based employees from benefiting by this offering.
>
> Implementation of the rewards program has also given Lilly Canada a way to track employee satisfaction and engagement. The team used its 2010 I Love Rewards data to evaluate implementation usage, as well as employees' response to Lilly's Voice of the Employee survey. In fact, Lilly Canada has seen its overall employee engagement scores go from an unremarkable low-to-midrange score to a dramatic high. The company is now the number one affiliate worldwide when ranked against peer affiliates in employee engagement. ➤

Recognition Program Design and Reality: Differences between HR and Employees

Similar to many talent management programs, recognition programs "in the wild" (i.e., being used by employees in the organization) can be very different from how HR designed them. To better understand these differences, this section explores:

1. How HR designs recognition programs and how HR believes recognition occurs;

2. How employees experience recognition; and,

3. How employees' and HR's opinions on what should be included in a recognition program diverge.

Let us start first with the difference between how programs are designed and HR's perception of how recognition actually occurs. Figure 22 is comprised of two bars:

1. The attributes that HR says their programs are designed to recognize; and,

2. The attributes that HR says are most commonly recognized.

A couple of interesting findings jump out from this chart.

First, most programs are designed to recognize employees for demonstrating company values (72 percent of recognition programs), but HR believes achievement of company goals (56 percent of organizations) is the most commonly recognized activity. Second, despite the fact that approximately 70 percent of programs are designed to recognize employees for either demonstrating company values or behaviors, only about one-half of HR respondents state that these activities are actually recognized. The key takeaways here are:

- HR believes that most recognition focuses on rewarding goal achievement; and,

- Recognition for critical behaviors and values occurs much less frequently than HR intended.

Figure 22: What Programs Are Designed to Recognize versus What Is Recognized – HR Perspective
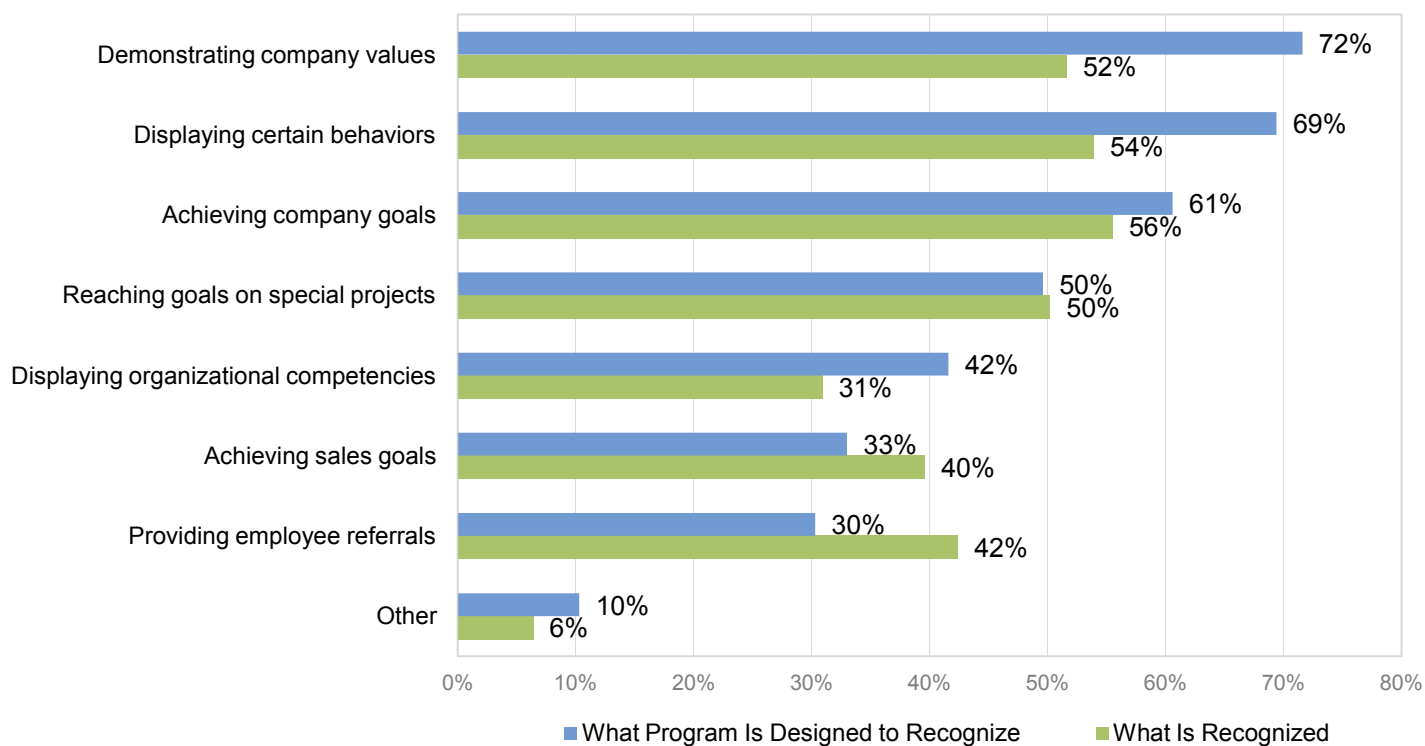
Source: *Bersin & Associates, 2012.*

Comparing Recognition Activity Perceptions: Employees versus HR

These findings are reinforced to an even greater degree when we compare what HR and employees say is recognized within their organizations (see Figure 23). This data reveals that employees overwhelmingly state the achievement of goals, be they company goals (50 percent) or sales goals (34 percent), is one of the top two activities for which they are recognized. In addition, there is a substantial difference between the amount of recognition that HR thinks takes place for employees demonstrating behaviors, competencies and values, and what employees say actually occurs.
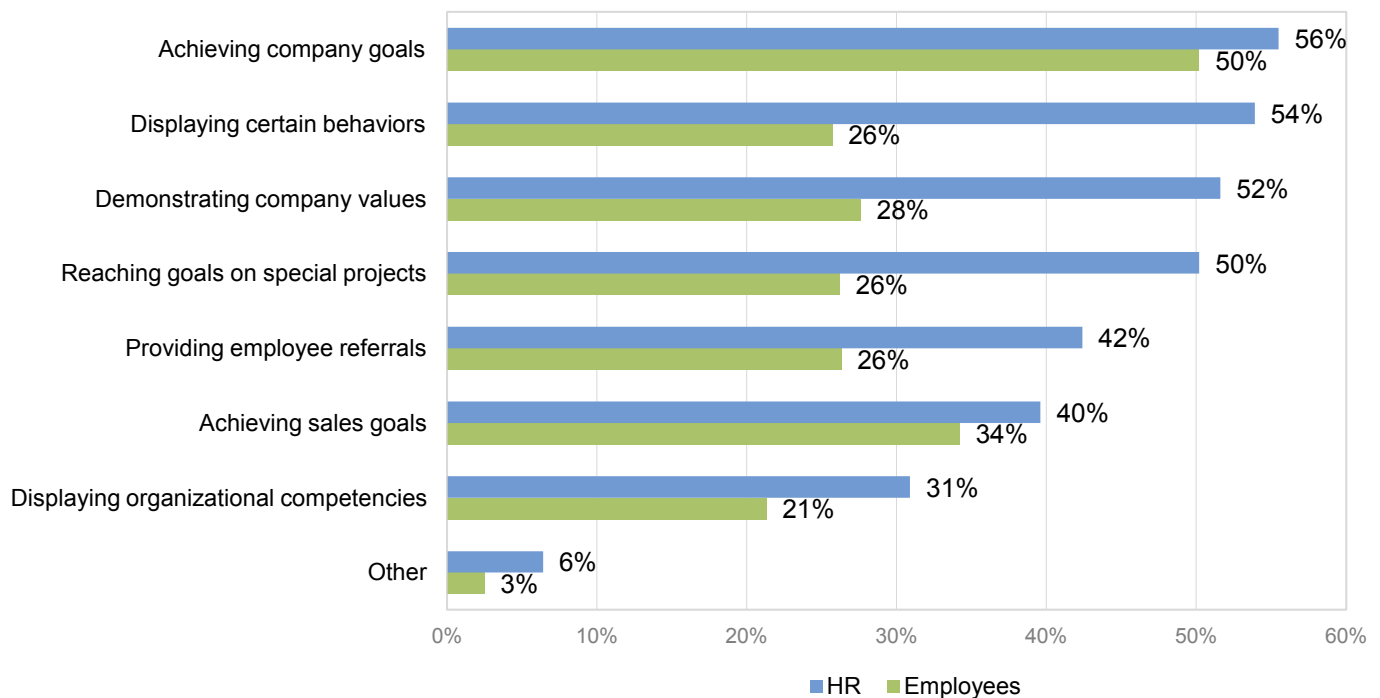
Clearly, recognition is primarily used to recognize outcomes, not the behaviors, competencies or values necessary to achieve those outcomes. An action item for HR is to help everyone within the organization understand how to identify and then recognize outstanding behaviors that drive the organization forward.

Figure 23: Attributes Recognized – Employees' and HR's Perspectives

Attribute	HR	Employees
Achieving company goals	56%	50%
Displaying certain behaviors	54%	26%
Demonstrating company values	52%	28%
Reaching goals on special projects	50%	26%
Providing employee referrals	42%	26%
Achieving sales goals	40%	34%
Displaying organizational competencies	31%	21%
Other	6%	3%

Source: *Bersin & Associates, 2012.*

On average, employees rated most recognition elements as less important than HR.

Clearly, there are significant divergences between how recognition programs are designed and how recognition occurs in reality – but these are not the only important differences. We also wanted to understand the differences between what HR and employees think is important to include in a recognition program. To determine this, we identified 22 different program elements for HR and 14 of those same elements for employees (see Figure 24). We asked both employees and HR to rate the importance of each element; for those organizations that have a recognition program, those employees and HR respondents also rated their program's effectiveness.

Figure 24: Recognition Program Elements Rated by HR and Employees

Questions for Employees and HR	Questions for HR Only
a. Recognition is given frequently	o. Being easy to manage
b. Employees can recognize each other (peer to peer)	p. Being easy to implement
c. Employees can see who else is being recognized	q. Tracking who is recognizing each other
d. Employees receive rewards with a financial value	r. Capturing recognition stories
e. Employees can choose their own rewards	s. Improving employee engagement
f. Recognition is specific	t. Improving organizational performance
g. Recognition is perceived as prestigious	u. Keeping costs low
h. Expressing different levels of appreciation (e.g., for completing a small project versus a large one)	v. Being adjustable to fit varying needs of the business (i.e., departments, regions)
i. Sharing that one has been recognized with others outside the organization	
j. Having access to high-quality rewards	
k. Being easy to use	
l. Leveraging social technology in recognizing others	
m. Having access to the recognition program via mobile devices	
n. Having access to the recognition program via the Internet	

Source: *Bersin & Associates, 2012.*

We plotted the results in Figure 25. Immediately below Figure 25, we listed the most interesting findings, identifying the elements that HR and employees think:
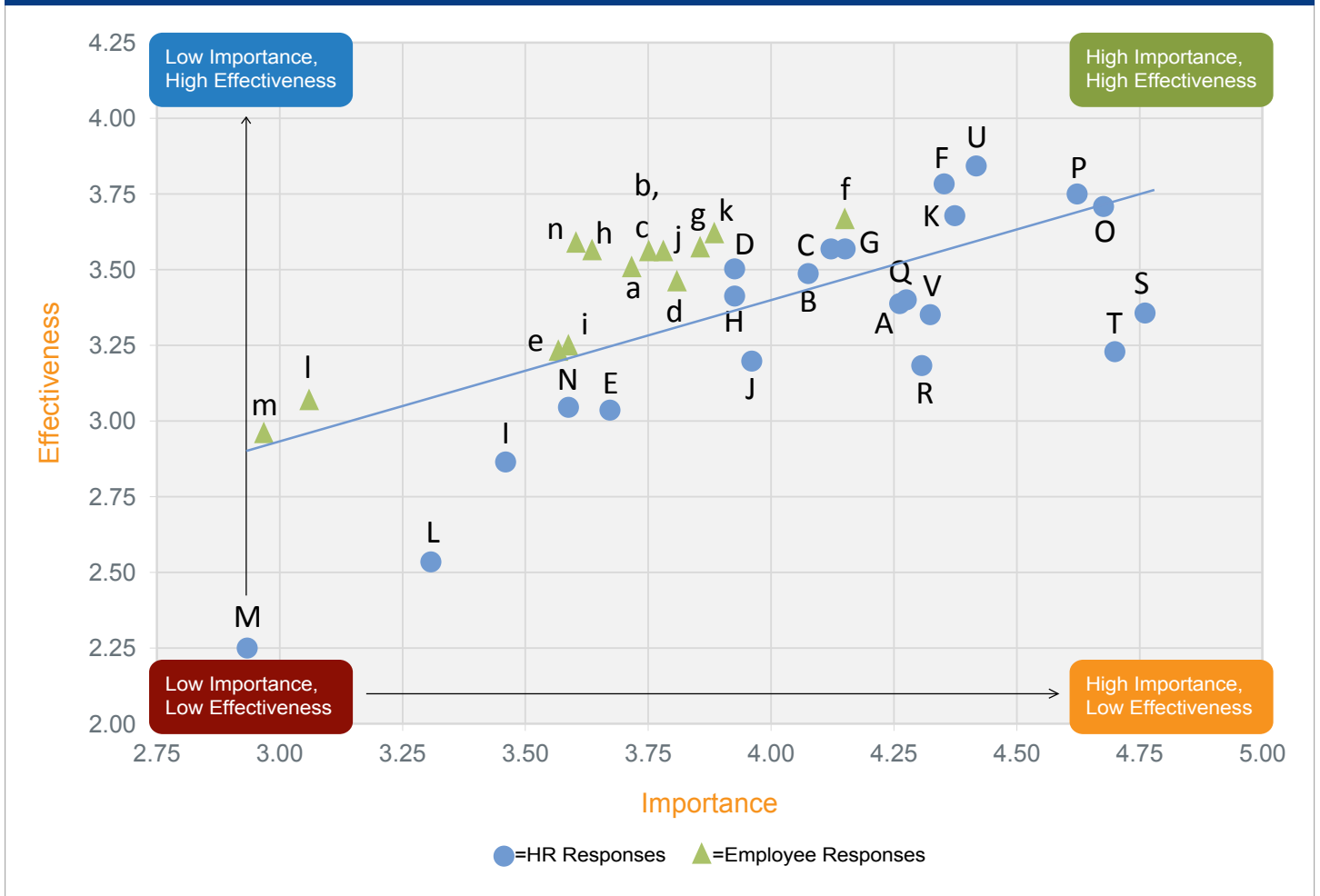
- Are not important;

- Are important and at which their organizations are effective;

- Are important, but at which their organizations are not effective.

(For more information, please see "Appendix II: Additional Data.")

As you can see from Figure 25, on average, employees rated most recognition elements as less important than HR. Interestingly, there were no recognition elements that employees rated as very important (a score of 4.25 or higher on a five-point scale), but not effective (less than 3.5 on a five-point scale). There were, however, a number of elements that HR rated as very important but not effective, including:

- Improving employee engagement (HR-only question);

- Improving organizational performance (HR-only question);

- Being adjustable to fit varying needs of the business (e.g., departments, regions);

- Capturing recognition stories;

- Tracking who is recognizing each other (HR-only question); and,

- Providing recognition frequently.

Figure 25: Recognition Elements, HR and Employee Survey – Importance Relative to Effectiveness

Source: *Bersin & Associates, 2012.*

Figure 26: Key Elements for HR and Employees

	HR	Employees
Not Important (<3.75)	M: Having access to the recognition program via mobile devices L: Leveraging social technology in recognizing others I: Sharing that one has been recognized with others outside the organization N: Having access to the recognition program via the Internet E: Employees can choose their own rewards	m: Having access to the recognition program via mobile devices l: Leveraging social technology in recognizing others i: Sharing that one has been recognized with others outside the organization n: Having access to the recognition program via the Internet h: Expressing different levels of appreciation a: Adjustability to fit varying needs of the business
Important (>4.25) and Effective (>3.50)	P: Being easy to implement (HR-only question) U: Keeping costs low (HR-only question) F: Recognition is specific K: Being easy to use O: Being easy to manage (HR-only question) G: Recognition is perceived as prestigious C: Employees can see who else is being recognized	None
Important (>4.25) but not Effective <3.50)	S: Improving employee engagement (HR-only question) T: Improving organizational performance (HR-only question) V: Being adjustable to fit varying needs of the business (e.g., departments, regions) R: Capturing recognition stories Q: Tracking who is recognizing each other (HR-only question) A: Recognition is given frequently	None

Source: *Bersin & Associates, 2012.*

The information in Figure 26 can be boiled down into three action items for organizations.

