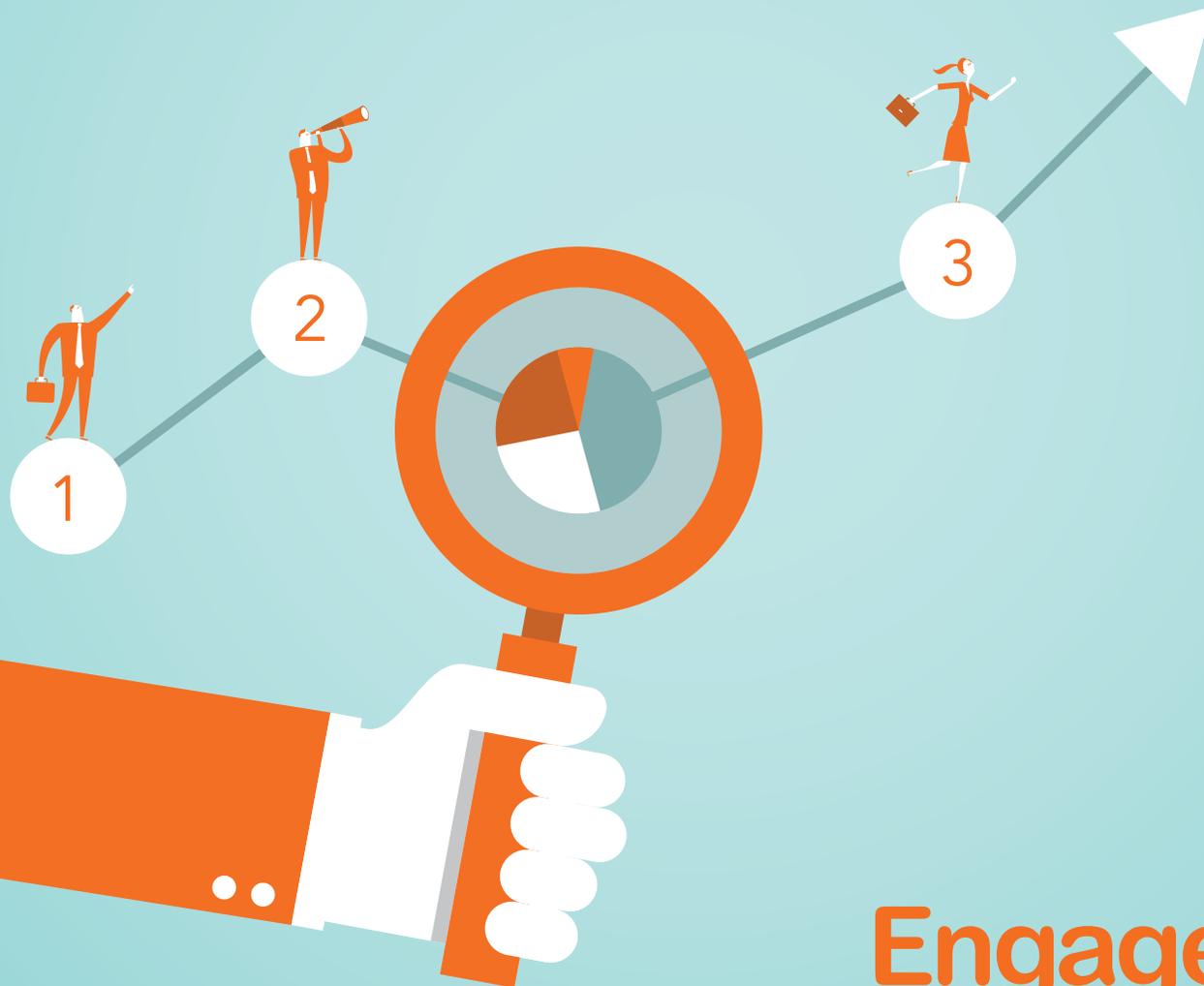


3 Reasons Why Performance-Based Employee Recognition is Essential



Engage²Excel™

Introduction

As companies everywhere struggle to become more agile and customer-focused, HR departments face significant challenges in developing scalable programs to improve employee engagement and create high-performance cultures.