- **Action Item 1: Ensure the Recognition Program Delivers Value to Employees** – Currently, employees whose companies have a recognition program do not rate any elements of employee recognition as very important. Yet, we know that employees feel under-recognized. Clearly, recognition programs are failing to make recognition an important part of employees' everyday experience.

- **Action Item 2: Resolve the Tension between Manageability and Measurability** – Figure 25 shows that HR is reasonably comfortable with its programs, as evidenced by the fact HR respondents think their programs are easy to manage, use and implement (those elements which are both important and effective). However, HR is uncertain of the impact of recognition programs on employee engagement and organizational performance (elements that HR indicated are important but, at which, their organizations are not effective). A critical factor behind this uncertainty is the difficulty of measuring recognition; many HR leaders report anecdotes of how recognition makes a difference – but those leaders cannot prove the impact.

- **Action Item 3: Evolve Recognition So That It Becomes a Part of the Culture** – Two of the largest recognition program gaps are that they fail to capture recognition stories and recognition is not given frequently. These two gaps are really just symptoms of a bigger problem – that recognition is not a part of the organization's culture. Recognition programs need to evolve, so that these two elements, as well as a number of other critical activities, are a part of organization's culture.

The remainder of this study will focus on how to address each of these action items.

Recognition Program Action Items

Action Item 1: Ensure the Recognition Program Delivers Value to Employees

We were somewhat surprised by the low employee ratings of the importance of different recognition program elements. We decided to dig into the data more, to see if there was consistency in the importance ratings between those employees whose organizations currently lack a recognition program and those organizations that have a program. This analysis provided some very useful insights (see Figure 27). One of the most interesting findings was that those employees whose organizations lack a recognition program ranked "recognition is specific" as much more important than those employees whose organizations have a program. This may seem to indicate that employees at organizations with a recognition program receive the recognition they need from their programs. However, given the data we share later in this report about the infrequency of recognition, this conclusion seems questionable.
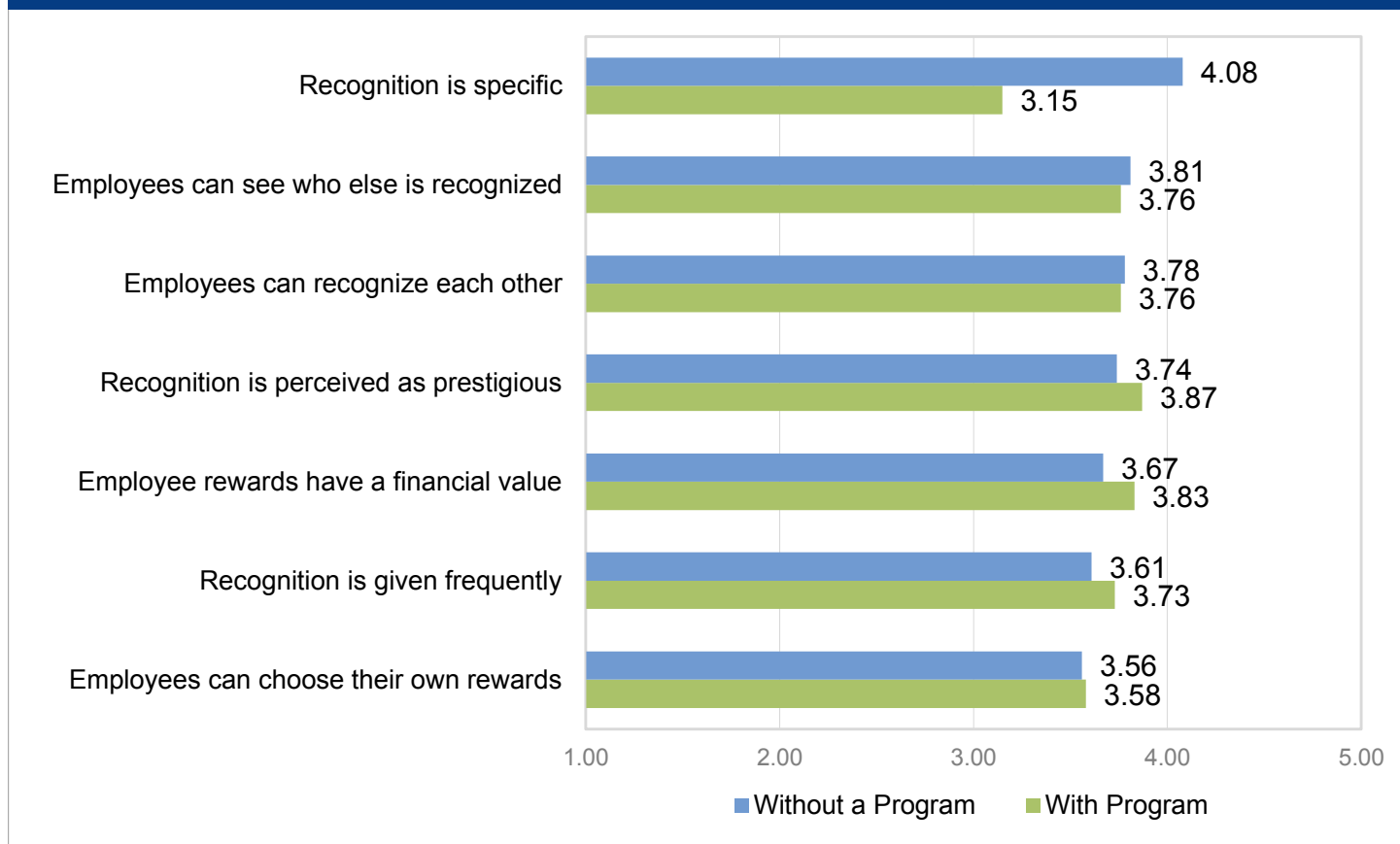
Additional analysis of the data reveals that, instead, it appears employees at organizations with recognition programs do not expect to receive specific, targeted recognition as a result of their programs. They expect, however, a "traditional" recognition event in which employees stand up on a podium, receive a check or something else of financial value, and then everyone else claps. (This is indicated by these employees' strong importance ratings for "employees can see who else is recognized," "recognition is perceived as prestigious" and "employee rewards have a financial value.") As such, these employees did not rate receiving specific recognition as important because that is not their expectation of their recognition programs.

Yet, there is clearly a disconnect, given that employees without expectations of what a program should look like crave specific and unique recognition. Further, the Oscars-like recognition events are clearly not sufficient, since so many employees rate recognition as relatively unimportant and their programs as ineffective. Improving the impact of recognition will mean moving away from what employees expect of recognition programs to what they say they need – targeted, personal and frequent recognition.
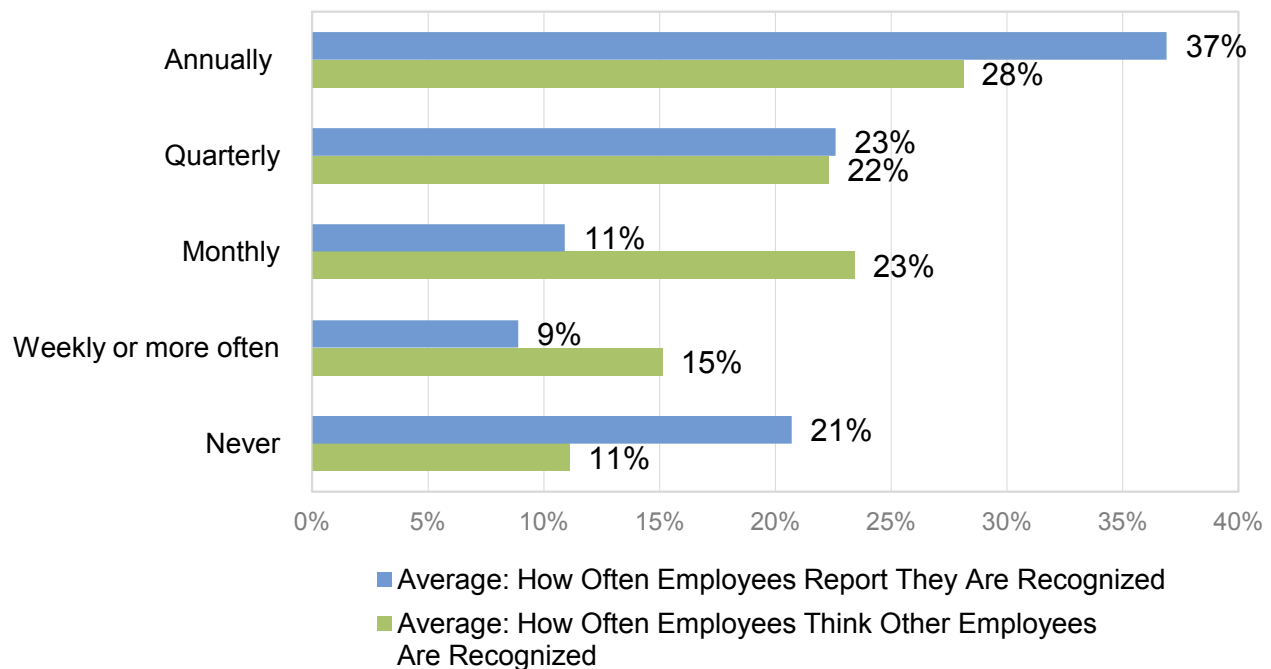
This is based on a scale of 1 to 5, for which 1 is low and 5 is high.

Figure 27: Importance of Recognition Program Elements – Employees with and without a Program*

Recognition is specific — 4.08 / 3.15

Employees can see who else is recognized — 3.81 / 3.76

Employees can recognize each other — 3.78 / 3.76

Recognition is perceived as prestigious — 3.74 / 3.87

Employee rewards have a financial value — 3.67 / 3.83

Recognition is given frequently — 3.61 / 3.73

Employees can choose their own rewards — 3.56 / 3.58

■ Without a Program ■ With Program

This is based on a scale of 1 to 5, for which 1 is low and 5 is high.   Source: *Bersin & Associates, 2012.*

There is a reason for employees expecting recognition to be an event – which is that, in most organizations, it is. We asked employees how often they think their peers are recognized, as well as how frequently they themselves are recognized (see Figure 28). We found that nearly 40 percent of employees stated their peers are recognized just once per year or never – and that 58 percent of employees said they themselves are recognized once per year or never. Clearly, recognition is an event that most employees believe occurs on an annual basis – and, for some of them, it never happens at all.

Figure 28: How Often Employees "Think" Other Employees Are Recognized and How Often Employees Are Recognized

Annually — 37% / 28%
Quarterly — 23% / 22%
Monthly — 11% / 23%
Weekly or more often — 9% / 15%
Never — 21% / 11%

■ Average: How Often Employees Report They Are Recognized
■ Average: How Often Employees Think Other Employees Are Recognized

Source: *Bersin & Associates, 2012.*

This perceived lack of appreciation can have a real impact. As shared earlier, U.S. Department of Labor research has found that 64 percent of working Americans leave their jobs because they do not feel appreciated.[22] When this lack of personal appreciation is compounded by employees believing that their peers receive more recognition (e.g., nine percent of employees state they are recognized weekly or more often, but 15 percent of employees indicate that their peers are recognized weekly or more often), the result is even higher disengagement and a greater risk of turnover.

By analyzing employee recognition by employee level (see Figures 29 and 30), we can gain a deeper understanding of why recognition is typically an event. Our analysis reveals that senior leaders are recognized frequently, whereas individual contributors and managers receive very infrequent recognition. Due to this inconsistency in experience, senior leaders likely do not know that there is a lack of frequent employee recognition.

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22   Source: http://www.forbes.com/2007/09/13/workplace-careers-recognition-lead-careers-cx_mk_0913robbins.html.

Specifically, our analysis of Figures 29 and 30 reveals the following three key findings.
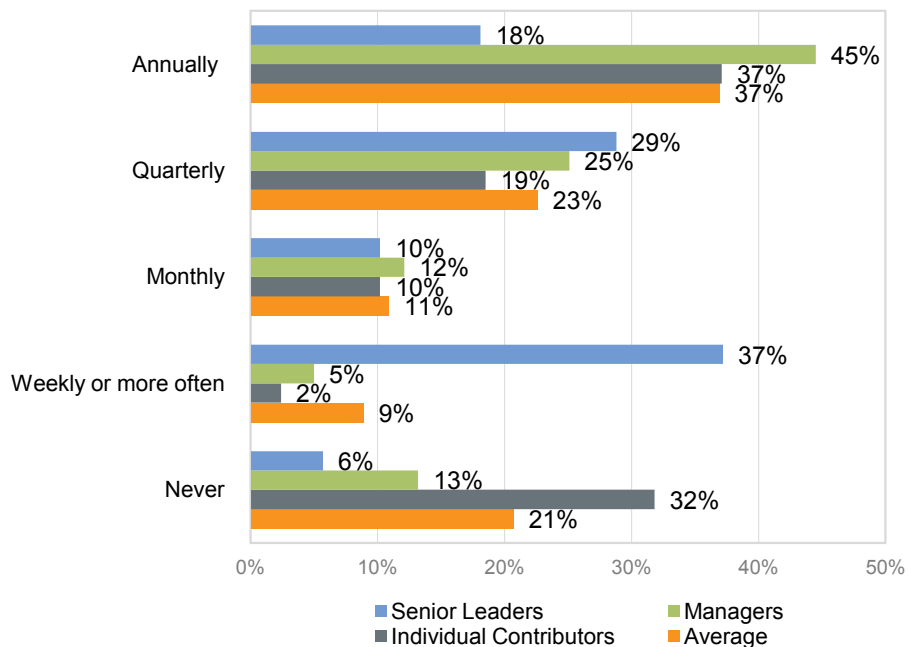
1. **Senior Leaders Are out of Touch with How Often Employees Are Recognized** – Nearly 80 percent of senior leaders believe that employees are recognized at least on a monthly basis, with 43 percent of senior leaders stating employees are recognized weekly or more often. This finding contrasts starkly with the reports from managers and individual contributors that 40 percent of managers and only 22 percent of individual contributors report their peers are recognized monthly or more often.

2. **Senior Leaders Are Recognized More Often Than Other Employee Levels** – Senior leaders report that they are recognized much more frequently than other employees (see Figure 30). Thirty-seven percent of senior leaders say they are recognized weekly or more often, whereas just five percent of managers state that they receive recognition this frequently. Clearly, senior leaders' recognition experiences are very different from all other employees' experiences.

3. **The Majority of Individual Contributors Are Recognized Annually or Not at All** – Fifty-six percent of individual contributors state that their peers are recognized annually or not at all. This number rises when we ask individual contributors how often they are recognized; nearly 70 percent of individual contributors state that they are recognized once per year or not at all (see Figure 30). Contrast this with the small percentage of senior leaders (just 13 percent) who think that employees are recognized once per year or not at all. Clearly, there is a major need to focus on educating senior leaders on how their recognition experiences are dramatically different from those of individual contributors.

Figure 29: How Often Employees Think Other Employees Are Recognized – By Employee Level
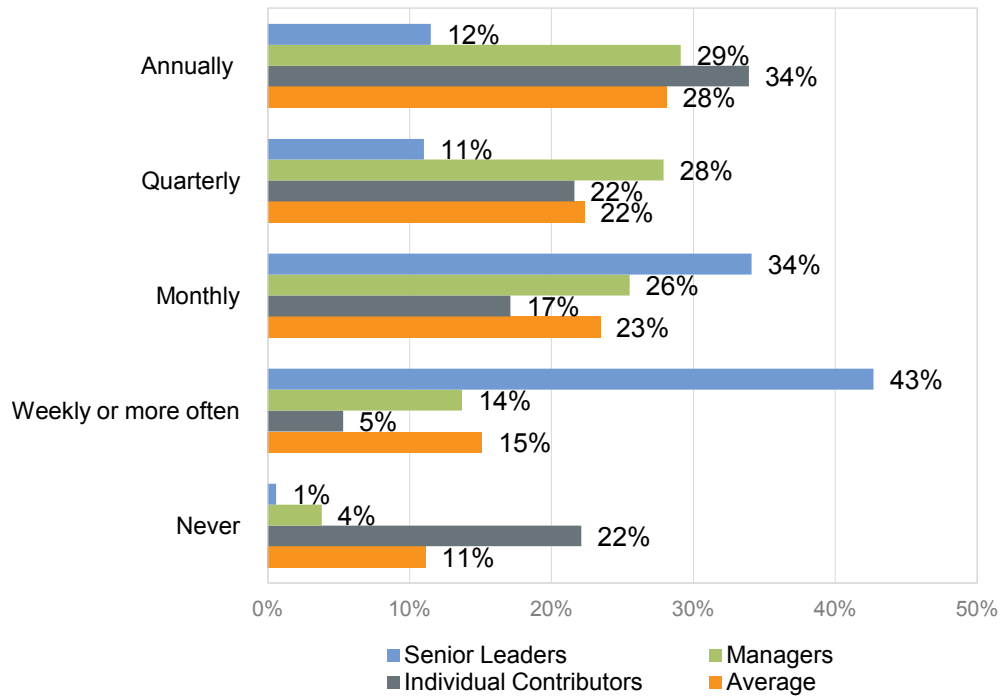
Source: *Bersin & Associates, 2012.*

Figure 30: How Often Employees Are Recognized – By Employee Level
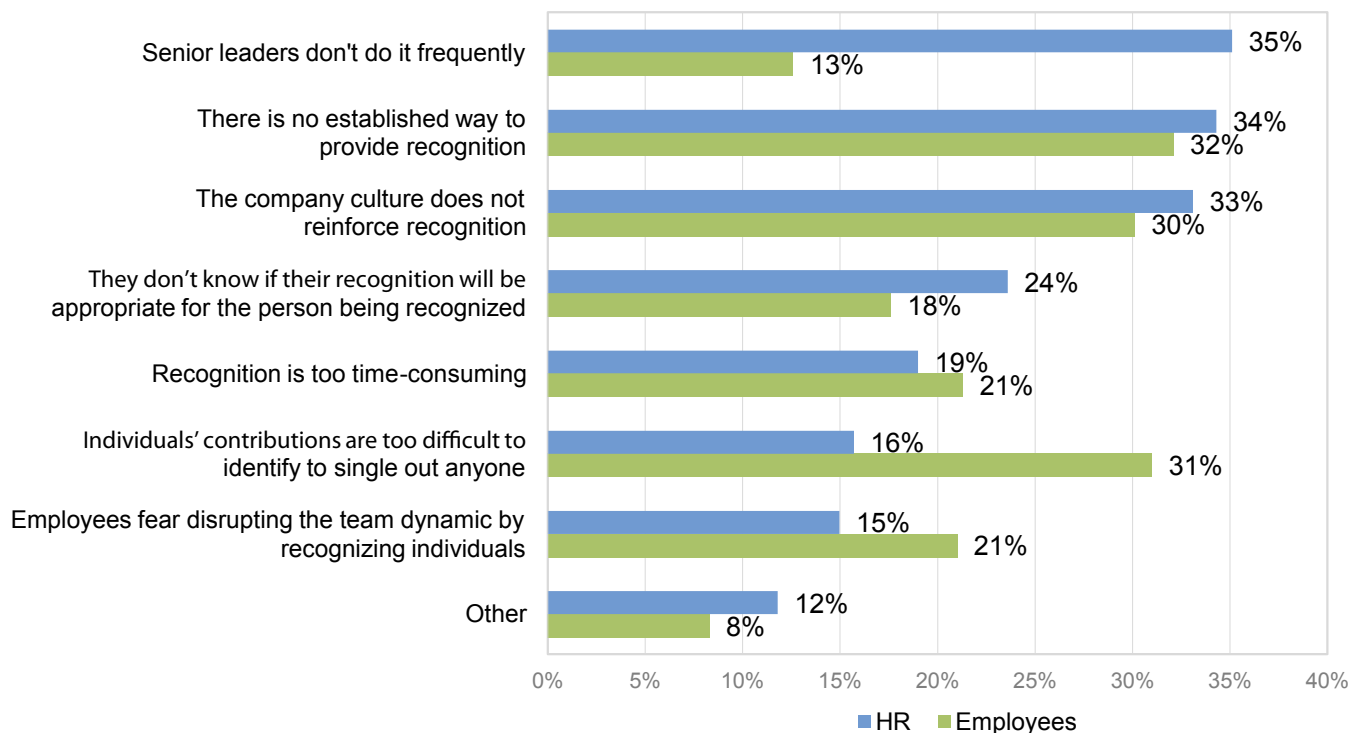

Source: *Bersin & Associates, 2012.*

In these charts, we once again see the prevalence of annual recognition
among managers and individual contributors. These two populations,
both of whom execute much of the day-to-day work, are primarily
recognized on an annual basis (45 percent of managers and 37 percent
of individual contributors), while just 18 percent of senior leaders are
recognized annually. This indicates that most managers and individual
contributors are recognized for their work through their annual
performance appraisals. Given that the purpose of performance
appraisals is typically not just recognition, this should raise a red flag. At
its essence, these charts reveal that a large percentage of employees do
not get an unequivocal "good job" in the course of their work.

These findings beg the question, why do employees not recognize each
other more? The answer to this question, based on HR and employee
responses, is shown in Figure 31. On aggregate, the most common reasons
that employees state they do not recognize each other are "there is
no established way to provide recognition," "difficulty in singling out
individual contributions" and "the company culture does not reinforce
recognition." This contrasts with HR's opinion, which is that employees do
not recognize each other because senior leaders do not do it frequently.
Interestingly, this was the least-common reason employees cited. This
indicates that, if employees know how to recognize each other and what
to recognize others for, they are inclined to do it. Senior leaders, who are
likely to be outside of employees' immediate work communities, have a
limited impact on employees' recognition inclinations.

Figure 31: Top Reasons Employees Do Not Recognize Each Other – HR and Employees

KEY POINT

Most senior leaders believe that employees do not recognize each other because employees fear disrupting the team environment by recognizing individuals – this reason hardly resonated with managers and individual contributors, indicating a significant disconnect in perceptions between senior leaders and everyone else.

When we look at this chart by employee level (Figure 32), we find a number of additional and important insights. First, most senior leaders believe that most employees do not recognize each other because employees fear disrupting the team environment by recognizing individuals. Interestingly, this reason does not resonate with managers and individual contributors – indicating that there is a significant disconnect in perceptions between senior leaders and everyone else. Further, senior leaders were least likely to indicate that employees do not recognize each other because they lack an established way to do it or because the company culture does not support recognition; whereas at least one-third of each of the other employee segments indicates that these were substantial challenges. This illustrates that senior leaders do not understand the challenges which employees face in recognizing each other, as well as how their organization's culture is perceived internally.

Figure 32: Top Reasons Employees Do Not Recognize Each Other – By Employee Level*
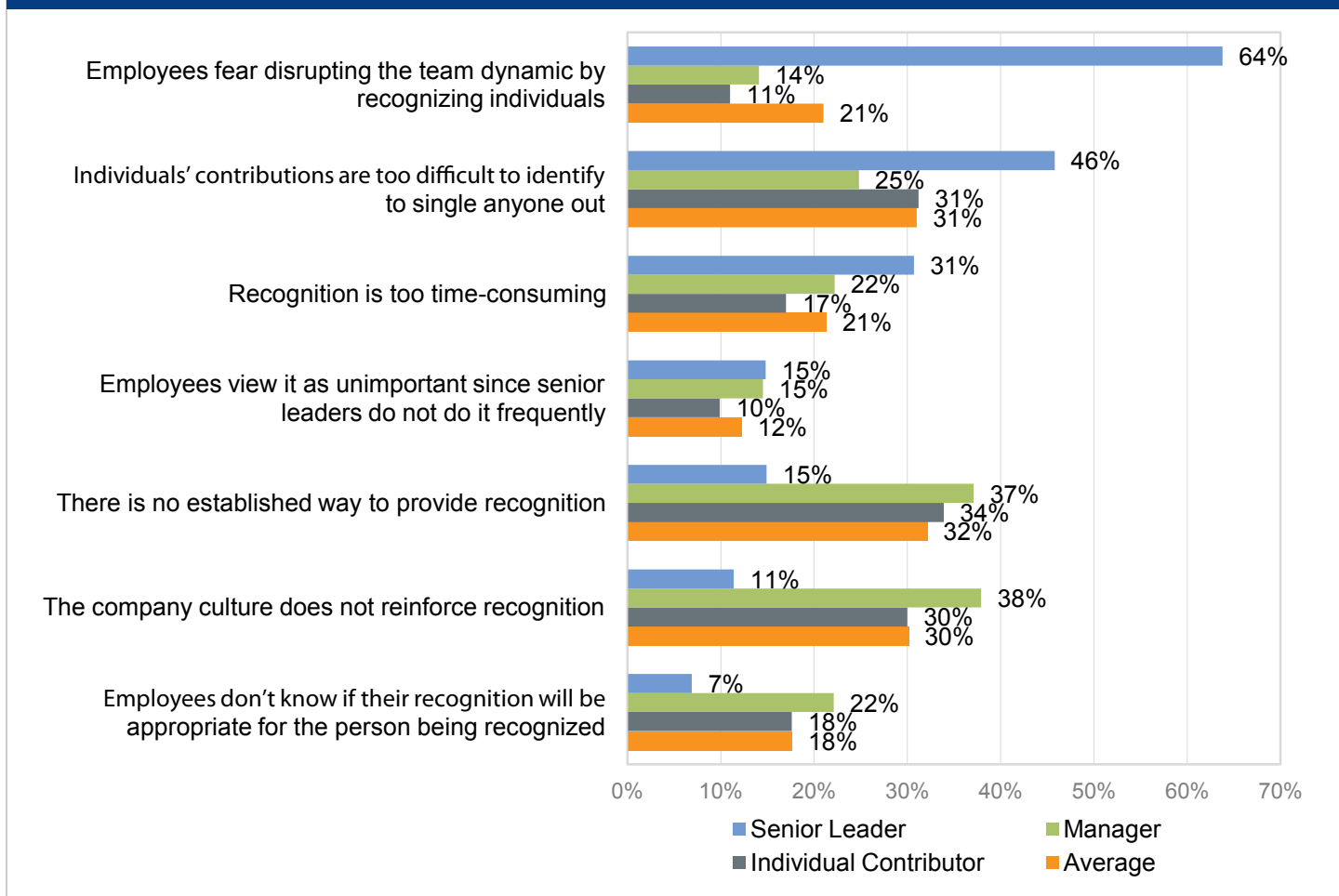
*Respondents could choose up to two choices for this survey question.   Source: *Bersin & Associates, 2012.*

As organizations begin to address the challenge of increasing recognition frequency, they should divide their employee populations into two separate audiences – senior leaders and managers / individual contributors. For the first audience, the focus should be on helping senior leaders to understand that their recognition experience is dramatically different from that of everyone else in the organization. Senior leaders are recognized more frequently than anyone else in the organization, and are much less likely to feel challenged by not knowing how to recognize employees or of disrupting team dynamics. Further, senior leaders often do not fully understand how their company's culture is failing to reinforce recognition. HR should focus on clarifying each of these elements for senior leaders and on helping them to better understand what their roles are in creating a culture that clearly supports

recognition. In particular, senior leaders need to role model and actively encourage employee recognition activities.

For the second audience, employees, HR should take a different approach. The primary focus should be on creating an easy-to-use recognition program that becomes the norm. Further, HR needs to identify the behaviors and activities that employees should recognize, and then document and communicate them extensively. In addition, HR should ensure that stories about employee recognition are shared at all levels throughout the organization, to create clear examples of what should be recognized and to make these stories a part of the organization's culture.

Action Item 2: Resolve the Tension between Manageability and Measurability

Another theme that has emerged from the importance / effectiveness chart (see Figure 25) is a tension between having programs that are easy to manage and ones that can be measured. Currently, most HR respondents seem reasonably comfortable with their current programs – they rank their organizations' recognition programs relatively high when it comes to them being easy to manage, implement and use, and keeping costs low (see Figure 33).

**Figure 33:** HR Importance / Effectiveness Scores on Recognition Program Elements*

	Importance	Effectiveness
Being easy to manage	4.66	3.71
Being easy to implement	4.62	3.75
Keeping costs low	4.42	3.85
Being easy to use	4.38	3.68

*This is based on a scale of 1 to 5, for which 1 is low and 5 is high.

Source: *Bersin & Associates, 2012.*

These scores are not very surprising, given that most recognition programs have been around for a substantial period of time[23] and, thus, HR has had a lot of experience running the programs. This intuition is backed up by the data, from which we that, after an initial learning curve (which occurs within the first three to five years of the program), recognition programs become easier to manage the longer they are in place (see Figure 34).

Figure 34: Percentage of Organizations Indicating That Managing the Program Is a Top-Two Challenge – By Age of Recognition Program*
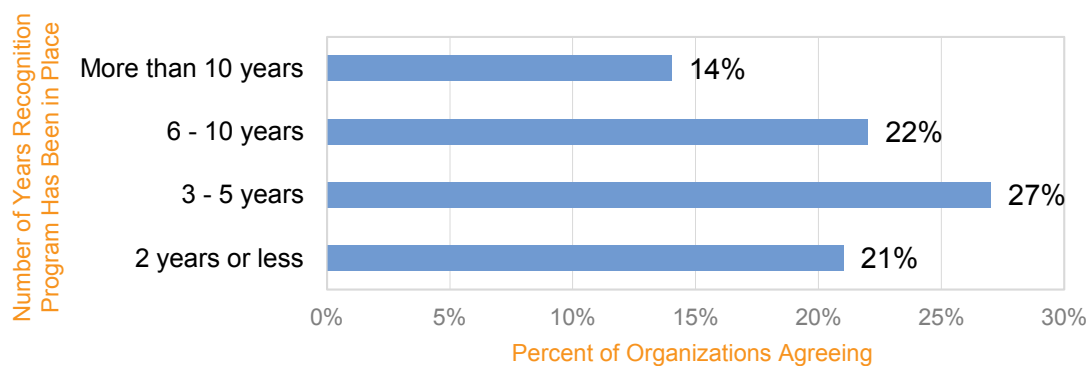
*Respondents could choose up to two choices for this survey question.

Source: *Bersin & Associates, 2012.*

🔑 **KEY POINT**

As recognition programs age, they become easier to manage.

Interestingly, though, these older programs are also much more difficult to measure (see Figure 35). This could be due to for a number of reasons.

- **Older Programs Are More Likely to Be Focused Primarily on Recognizing Tenure** – Many HR professionals' intuition tells them that tenure recognition does not drive outcomes; therefore, they do not spend the energy measuring these programs. Our research reinforces this belief, in that we found little relationship between tenure and outcomes.

- **Older Programs Are More Likely to Be Ad Hoc and Distributed** – Given the historical nature of employee recognition, older programs are the least likely to be centralized. This makes measuring these programs much more difficult.

- **Older Programs May Have Been Designed before Measurement Was a Focus** – Many older programs were designed before there were

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23   As we mentioned earlier, 55 percent of organizations' recognition programs are six years or older.

strong expectations around proving the return on every investment. As such, these programs were not set up with clear objectives that tie into measurable outcomes.

Figure 35: Percentage of Organizations Indicating That Measuring the Impact of Recognition Is a Top-Two Challenge – By Age of Recognition Program*
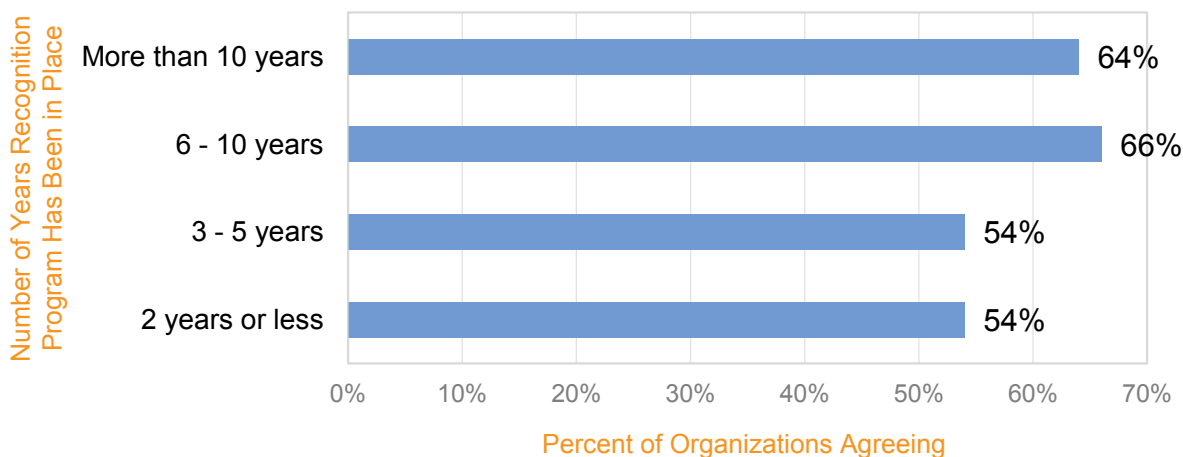

*Respondents could choose up to two choices for this survey question.