Engage2Excel is a leading provider of employee engagement surveys, recognition programs and talent acquisition solutions. We define Performance-Based Employee Recognition as the process of identifying, recognizing and rewarding behaviors that are aligned with the achievement of measurable business outcomes.

This eBook examines the role that Performance-Based Employee Recognition programs can play in helping companies increase engagement to drive improvement in bottom-line results.



1 Top-Down Performance Reviews Don't Work



Why have Adobe, Accenture, GE, Google, Microsoft and dozens of other companies abandoned their annual performance reviews? According to Laszlo Bock, SVP of People Operations at Google, "Performance management as practiced by most organizations has become a rule-based, bureaucratic process, existing as an end in itself rather than actually shaping performance. Employees hate it. Managers hate it. Even HR departments hate it."

Unintended Consequences: Research conducted by Kansas State University, Eastern Kentucky University and Texas A&M revealed that rather than motivating employees to improve, annual performance reviews had a negative influence on employee perceptions and engagement levels.

Changing View of Managers: One challenge is that today's employees see their managers differently than their predecessors, viewing managers less as experts in certain subject areas and more as coaches or mentors. Instead of looking to annual performance scores as a measure of their success, employees want frequent feedback, open communication and collaboration with peers.

Performance-based recognition solutions that recognize and reward for behaviors and achievement of goals are replacing the traditional performance management approach.

2 The Nature of Work Has Changed

Traditional performance management systems have failed because they haven't kept pace with fundamental changes in the nature of work.

Technology: For many job roles, continuous connectivity has blurred the lines between work and personal life. In the "always on" workplace, knowledge workers need to be motivated and incentivized to devote discretionary levels of effort above and beyond the minimum required.

Outsourcing: Companies are outsourcing more noncore competencies today. Statista.com reports that spending on outsourced services has doubled since 2000.

Changing Attitudes: Millennials, who make up the largest share of the U.S. workforce, have different views of job tenure and company loyalty than previous generations. According to the U.S. Bureau of Labor Statistics, the median job tenure for workers aged 25 to 34 is three years—significantly shorter than the 5.5-year median tenure for workers 25 and older.

Demographics: The coexistence of five generations in the workforce demands that organizations analyze and re-evaluate their processes, work environment, recognition programs and even the products and services they sell to ensure employees remain engaged.

Contingent Workforce: Approximately 30 percent of company workforces are now made up of non-full-time employees, which are expected to grow to 50 percent by 2020 according to a recent survey conducted by research firm Ardent Partners.

While the nature of work will continue to evolve as companies respond to changing customer needs and shareholder expectations, one constant remains. Employees of all generations need continuous feedback and recognition from managers and peers to succeed.



3

Performance-Based Recognition Drives Measurable Business Results



This year, U.S. companies will spend more than \$46B on employee recognition programs. However, 87 percent of these programs focus on tenure. Although recognizing length of service is important, companies are discovering that employee recognition can play a far more strategic role in creating a high-performance culture.

Strategically Focused: Performance-Based Employee Recognition programs are a powerful tool for identifying, recognizing and rewarding behaviors tied to strategic business objectives such as driving innovation, improving customer care, enhancing workplace safety or increasing workgroup efficiency.

Targeted and Scalable: Unlike one-size-fits-all programs that recognize values, performance-based recognition programs can be targeted and scaled to reinforce behaviors within any division, department or workgroup.

Analytics-Driven, ROI-Based: By leveraging the power of advanced analytics, performance-based recognition programs enable HR and business leaders to measure, manage and improve performance with an ROI you can take to the CFO.

Measure, Manage and Improve Employee Engagement and Performance

What's missing from your employee engagement strategy and recognition programs? How about an ROI you can take to your CFO. Engage2Excel helps you measure, manage and improve performance with the industry's only ROI-based employee recognition solution while our Talent Acquisition division helps you infuse highly engaged employees into your corporate culture.

Learn more about industry-leading employee engagement solutions from Engage2Excel. Call 800.688.3024 or visit Engage2Excel.com.

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