Source: *Bersin & Associates, 2012.*

The Measurement Challenge

Clearly, measuring employee recognition programs is a major challenge for organizations. Our research actually finds it to be the top challenge which organizations face with employee recognition (see Figure 36). Without an adequate measurement strategy, it is impossible to accurately determine how well the organization is affecting critical outcomes. A major reason why measurement is such a challenge for recognition programs is because most organizations, quite simply, are not doing it. In fact, a recent study shows that 87 percent of organizations make no effort to track the return on investment (ROI) of their recognition program.[24]

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24   Source: "SHRM Poll Highlights Recognition Challenges," Society for Human Resources Management / Rebecca Hastings, June 29, 2011.

Figure 36: Top Challenges HR Faces with Employee Recognition Programs*
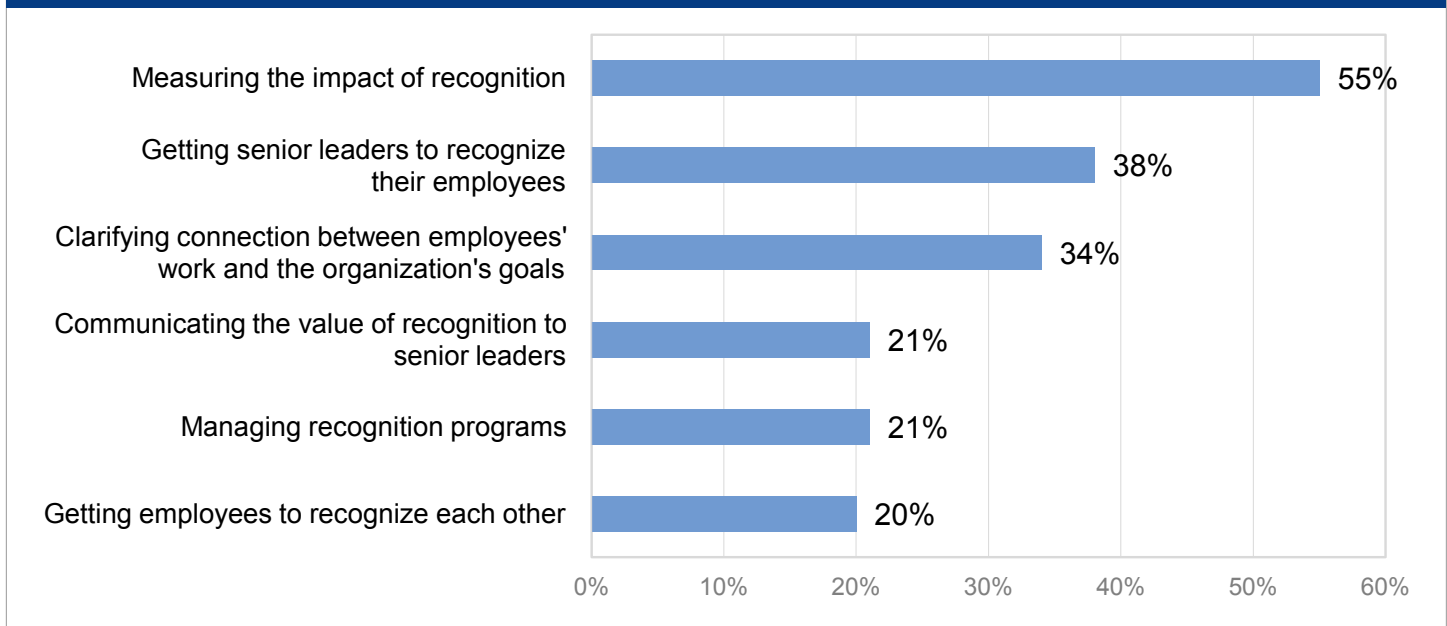
*Respondents chose their top two challenges.   Source: *Bersin & Associates, 2012.*

As organizations begin to focus on measuring recognition, they will find that, similar to measuring all other talent management activities, they must invest time to determine the appropriate metric they would like to improve. These metrics could include some, or all, of the following:[25]
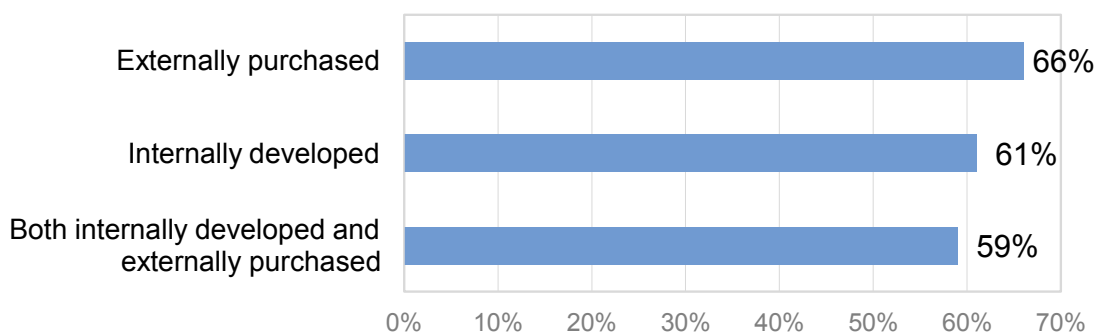
- Business outcomes;

- Performance improvement;

- Behaviors demonstrated;

- Employee satisfaction;

- Engagement;

- Retention; and,

- Activity and participation level.

It is critical that your organization focus on identifying the right metrics, given its business and talent strategy. Our research indicates that those

[25]   For more information, *The Bersin & Associates Employee Recognition Framework: A Guide to Designing Strategic Recognition Programs*, Bersin & Associates / Stacia Sherman Garr, April 2012.

organizations which fail to go through this process and simply buy their recognition programs "off the shelf" are more likely to face difficulties in measuring the impact of recognition (see Figure 37). Organizations more intimately involved in their programs find measurement to be a little less challenging, likely because they had to clearly identify the outcomes they wanted to impact *before* developing the program. That said, many organizations find measurement a challenge.

Figure 37: Percentage of Organizations Indicating That Program Measurement Is a Top-Two Challenge – By Program Origin

Externally purchased	66%
Internally developed	61%
Both internally developed and externally purchased	59%

Source: *Bersin & Associates, 2012.*

Action Item 3: Evolve Recognition So That It Becomes a Part of the Culture

As we mentioned earlier in this report, only about one-half of organizations report their cultures support recognition. This is important because we know that culture has an impact on employees' willingness to recognize each other. In this final section, we discuss what culture is and why it is not always supportive. In addition, we review a few areas for which program characteristics can make a difference in creating a supportive culture – including why having a formal recognition program in place can help, how program origin makes a huge difference, why time has an impact on culture and how software can make a positive impact.

What Is Culture and Why Is It Not Supporting Recognition?

Bersin & Associates defines culture as "… the collective set of organizational values, conventions, processes and practices that influence and encourage both individuals and the collective organization to continuously increase knowledge, competence and performance." This also includes the attitudes, experiences, knowledge and beliefs within the enterprise. The collective structure influences the way in which employees relate to each other and also controls how they behave with external stakeholders.

Organizations' cultures frequently fail to support recognition because senior leaders do not reinforce the importance of recognition activities. One of the reasons this occurs is because some organizations have leadership teams with perspectives that "an employee's paycheck is thank you enough." Furthermore, in highly competitive organizations, recognition can be perceived as being "soft" or not aligned with the company's social norms. These organizations have a more difficult time embracing a culture that values recognition.[26] Another reason why recognition may not be supported is because an organization lacks solid program branding and communication. Moreover, some organizations have failed to clearly define recognition criteria, including the values, actions and performance standards that should be recognized.

In our research, we identified a few activities that can make a difference in enabling a supportive recognition culture, including having a program in place, the program's origin, the length of time programs are in place and the delivery model. We discuss each of these characteristics in detail in the following sections.

The Role of a Formal Program

As mentioned earlier in this study, roughly one-fourth of organizations lack a recognition program. When a program is in place, organizations were remarkably less likely to report that a top challenge is "the company culture does not reinforce recognition," as shown in Figure 38.

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26   We are not implying that competition is bad, simply that where recognition is concerned, balance among competitive, collaborative and other behaviors is important.

This is important, as it shows that programs make a difference to the creation of a recognition culture.

Progressive organizations have formal programs that typically include an executive sponsor, a program manager and project team that help to champion program efforts. In addition, they also implement processes, policies and governing structures to engage participants in programs that are equitable and transparent. These organizations clearly make investments that communicate recognition is important to achieving key business outcomes and, as a result, their organizational cultures reinforce those recognition efforts.

> **KEY POINT**
>
> Recognition programs make a difference in establishing a recognition culture.

Figure 38: Percentage of Organizations Indicating That Cultural Support of Recognition Is a Top-Two Challenge – By Presence of Recognition Program
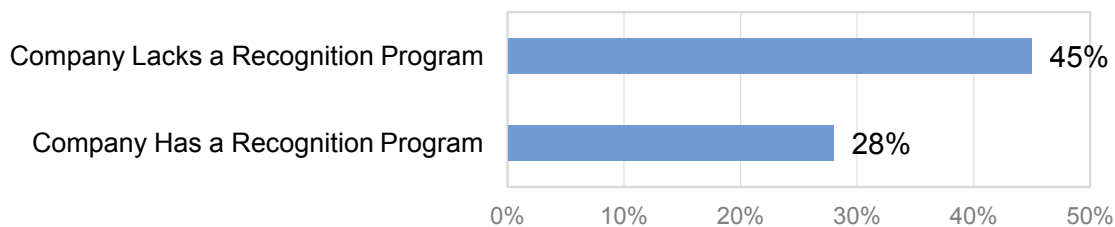
Source: *Bersin & Associates, 2012.*

The Impact of Program Origin

> **KEY POINT**
>
> Organizations relying solely on externally purchased programs (33 percent) are more likely to state that their company culture does not support recognition.
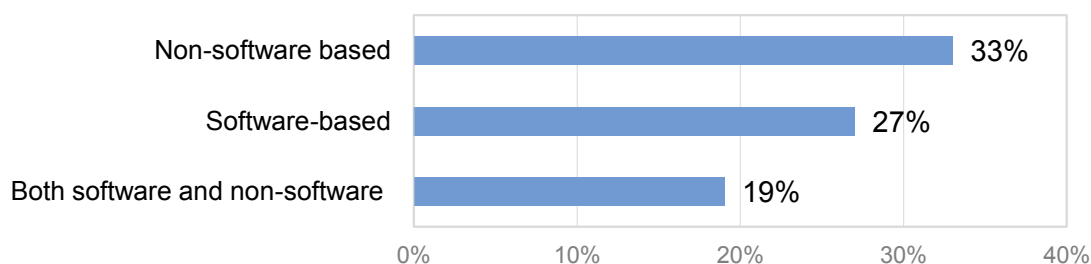
When thinking about how to design their programs, most organizations consider whether they will develop the program internally, purchase it externally from a consultant or third-party provider, or some combination of the two. As shown in Figure 39, organizations that rely solely on externally purchased programs (33 percent) are more likely to state that their company culture does not support recognition. This is because these companies are more likely to fail to adequately customize the program for their individual organizations, resulting in the program making less of an impact. By contrast, organizations that use both internal as well as external programs are the least likely to state that their cultures do not support recognition. External program providers can provide "arms and legs" to help execute the program, as well as domain expertise. By combining these attributes with an organization's internal knowledge about its employees, departments and regions, HR leaders can experience greater success in enabling a culture which supports recognition.

Figure 39: Percentage of HR Respondents Stating Lack of Cultural Support for Recognition Is a Top-Two Challenge – By Delivery Method

Non-software based	33%
Software-based	27%
Both software and non-software	19%

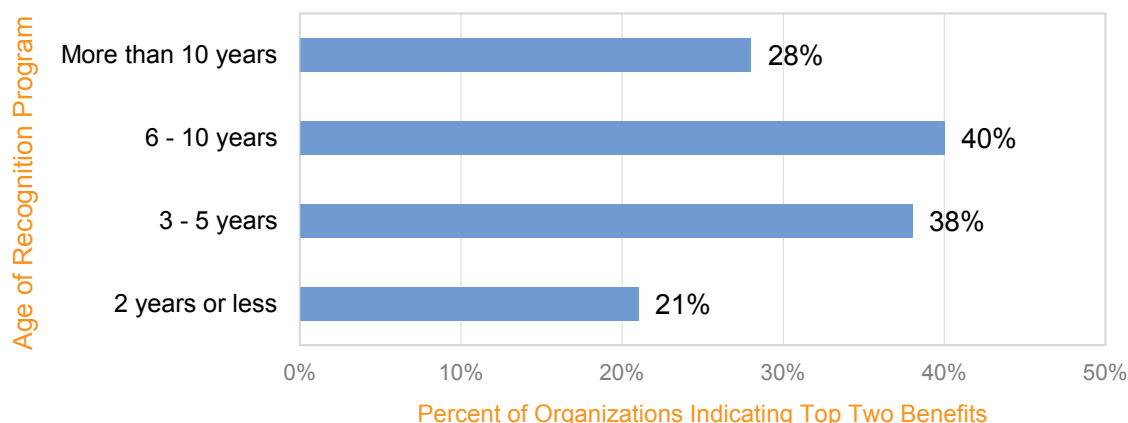0%   10%   20%   30%   40%

Source: *Bersin & Associates, 2012.*

The Impact of Program Age

We also examined those organizations which reported that a top recognition benefit is "recognition reinforces culture," based on how long a program has been in place. The data shows that time can make a difference in levels of success. As shown in Figure 40, brand-new and older recognition programs are less likely to reinforce organizational culture. Initially, recognition programs need some time to gain traction. Over a number of years, many organizations' business strategies, goals and cultures shift, thus resulting in the recognition program losing its alignment to these critical elements. The organization may also no longer emphasize the program as it once did. Either way, recognition programs need to be refreshed at some point within the six-to-10-year period to ensure that they continue to reinforce organizational culture.

Figure 40: Percentage of Organizations Agreeing That Recognition Reinforces Organizational Culture – By Program Age

Age of Recognition Program

More than 10 years	28%
6 - 10 years	40%
3 - 5 years	38%
2 years or less	21%

0%   10%   20%   30%   40%   50%

Percent of Organizations Indicating Top Two Benefits

Source: *Bersin & Associates, 2012.*

Case in Point: KPMG in Canada Reinforces Critical Business Behaviors with Its SHINE Program

KPMG LLP (Canada) is the Canadian member firm of KPMG International, and is a leader in providing audit, tax and advisory services. The firm has more than 660 partners and more than 5,000 employees operating in 32 locations across Canada. More than a decade ago, KPMG in Canada began its journey from an organization in which "a paycheck was considered thanks enough" to one that regularly recognizes employees' achievements. In 2011, the total rewards and recognition team realized that it was time to take the next step in that journey by updating the nearly 10-yearold program to a social online recognition program. The goal was to provide a clearer line of sight between desired employee behaviors and business needs.

KPMG in Canada's business strategy requires that employees build strong relationships with clients. To do this, they need to leverage four critical behaviors (see Figure 41). KPMG designed its new online recognition program, SHINE, so that employees could recognize each other for engaging in those behaviors. This nurtures a culture of appreciation and helps employees to see how they can have a direct impact on the business.

| Figure 41: Four Behaviors Reinforced by KPMG in Canada's Recognition Program |
| --- |
| Growth |
| Delivery |
| KPMG for Life |
| Community Leader |

Source: *Bersin & Associates, 2012.*

The introduction of peer-to-peer recognition with non-monetary and lower dollar value awards that can be distributed with no approval process represented another innovation in KPMG in Canada's recognition approach. This shift was significant, as previous recognition programs primarily focused on recognizing top performers on an as-needed basis, not as a regular practice. KPMG in Canada understood that its business strategy required that it adapt to the needs of its workforce. Since that workforce includes a large population of younger employees, who typically require more feedback, a peer-to-peer recognition program made sense. Further, the additional transparency of the recognition program helped to constantly reinforce the four behaviors.

From the beginning of its redesign efforts, KPMG in Canada focused on achieving two goals – improving the employee workplace experience and reinforcing the critical behaviors that drive business results. Early results indicate that these goals are being met. Employees are enthusiastically using the program, with more than 15,000 recognition activities taking place within the first nine months. Each of these recognition actions serves to further encourage employees to do the very things that make KPMG in Canada successful. ⤸

The Potential Role of Software

Organizations that use software, or a blend of software and other approaches are more likely to have a culture that is extremely supportive of recognition (see Figure 42), rather than those organizations that do not incorporate software into their programs at all. Our research found that only 15 percent of all respondents' organizations use software, yet nearly 20 percent of those companies have programs that HR believes are highly effective. This compares with 48 percent of all organizations not using recognition software, but only seven percent of those organizations rating their recognition programs as highly effective.

Figure 42: Percentage of Organizations with Cultures Extremely Supportive of Recognition – By Delivery Method
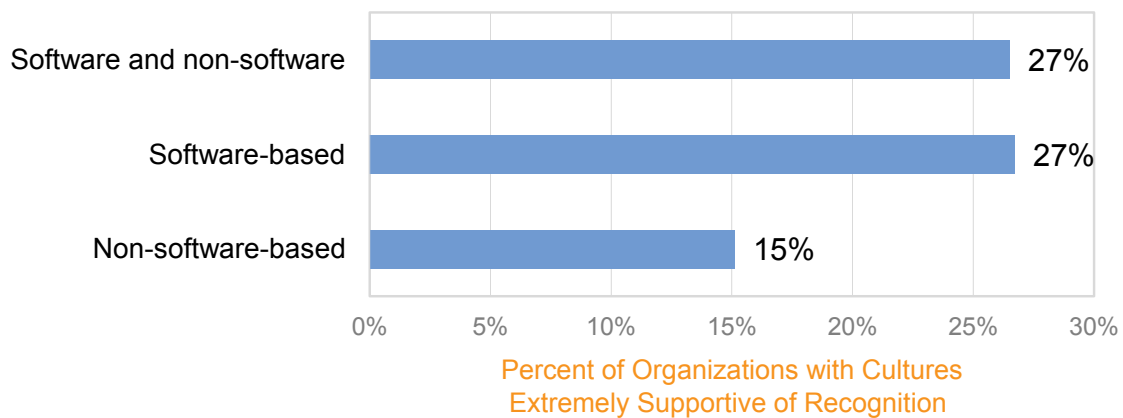
Source: *Bersin & Associates, 2012.*

Clearly, there is a relationship between software and effectiveness. However, we are not saying software necessarily makes recognition programs better or that it creates a recognition culture. Instead, software improves recognition in three ways. First, when organizations typically implement a software solution, they have to build a business case for it. This requires an organization to very clearly identify the outcomes that it wants to improve and to determine how the software will help to do this. This focus on outcomes is often missing in recognition programs and the software imposes a targeted approach. Second, the investment in software can send a very clear message to employees that recognition is so important to the organization that it is spending money to ensure it occurs. This communication helps override some of the other messages that employees may feel they receive about the extent to which recognition is a part of the organization's culture. Finally, recognition software can offer a number of benefits directly, such as accelerating the frequency of recognition, creating greater alignment between recognition and the organization's goals, capturing recognition stories, enabling peer-to-peer recognition, and making it easier for HR to manage and measure the program.

Closing Thoughts

Employee recognition has the potential to improve many critical outcomes, such as employee engagement and retention. However, most organizations today are failing to leverage employee recognition adequately. In many organizations, employees are not recognized for the behaviors and activities that drive impact. Further, the recognition experience for employees is very different, both by employee level within the organization and from how HR designs it.

To begin improving employee recognition, organizations should focus on improving the value of recognition programs to employees, resolving the tension between program measurability and manageability, and evolving recognition so that it becomes a part of the organization's culture. As organizations begin to execute these actions items, they will start to see improvements in their recognition programs' effectiveness. This should improve employee engagement and, ultimately, business outcomes.

Appendix I

*Study Participants and
Organization Demographics*

Appendix I: Study Participants and Organization Demographics

This research is based on the results of two online surveys, administered between January 2012 and March 2012, as well as more than 30 research interviews conducted between January and May 2012.

The first survey, Survey A, had a final sample size of 573 HR respondents; the second survey, Survey B, had a final sample size of 261 employee respondents. In both instances, the participants were from a broad range of industries and organization sizes. We did not include organizations with fewer than 100 employees. The majority of organizations (90 percent for the first survey and 99 percent for the second survey) were from North America. The respondents to the first survey were HR and talent management professionals, varying in level from manager to senior vice president. Respondents to the second survey were employees, including leaders, managers and individual contributors.
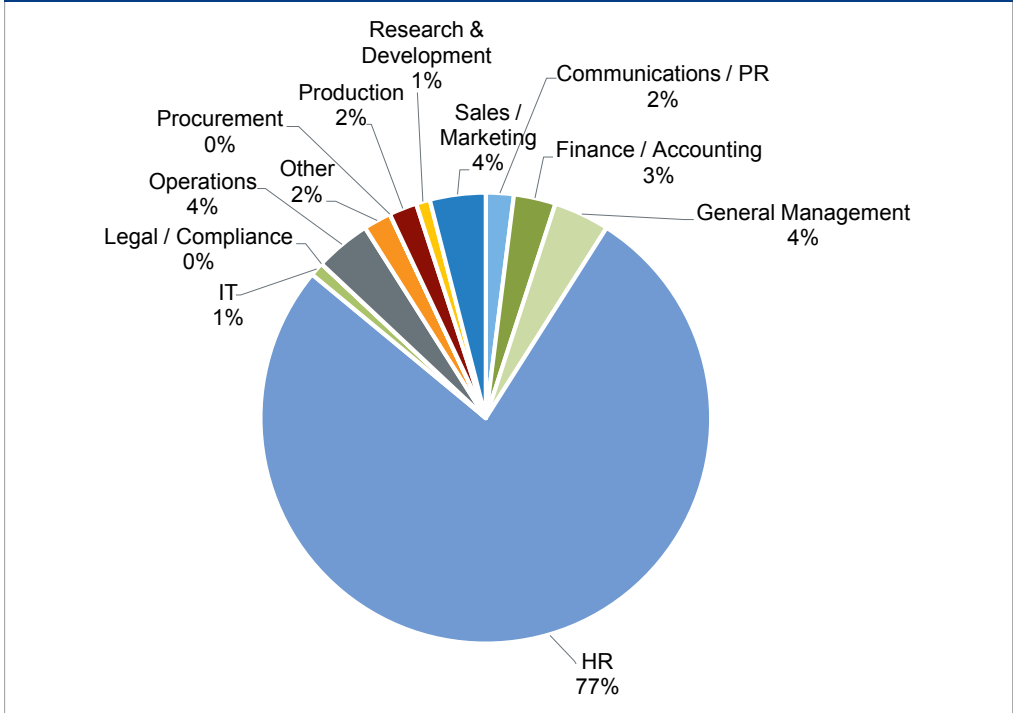
Detailed Demographics – Survey A (HR Sample)

Figure 43: Survey A – Range of Respondents by Company Size
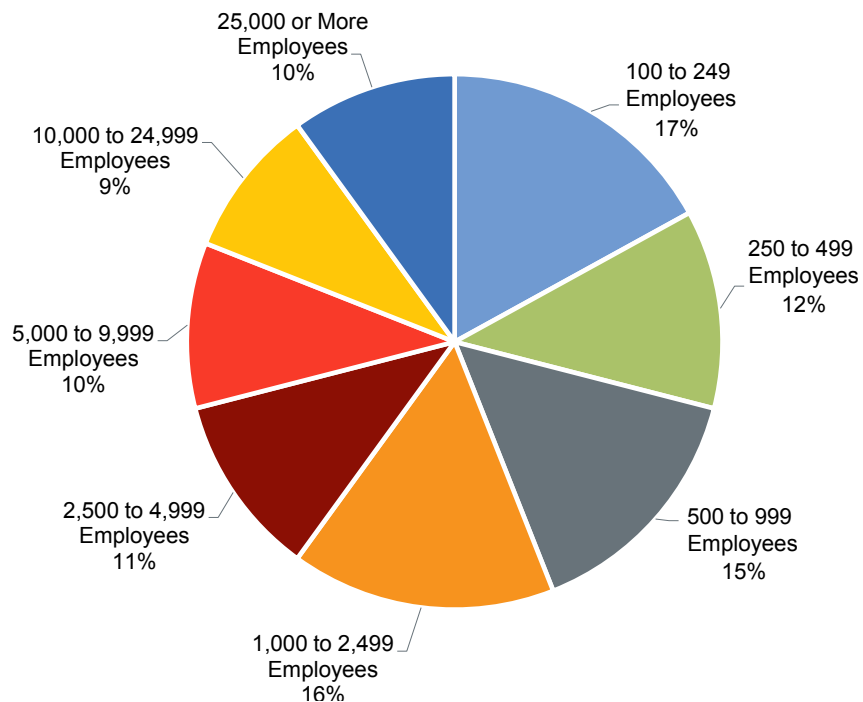
Source: *Bersin & Associates, 2012.*

Figure 44: Survey A – Range of Respondents by Function

Source: *Bersin & Associates, 2012.*

Figure 45: Survey A – HR Responsibility Level

Source: *Bersin & Associates, 2012.*

Figure 46: Survey A – Range of Respondents by Industry

Source: *Bersin & Associates, 2012.*

Figure 47: Survey A – Range of Respondents by Geographic Location

Source: *Bersin & Associates, 2012.*

Detailed Demographics – Survey B (Employee Sample)

Figure 48: Survey B – Range of Respondents by Company Size

- 25,000 or More Employees 10%
- 100 to 249 Employees 16%
- 10,000 to 24,999 Employees 10%
- 250 to 499 Employees 13%
- 5,000 to 9,999 Employees 10%
- 500 to 999 Employees 14%
- 2,500 to 4,999 Employees 11%
- 1,000 to 2,4999 Employees 16%

Source: *Bersin & Associates, 2012.*

Figure 49: Survey B – Range of Respondents by Employee Respondent Job Function

Source: *Bersin & Associates, 2012.*

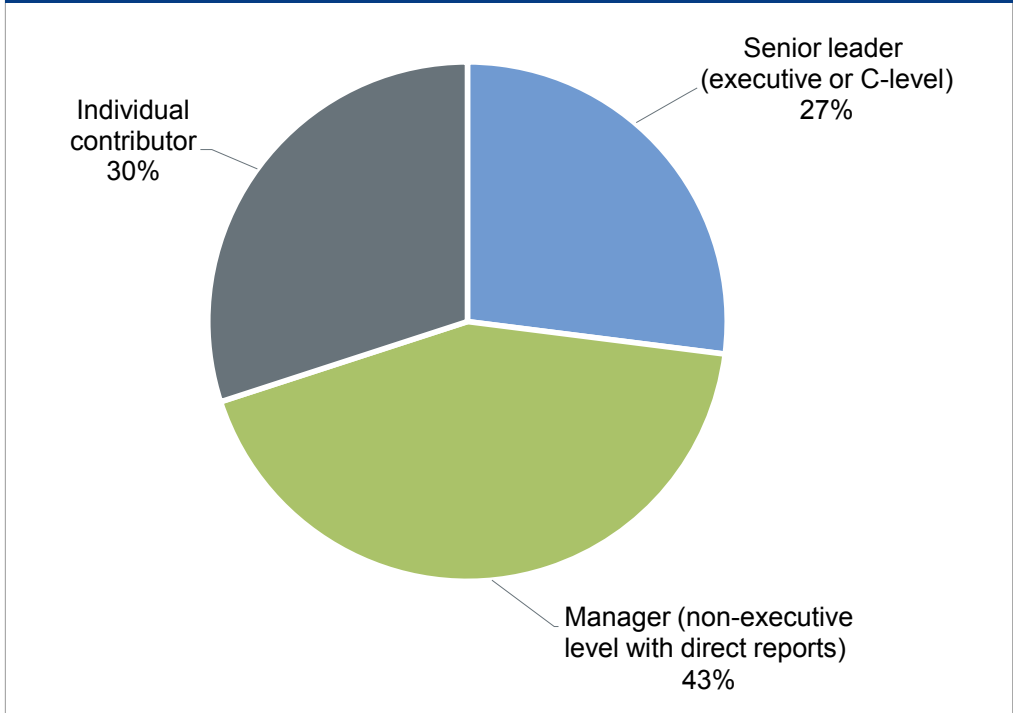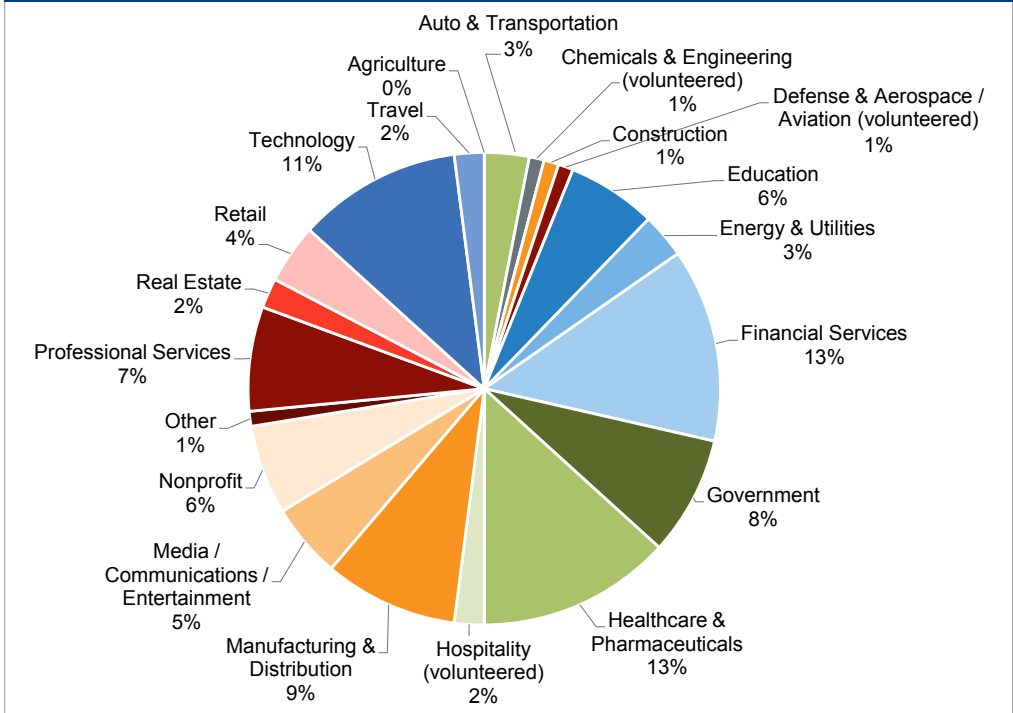**Figure 50:** Survey B – Range of Respondents by Job Level
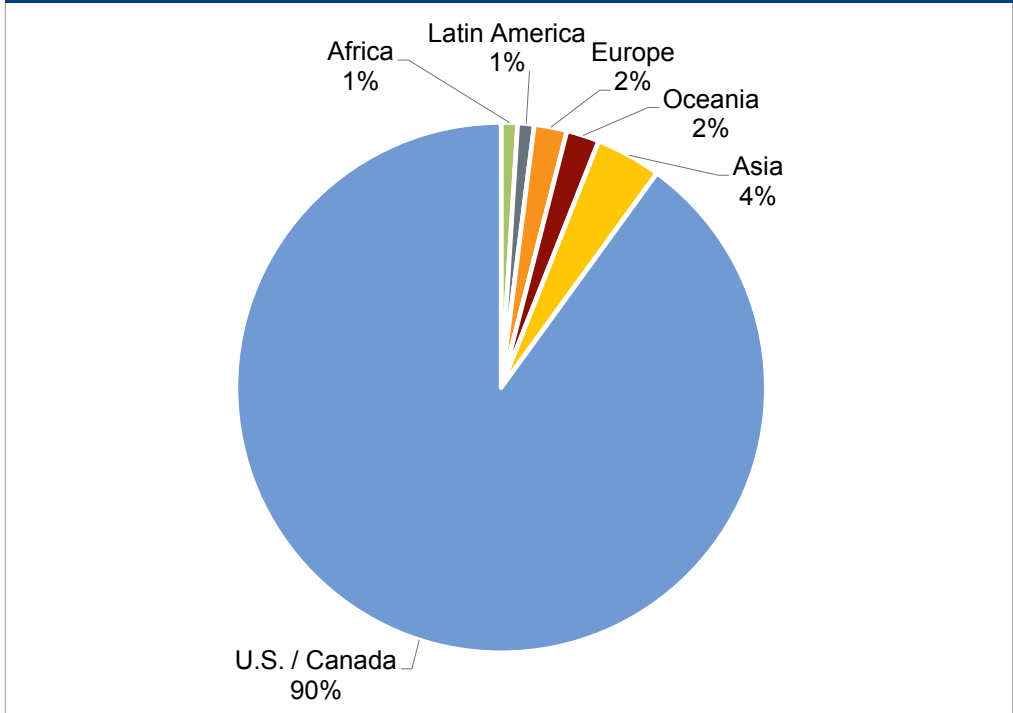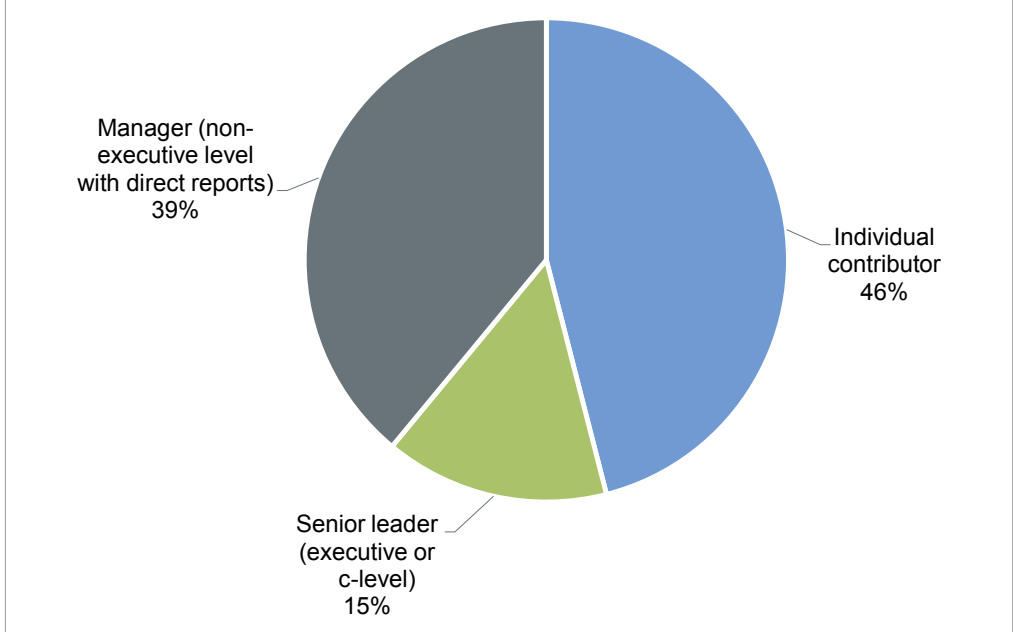

Source: *Bersin & Associates, 2012.*

Figure 51: Survey B – Range of Respondents by Industry
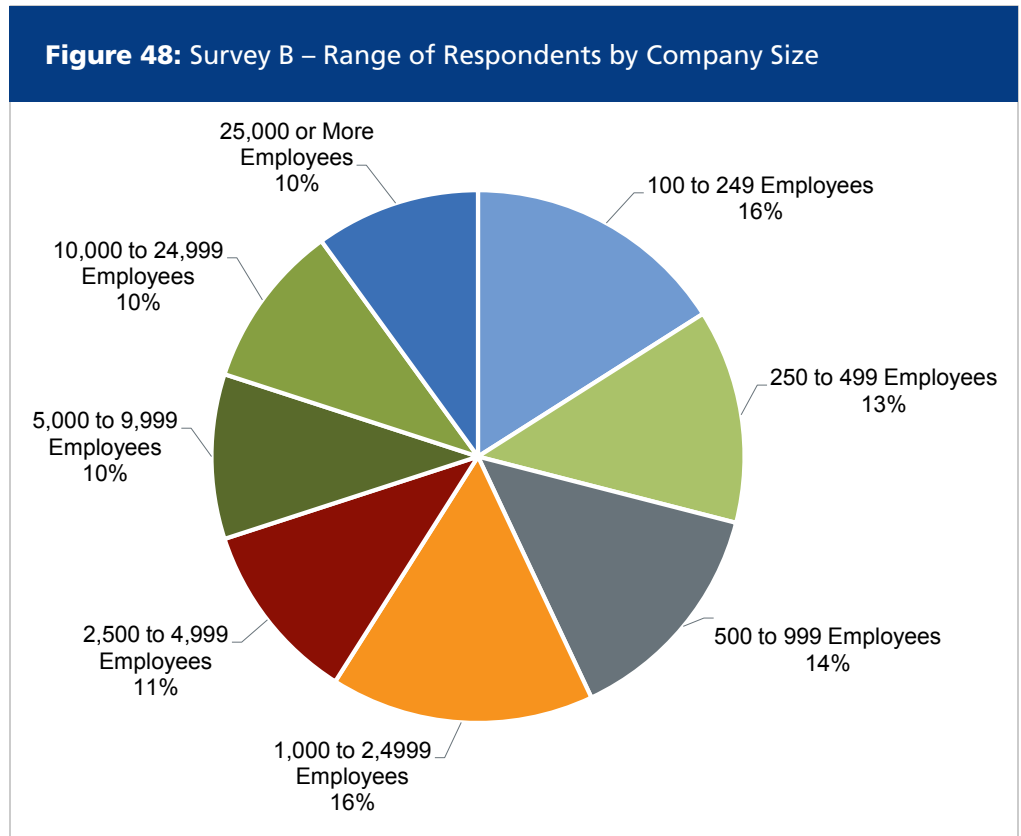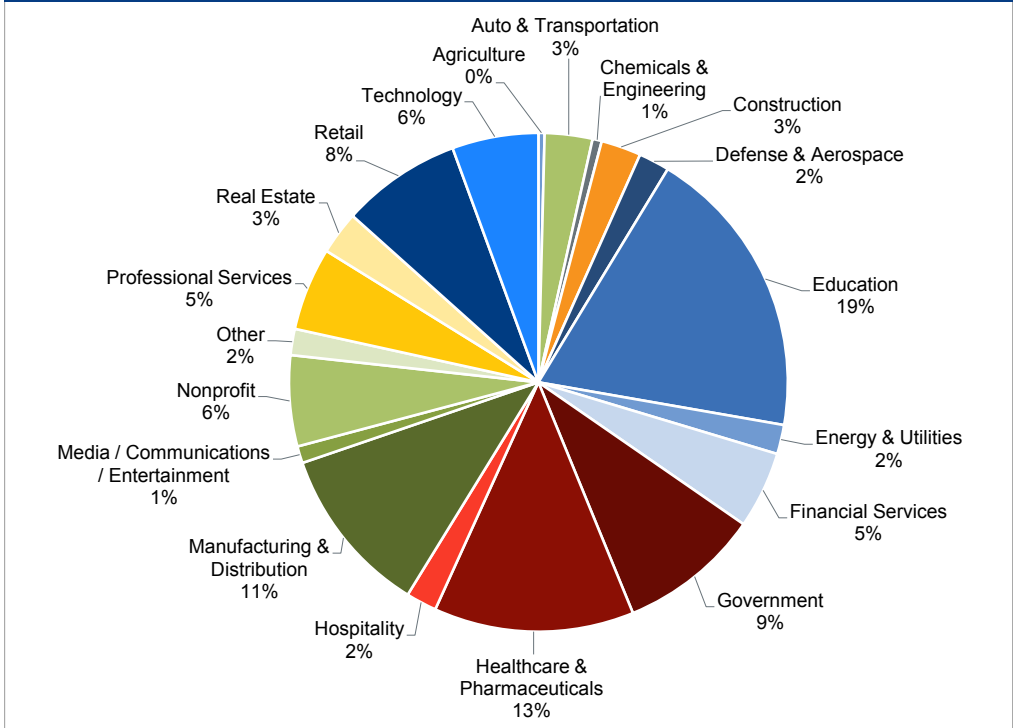

Source: *Bersin & Associates, 2012.*

Figure 52: Survey B – Range of Respondents by Geographic Location
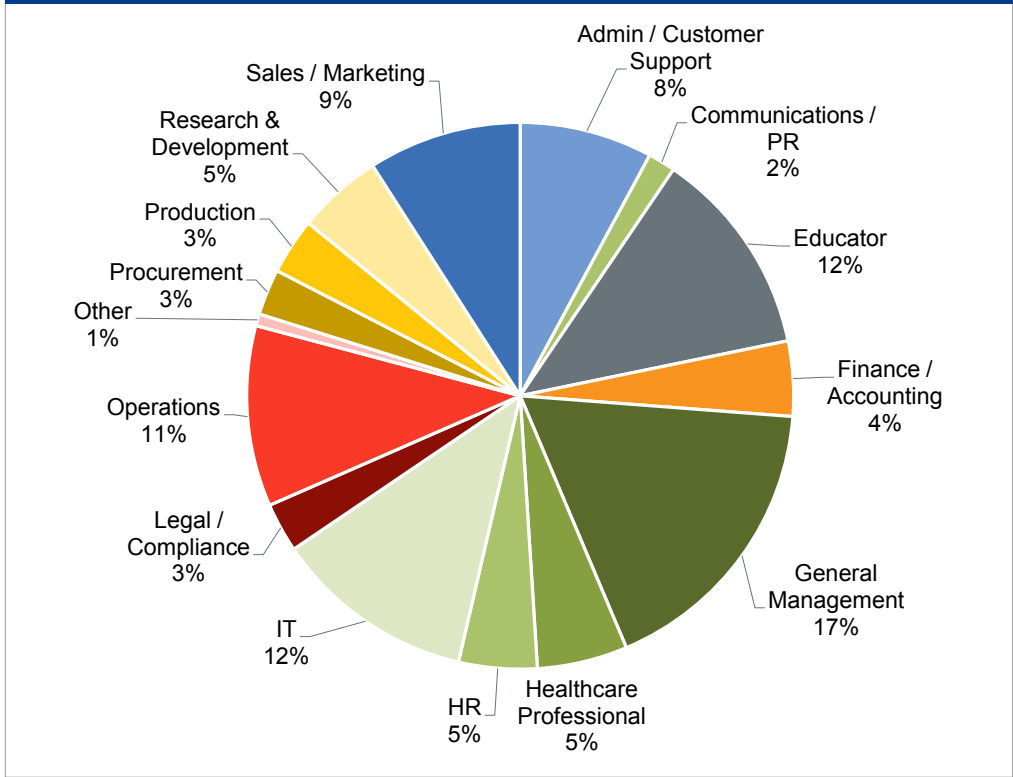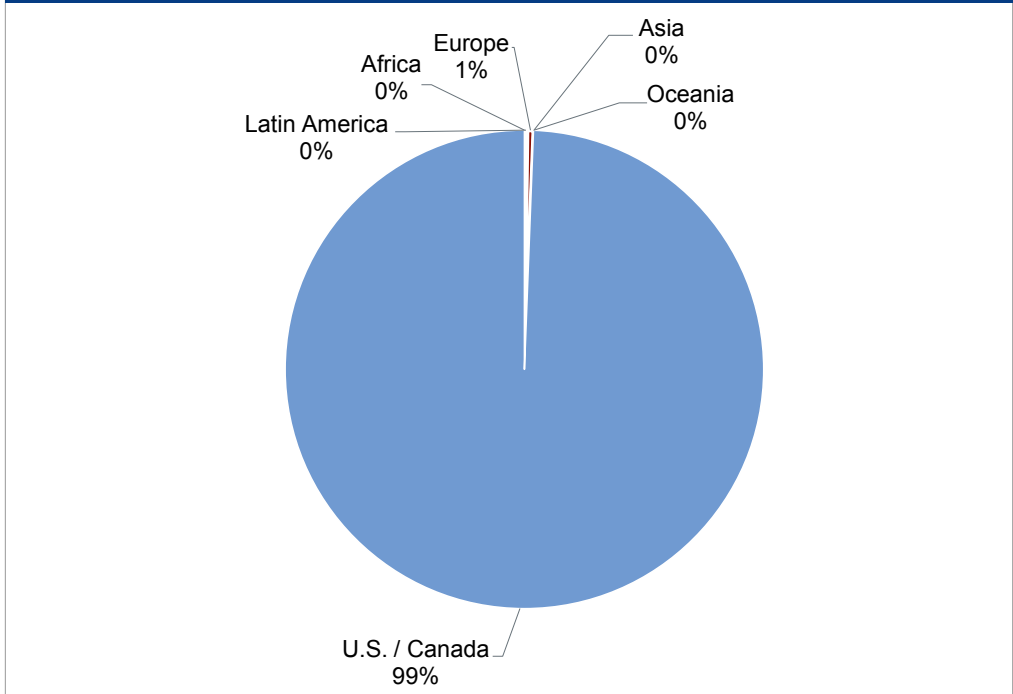

Source: *Bersin & Associates, 2012.*

Appendix II

Additional Data

Appendix II: Additional Data

Figure 53: Recognition Program Adoption – By Number of Years in Use / by Company Size, HR Perspective

Source: *Bersin & Associates, 2012.*

Figure 54: Recognition Program Adoption – By Number of Years in Use / by Industry, HR Perspective
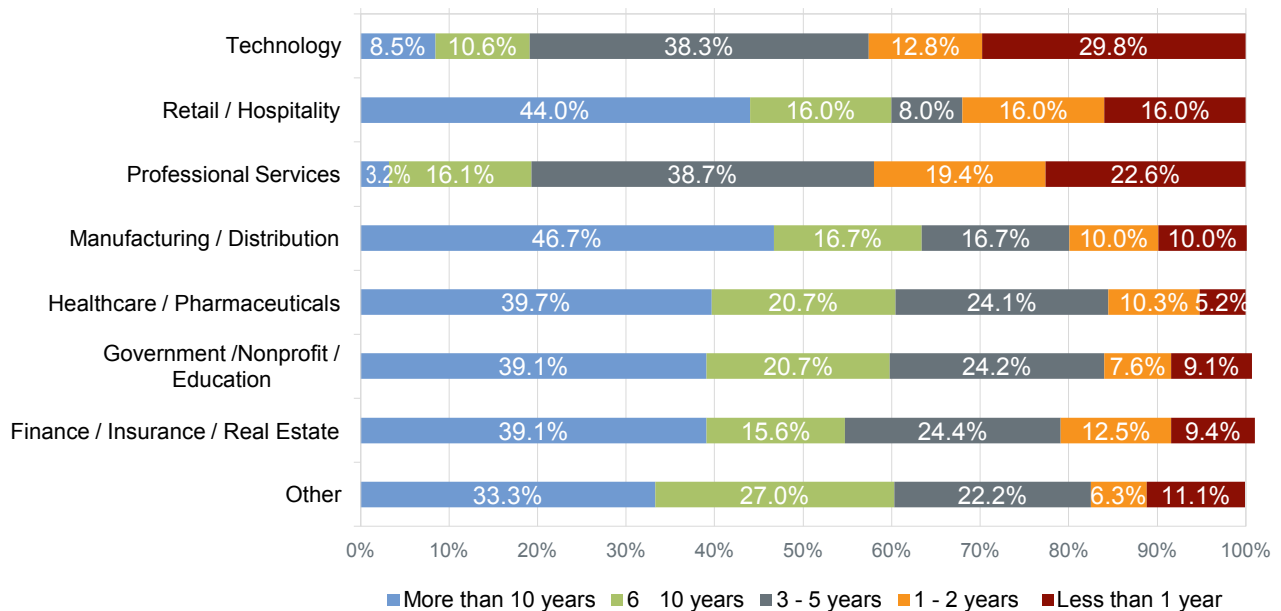
Source: *Bersin & Associates, 2012.*

Figure 55: Recognition Program Origin – By Number of Years in Use / by Industry, HR Perspective

Industry	Both externally purchased and internally developed	Externally purchased	Internally developed
Technology	18.8%	12.5%	68.8%
Retail / Hospitality	19.2%	15.4%	65.4%
Professional Services	13.8%	13.8%	72.4%
Manufacturing / Distribution	15.6%	12.5%	68.8%
Healthcare / Pharmaceuticals	25.0%	7.1%	64.3%
Government / Nonprofit / Education	7.6%	1.5%	86.4%
Finance / Insurance / Real Estate	25.4%	9.5%	63.5%
Other	19.4%	10.4%	68.7%

- Both externally purchased and internally developed
- Externally purchased
- Internally developed

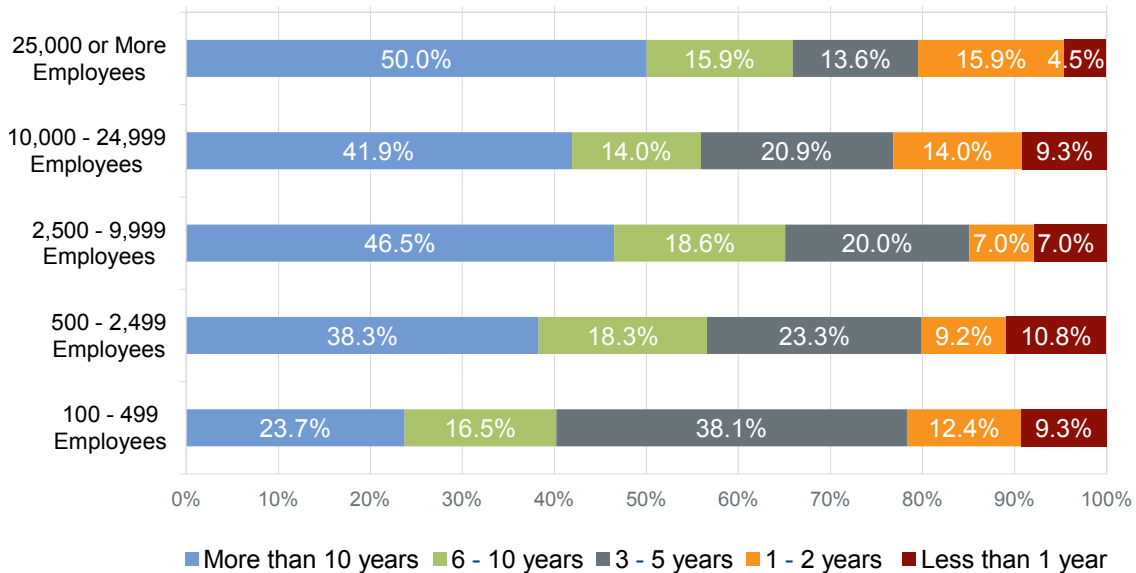Source: *Bersin & Associates, 2012.*

Figure 56: Recognition Software Delivery Structure – By Company Size, HR Perspective

Company Size	Both software-based and non-software-based	Non-software-based	Software-based
10,000 or More Employees	46%	35%	18%
1,000 - 9,999 Employees	36%	44%	15%
100 - 999 Employees	21%	59%	14%

- Both software-based and non-software-based
- Non-software-based
- Software-based

Source: *Bersin & Associates, 2012.*

Figure 57: Recognition Software Delivery Structure – By Industry, HR Perspective

Industry	Software-based	Non-software-based	Both software-based and non-software-based
Retail / Hospitality	11.5%	46.2%	34.6%
Professional Services	34.4%	28.1%	31.2%
Manufacturing / Distribution	6.5%	64.5%	22.6%
Healthcare / Pharmaceuticals	10.3%	44.8%	39.7%
Government / Nonprofit / Education	4%	66.7%	27.5%
Finance / Insurance / Real Estate	16.9%	40.0%	38.5%
Other	21.7%	44.9%	26.1%

Source: *Bersin & Associates, 2012.*

Figure 58: Key Program Design Attributes – Major Differences by Industry, HR Perspective

Technology
- Providing employee referrals: 46%
- Reaching goals on special projects: 60%
- Achieving sales goals: 56%
- Achieving company goals: 72%
- Demonstrating company values: 62%
- Displaying certain identified competencies: 54%
- Displaying certain identified behaviors: 62%
- Other: 6%

Retail / Hospitality
- Providing employee referrals: 19%
- Reaching goals on special projects: 35%
- Achieving sales goals: 46%
- Achieving company goals: 54%
- Demonstrating company values: 73%
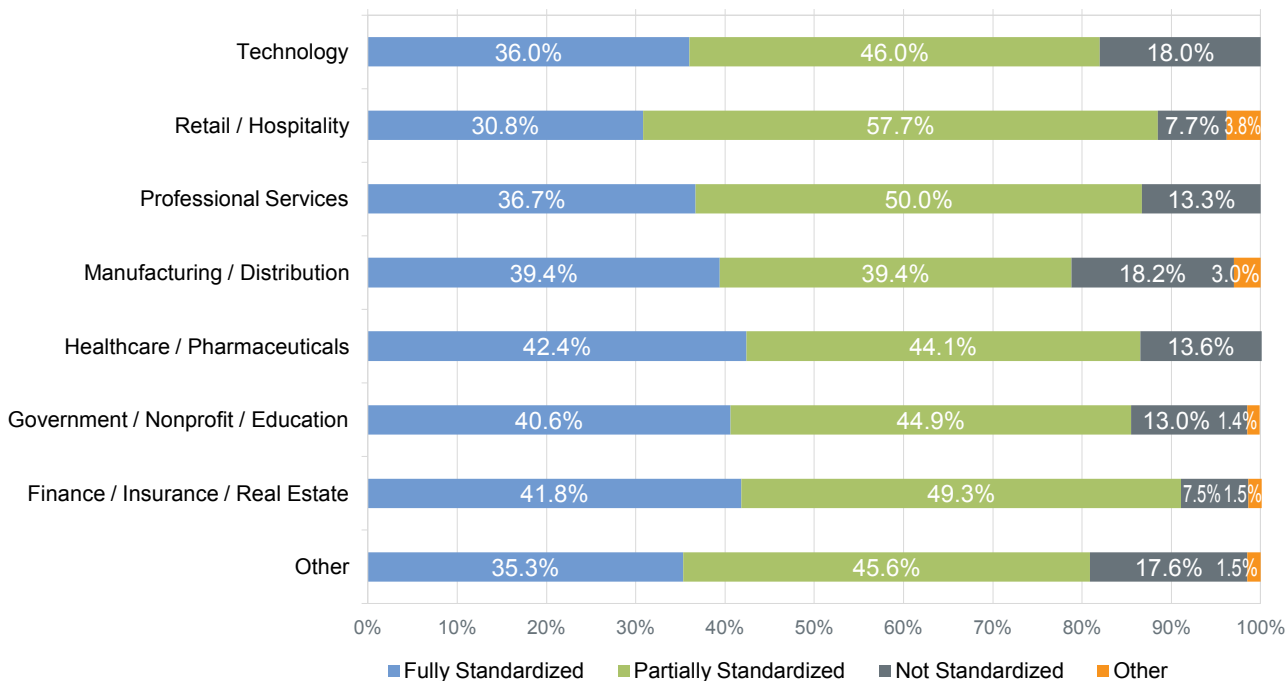- Displaying certain identified competencies: 42%
- Displaying certain identified behaviors: 81%
- Other: 12%

Professional Services
- Providing employee referrals: 48%
- Reaching goals on special projects: 65%
- Achieving sales goals: 52%
- Achieving company goals: 65%
- Demonstrating company values: 77%
- Displaying certain identified competencies: 29%
- Displaying certain identified behaviors: 65%
- Other: 13%

Manufacturing / Distribution
- Providing employee referrals: 25%
- Reaching goals on special projects: 59%
- Achieving sales goals: 44%
- Achieving company goals: 75%
- Demonstrating company values: 59%
- Displaying certain identified competencies: 38%
- Displaying certain identified behaviors: 69%
- Other: 16%

Healthcare / Pharmaceuticals
- Providing employee referrals: 32%
- Reaching goals on special projects: 42%
- Achieving sales goals: 14%
- Achieving company goals: 61%
- Demonstrating company values: 81%
- Displaying certain identified competencies: 42%
- Displaying certain identified behaviors: 80%
- Other: 9%

Government / Nonprofit / Education
- Providing employee referrals: 13%
- Reaching goals on special projects: 52%
- Achieving sales goals: 10%
- Achieving company goals: 52%
- Demonstrating company values: 71%
- Displaying certain identified competencies: 47%
- Displaying certain identified behaviors: 72%
- Other: 13%

Finance / Insurance / Real Estate
- Providing employee referrals: 36%
- Reaching goals on special projects: 46%
- Achieving sales goals: 46%
- Achieving company goals: 57%
- Demonstrating company values: 72%
- Displaying certain identified competencies: 43%
- Displaying certain identified behaviors: 66%
- Other: 12%

Other
- Providing employee referrals: 27%
- Reaching goals on special projects: 46%
- Achieving sales goals: 24%
- Achieving company goals: 61%
- Demonstrating company values: 73%
- Displaying certain identified competencies: 33%
- Displaying certain identified behaviors: 66%
- Other: 6%

Legend:
- Providing employee referrals
- Reaching goals on special projects
- Achieving sales goals
- Achieving company goals
- Demonstrating company values
- Displaying certain identified competencies
- Displaying certain identified behaviors
- Other

Source: *Bersin & Associates, 2012.*

Figure 59: Program Standardization Level – By Company Size, HR Perspective

10,000 or More Employees
- 17%
- 53%
- 28%

1,000 - 9,999 Employees
- 14%
- 51%
- 34%

100 - 999 Employees
- 11%
- 39%
- 49%

- Not Standardized
- Partially Standardized and Partially Customized
- Fully Standardized

Source: *Bersin & Associates, 2012.*

Figure 60: Program Standardization Level – By Industry, HR Perspective

Industry	Fully Standardized	Partially Standardized	Not Standardized	Other
Technology	36.0%	46.0%	18.0%	
Retail / Hospitality	30.8%	57.7%	7.7%	3.8%
Professional Services	36.7%	50.0%	13.3%	
Manufacturing / Distribution	39.4%	39.4%	18.2%	3.0%
Healthcare / Pharmaceuticals	42.4%	44.1%	13.6%	
Government / Nonprofit / Education	40.6%	44.9%	13.0%	1.4%
Finance / Insurance / Real Estate	41.8%	49.3%	7.5%	1.5%
Other	35.3%	45.6%	17.6%	1.5%

- Fully Standardized
- Partially Standardized
- Not Standardized
- Other

Source: *Bersin & Associates, 2012.*

Frequency of Different Recognition Types

When we asked respondents how often certain recognition venues and reward types are used in their organizations, we got a mix of responses, as shown in Figure 61. However, we did observe a few themes.

First, the item most often to occur weekly and monthly is "thanks-you notes." This is nice to see, considering a simple thank you can go a long way. Second, annual items are most likely to be events. This is expected because many organizations hold annual recognition awards ceremonies for enterprise competitions, such as the "top innovators" for different departments or regions. Third, the item that most frequently occurs quarterly is nominations for awards – because many organizations solicit nominees for quarterly awards programs. Besides points, the second most common item to occur "never" is giving public recognition with monetary value attached; however, just slightly less than 50 percent of organizations do this at one time or another.

Figure 61: Recognition Venues and Reward Types – By Frequency, HR Perspective

	Never	Annually	Quarterly	Monthly	Weekly or More Often
Say thank you (e.g., write thank-you notes, say thanks face to face)	21%	9%	8%	19%	43%
Give public, non-monetary recognition	42%	21%	20%	9%	8%
Give gift cards	43%	21%	22%	11%	4%
Give paid days off	55%	17%	14%	11%	3%
Give points	70%	8%	9%	11%	3%
Nominate each other for awards (where a separate committee or individual selects the winner)	44%	16%	24%	13%	3%
Give other gifts	47%	25%	15%	10%	3%
Give public recognition, with monetary value attached	56%	22%	13%	7%	2%
Events	21%	51%	17%	10%	1%
Give companywide awards	46%	32%	12%	10%	1%

Source: *Bersin & Associates, 2012.*

Level of Culture Supportiveness – By Company Size

One factor we found that influences the supportiveness of culture is company size, as shown in Figure 62. On average, larger organizations have cultures that are "most supportive"; furthermore, 61 percent are "supportive" and "extremely supportive," as compared with 46.5 percent for midsize organizations and 50 percent for small organizations. This is because larger organizations have more time and resources to identify, brand and communicate the important elements pertaining to culture. This preparation trickles down to employees and makes them feel supported. Some small- and medium-size organizations experience rapid growth – bringing in a lot of first-time faces, departments and regions of operation to the organization. When this kind of growth happens, it can be more difficult to get (and keep) everyone on the same "supportive" page.

Figure 62: Level of Supportiveness with Respect to a Culture of Recognition – By Company Size, HR Perspective
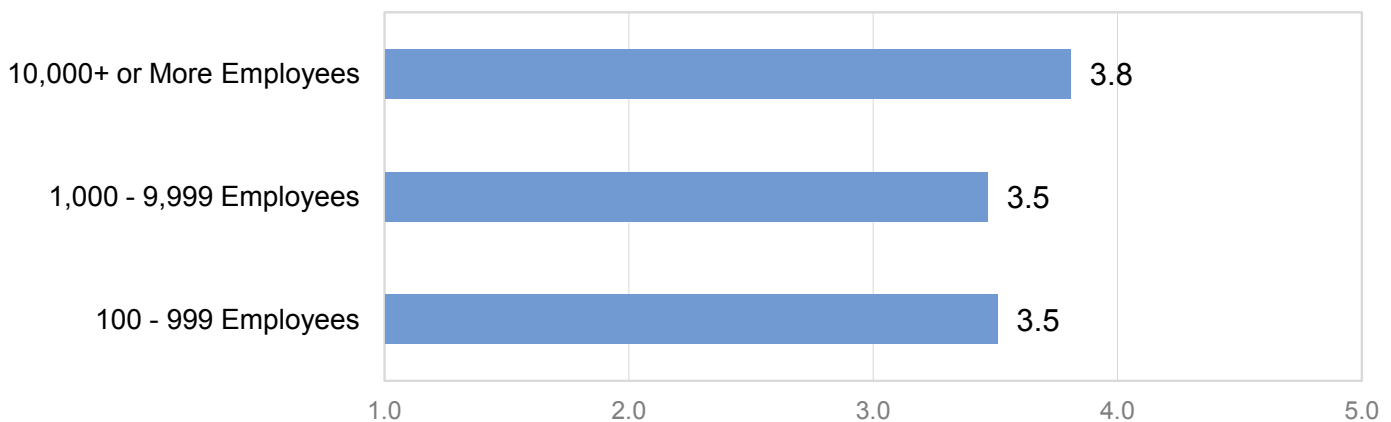
Company Size	Rating
10,000+ or More Employees	3.8
1,000 - 9,999 Employees	3.5
100 - 999 Employees	3.5

Source: *Bersin & Associates, 2012.*

Figure 63: HR and Employees' Ratings of Recognition Program Elements by Importance and Effectiveness

HR			
Question Wording	**Importance**	**Effectiveness**	**Label**
Recognition is given frequently	4.25	3.36	A
Employees can recognize each other (peer to peer)	4.08	3.49	B
Employees can see who else is being recognized	4.13	3.56	C
Employees receive rewards with a financial value	3.93	3.50	D
Employees can choose their own rewards	3.68	3.03	E
Recognition is specific	4.37	3.79	F
Recognition is perceived as prestigious	4.15	3.56	G
Expressing different levels of appreciation (e.g., for completing a small project versus a large one)	3.93	3.41	H
Sharing that one has been recognized with others outside the organization	3.46	2.86	I
Having access to high-quality rewards	3.96	3.21	J
Being easy to use	4.38	3.68	K
Leveraging social technology in recognizing others	3.31	2.54	L
Having access to the recognition program via mobile devices	2.92	2.26	M
Having access to the recognition program via the Internet	3.59	3.05	N

Source: *Bersin & Associates, 2012.*

Figure 63: HR and Employees' Ratings of Recognition Program Elements by Importance and Effectiveness (cont'd)

HR			
Question Wording	**Importance**	**Effectiveness**	**Label**
Being easy to manage	4.66	3.71	O
Being easy to implement	4.62	3.75	P
Tracking who is recognizing each other	4.26	3.37	Q
Capturing recognition stories	4.31	3.18	R
Improving employee engagement	4.76	3.36	S
Improving organizational performance	4.70	3.24	T
Keeping costs low	4.42	3.85	U
Being adjustable to fit varying needs of different parts of the business (e.g., departments, regions)	4.32	3.34	V
Employees			
Question Wording	Importance	Effectiveness	Label
Recognition is given frequently	3.73	3.51	b
Employees can recognize each other (peer to peer)	3.76	3.57	c
Employees can see who else is being recognized	3.76	3.56	d
Employees receive rewards with a financial value	3.83	3.45	e
Recognition is specific	4.15	3.65	f
Recognition is perceived as prestigious	3.87	3.57	g

Source: *Bersin & Associates, 2012.*

Figure 63: HR and Employees' Ratings of Recognition Program Elements by Importance and Effectiveness (cont'd)

Employees			
Question Wording	Importance	Effectiveness	Label
Expressing different levels of appreciation (e.g., for completing a small project versus a large one)	3.65	3.56	h
The ability to share that you have been recognized with people outside the organization	3.60	3.24	i
Having access to high-quality rewards	3.79	3.56	j
Being able to recognize people easily	3.89	3.62	k
Being able to recognize others using social technology	3.07	3.08	l
Having access to the recognition program via mobile devices	2.97	2.96	m
Having access to the recognition program via the Internet	3.62	3.58	n

Source: *Bersin & Associates, 2012.*

Appendix III

Motivations – An Introduction

Appendix III: Motivations – An Introduction

The content in this appendix provides a high-level overview about employee motivations, and what decision points an organization needs to consider when creating a holistic recognition strategy and programs to support that strategy.[27]

How Recognition Can Tap into Employee Motivations

Organizations turn to recognition today because it can have a positive impact on employee performance and engagement. For example, recent Bersin & Associates research on High-Impact Performance Management[28] found that, in organizations in which recognition occurs, the entity's average score for employee results (comprised of employee engagement, performance and productivity) was approximately 14 percent higher than in organizations in which recognition does not occur. Other research shows that a 15 percent improvement in employee engagement can result in a two percent uptick in operating margins.[29]

As organizations prepare to hire, grow and manage their workforces of tomorrow, it is critical that HR leaders and their teams take the actions necessary to ensure their talent programs remain competitive. The subsequent sections of this report are intended to help organizations understand how recognition can support these efforts and also contribute to the bottom line. We begin by discussing the different types of employee motivations and why they matter in the context of recognition. Then, we focus on the fundamental elements of recognition to help your organization uncover pockets of productivity today and over time.

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[27]   For more information, *The Bersin & Associates Employee Recognition Framework: A Guide to Designing Strategic Recognition Programs*, Bersin & Associates / Stacia Sherman Garr, April 2012.

[28]   For more information, *High-Impact Performance Management: Maximizing Performance Coaching*, Bersin & Associates / Stacia Sherman Garr, November 2011.

[29]   http://www.forbes.com/2009/11/19/incentives-recognition-engagement-leadership-ceonetwork-employees_print.html

Intrinsic versus Extrinsic Motivation

There are two main types of motivation – intrinsic and extrinsic. "Intrinsic motivation" occurs when people are internally motivated to do something because it either brings them pleasure, they think it is important or they feel that what they are learning is significant.[30] Essentially, the motivation comes from inside an individual, rather than from any external or outside influence (e.g., rewards). For example, students who are intrinsically motivated are more likely to engage in tasks willingly, as well as work to improve their skills, which will increase their capabilities.[31] On the other hand, "extrinsic motivation" comes from outside the individual. This motivation needs to be tapped differently. For example, a student may feel compelled to act a certain way because of external factors, such as money or good grades.

Figure 64: Types of Motivation
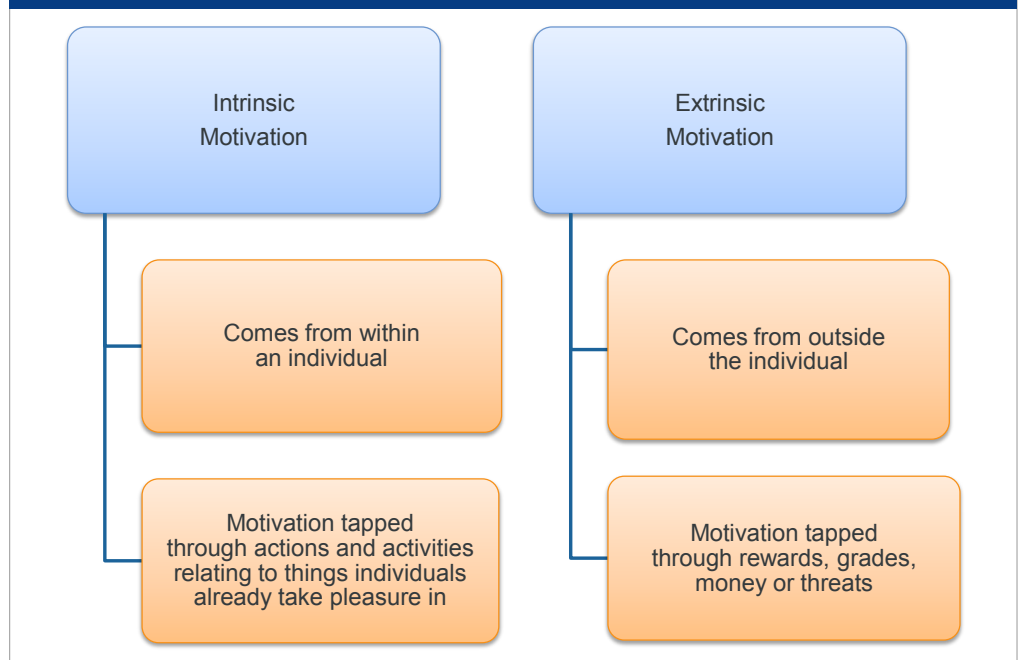
Source: *Bersin & Associates, 2012.*

[30] Source: "A New Self-Report Scale of Intrinsic versus Extrinsic Orientation in the Classroom: Motivational and Informational Components," *Developmental Psychology* / Susan Harter, May, 1981, http://psycnet.apa.org/index.cfm?fa=buy.optionToBuy&id=1981-24428-001.

[31] Source: "Children's motivation for reading: Domain specificity and instructional influences," *The Journal of Educational Research* / A. Wigfield, J.T. Guthrie, S. Tonks and K.C. Perencevich, 2004.

In the context of the workplace, people who are intrinsically motivated in their work will put forth strong effort in a project simply because it is enjoyable and not because there is a reward. However, having intrinsic motivation does not mean employees will not also seek extrinsic rewards available to them.

However, some social psychological research indicates that extrinsic rewards can lead to over-justification and a subsequent reduction in intrinsic motivation.[32] In one study demonstrating this effect, children who expected to be (and were) rewarded with a ribbon and a gold star for drawing pictures spent less time playing with the drawing materials in subsequent observations than children who were assigned to an unexpected reward condition.[33] Furthermore, when rewards are taken away from employees who are extrinsically motivated, their motivation and effort have the potential to decline.[34]

It is important to note that these findings do not necessarily mean that organizations should not leverage the extrinsic motivation of employees; there are definitely times when it can be used to effectively improve performance. Yet, it does mean that organizations should understand both intrinsic and extrinsic motivation, and deploy strategies to drive extrinsic motivation in appropriate situations. For example, it may be appropriate to leverage extrinsic motivation when encouraging employees to change their behaviors (which, perhaps, they did not want to change) or to put forth that extra burst of discretionary effort which they would not have otherwise done.

Another element of motivation to note is the relative importance of money – and the research findings that money and its equivalents (e.g., gift cards) are not necessarily the ultimate in employee recognition. One study found that 69 percent of employees prefer praise and recognition from their

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[32]   Source: http://en.wikipedia.org/wiki/Motivation#Intrinsic_and_extrinsic_motivation.

[33]   Source: "Undermining Children's Intrinsic Interest with Extrinsic Reward; A Test of 'Overjustification' Hypothesis," *Journal of Personality and Social Psychology* / Mark R. Lepper, David Greene and Richard Nisbet, 1973, and Wikipedia, http://en.wikipedia.org/wiki/Motivation#Intrinsic_and_extrinsic_motivation.

[34]   Source: "What Motivates Your Employees? Intrinsic vs. Extrinsic Rewards," Performance Management / Rosanne D'Ausilio, Ph.D., September 10, 2008, http://www.tmcnet.com/channels/performance-management/articles/39417-whatmotivatesemployees-intrinsic-vs-extrinsic-rewards.htm.

managers more than financial rewards, and 82 percent of employees say such recognition inspires them to improve their performance.[35]

This information suggests that organizations which primarily recognize employees through financial means are not getting the most possible for their money. Further, a number of other studies[36] show that financial incentives can actually hinder creativity and performance. These findings point to the need for organizations to reexamine their incentive structures and to consider how they can better tap into employee motivations. Some organizations may find that, by effectively leveraging a recognition strategy, they could reduce the amount spent on bonuses, while at the same time improving outcomes.

Understanding Employees' Needs and Motivations

To help explain the drivers of intrinsic and extrinsic motivation in the context of the workplace, this next section discusses well-known psychologist Abraham Maslow's hierarchy of needs.[37] As shown in Figure 3, the hierarchy suggests that people are "motivated" to fulfill basic needs before they realize other, higher-level needs. The highest need is called self-actualization, which is a process of developing to reach one's individual potential.

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[35]   Source: Gallup Research, http://www.ehow.com/way_5984783_intrinsicextrinsicemployee-motivation-techniques.html.

[36]   Source: "The Influence of Strength of Drive on Functional Fixedness and Perceptual Recognition," *Journal of Experimental Psychology* / Sam Glucksberg, 1962.

[37]   Source: http://en.wikipedia.org/wiki/Maslow's_hierarchy_of_needs.

Figure 65: Psychologist Abraham Maslow's Hierarchy of Needs[39]

Source: *Abraham Maslow's Hierarchy of Needs, 1943.*

Thinking about this in the context of the workplace, Maslow's Framework could imply that managers can help address those lower-level needs, so that employees can focus better on their work.[38] So what do employees need from their managers and their organizations?

Let us start at the bottom of the hierarchy in Figure 3 with physiological needs. These needs include the air employees breathe, as well as food and the roof over their heads. Organizations have little impact on these needs.

Organizations do, however, have an impact on employees' second need, "safety," which can be defined as the security of things such as

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38   Source: "Motivation-related values across cultures," *African Journal of Business Management* / Osarumwense Iguisi, April, 2009, available at http://www.academicjournals.org/AJBM.

39   Source: "A Theory of Human Motivation," *Psychological Review* / A.H. Maslow, 1943; for graphic update http://en.wikipedia.org/wiki/Maslow%27s_hierarchy_of_needs.

body, employment, resources and property.25 Compensation and other benefits help employees secure their "safety."

Moving up the hierarchy, some employees will want to fulfill their need for "love and belonging" by connecting more effectively with the broader organization. Recognition from managers, colleagues and peers can help to satisfy this need. However, it is important to note that other employees may have different ways they need to fulfill the need of "love and belonging," such as the desire for work-life balance, which allows them to spend more time with family and friends.

As we continue to move up the hierarchy, employees' needs become more complex. Recognition programs can be used once again to build esteem, confidence and acknowledge achievement. These programs could include praise and appreciation, rewards (on top of incentive plans), or even promotions. If these needs are fulfilled, employees can move to the top of the pyramid, self-actualization. At this level, employees can truly reach their full potential – it is, perhaps, a state of workplace nirvana. Employees at this level are highly motivated in their roles and successful – and are also most likely to engage in development and best prepared to move to even higher levels within the organization.

The above example is not an exact science but, instead, shows how recognition can tap into a variety of employee needs. It is also intended to highlight how needs and the motivation to contribute to the workplace can come together.

Appendix IV

The Bersin & Associates Employee Recognition Framework

Appendix IV: The Bersin & Associates Employee Recognition Framework

The Bersin & Associates Employee Recognition Framework®[40] is intended to help your organization understand how all of the elements of recognition fit together and the key decision points necessary for creating a strategic recognition program. Although recognition programs are not really "new" to the business, the way in which these programs are incorporated into the business is changing. Recognition beyond regular compensation, incentive pay and rewards programs is an evolving discipline. Moreover, although most organizations have some program elements in place (e.g., tenure programs), the majority of those organizations are not setting measurable objectives for their programs or building out a holistic strategy that is designed to accelerate business goals.

When the right strategy and programs are in place, recognition has the potential to become an increasingly core and strategic element to the HR function and the business. In this next section, we provide a summary of this Framework (see Figure 66 and context following it). Our goal is to help you understand at a high level how to develop a program that effectively integrates recognition into your organization's business and talent management strategy – and ultimately contributes to improved business outcomes. This Recognition Framework is designed to help your organization consider all of the elements that are necessary to build a recognition program from scratch or redesign how your programs currently operate. For more details on how to do this, and to determine which recognition elements to design, adjust, eliminate or implement to support your organization in delivering high performance, please see The Bersin & Associates Employee Recognition Framework report.[41]

> 🔑 **KEY POINT**
>
> This Employee Recognition Framework is designed to help your organization consider all of the elements necessary to build a recognition program from scratch or redesign how your programs currently operate.

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[40]   For more information, *The Bersin & Associates Employee Recognition Framework: A Guide to Designing Strategic Recognition Programs*, Bersin & Associates / Stacia Sherman Garr, April 2012.

[41]   For more information, *The Bersin & Associates Employee Recognition Framework: A Guide to Designing Strategic Recognition Programs*, Bersin & Associates / Stacia Sherman Garr, April 2012.

Figure 66: Bersin & Associates Recognition Framework®

Recognition Strategy
Purpose of Recognition | Business Goals | Alignment with Culture | Talent Management Integration | Vision | Transparency | Accountability | Globalization

Governance and Management
Executive Sponsorship | Administration | Compliance | Equity | Ongoing Optimization

Audience
Executives | Managers | Professionals | Hourly | Organized Labor | Contingent | Critical Talent Segments

Design

Budget
Amount, Allocation, Control

Criteria
Performance, Behaviors, Tenure

Recognizers
Leaders, Managers, Teams, Individuals, Clients, External

Direction
Top-Down, Peer to Peer, Bottom-up

Approval
Rigorous, Informal, None

Visibility
Public, Group, Private

Frequency
Annually, Quarterly, Monthly, Weekly, Daily

Delivery
Face to Face, Letter / Email, Event, Online Platforms

Customization
Employee Type, Business Unit / Functions, Geography

Measurement
Approach, Methodology, Reporting

Rewards
Non-Monetary | Token | Monetary | Company- or Employee-Selected

Employee Support | Vendor Strategy | Talent Management Integration

Launch
Branding Plan | Employee Training | Marketing | Communications

Metrics and Evaluation
Business Outcomes | Performance | Behaviors | Employee Satisfaction | Engagement | Retention | Activity andw Participation Level

Source: *Abraham Maslow's Hierarchy of Needs, 1943.*

To use recognition most effectively, we suggest beginning with the top of the Framework, the "Recognition Strategy" bar. This section is intended to help the HR team and senior business leaders engage in a dialogue about the best way to incorporate recognition. The following are some of the key questions that you will need to answer.

- What is the purpose of recognition at our organization?

- How can we use recognition to accelerate our business goals and build the culture we want in the future?

- How should recognition align with, reinforce and contribute to our organization's talent management strategy?

- What measures do we need to take to ensure that our program is equitable and transparent for employees across different functions, regions and geographies?

- Who should be accountable for reaching our goals?

- How will we measure what we set out to achieve?

We then suggest that you clarify how each audience member is affected by recognition today. Programs may vary based on each talent segment, but they should be transparent and equitable. From here, we suggest that you have conversations with the people who need to implement the program or are currently managing your existing program – you should have a dialogue with them for all of the elements within the "Program Design" section of the Recognition Framework. Below are some of the key questions you will need to answer.

- Are we spending our budget in a way that rewards and recognizes employees based on qualified criteria?

- Do we need to reconsider who should deliver recognition?

- Are the approval processes that we have in place working to enable the best program possible?

- Have we segmented our program to meet the preferences and needs of employees across multiple regions and geographies?

- How often should we recognize employees?

- How can we measure our program in a more quantitative fashion?

From here, you will want to think about rewards. Consider the following questions.

- How much does your organization praise or express appreciation?

- How important is it to include rewards in addition to recognition?

Overall, in this section, you need to identify the "ideal mix" of rewards for your organization based on its business goals, the behaviors you want to recognize and employees' needs.

After that, consider how your employees will be supported, your vendor strategy and what portions of the program will be integrated with your existing talent management programs. Questions to ask that are relevant to this section include the following.

- Do we have the right platforms and tools to engage managers and employees in our program?

- What vendors will help us add value? Is our existing vendor strategy working?

- What portions of the program need to be integrated with our existing talent management programs?

Next, dive into the last three sections of the Framework – "Program Launch," "Management" and "Measurement" activities. Launch includes the elements that bring forth the formal commencement of the newly created or revised recognition program. The Program Management & Governance and the Measurement & Evaluation sections, which represent the two pillars on each side of the Framework, are important to help your organization in effectively managing and supporting recognition on an ongoing basis. When working through this section, consider the following questions.

- Does your branding plan and supporting marketing materials reflect the messaging necessary to communicate the performance and behaviors that your organization perceives as valuable?

- Have employees received enough training and support on the items that matter most?

- Do you need to get more leaders engaged, so that you can improve the results of your program?

- Does your compliance and governance structure support what your are trying to accomplish for the business?

- How can you better optimize your recognition programs to show measurable results for the talent management function and the other parts of the business?

In summary, the Recognition Framework is intended to help your organization better engage employees and drive business performance over the short and long terms. The Framework has been constructed so that your team can create a holistic strategy which is supported by the right programs and measurement tools.

Appendix V: Table of Figures

About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks®* research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

Bersin & Associates research members gain access to a comprehensive library of best practices, case studies, benchmarks and in-depth market analyses designed to help executives and practitioners make fast, effective decisions. Member benefits include in-depth advisory services, access to proprietary webcasts and industry user groups, strategic workshops, and strategic consulting to improve operational effectiveness and business alignment. More than 3,500 organizations in a wide range of industries benefit from Bersin & Associates research and services.

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About This Research