WHAT DO EMPLOYEES SAY ABOUT PERFORMANCE RECOGNITION?

TRENDICATORS

HR Research & Insights by Engage2Excel™

INTRODUCTION

Organizations adopt performance recognition programs to attract and retain employees, increase productivity, and improve quality, safety and customer satisfaction. While organizations have long recognized employees' length of service and their demonstration of organizational values, performance-based recognition programs have become increasingly popular.

Measuring the effectiveness of such programs with statistical reliability can sometimes be challenging due to the variability of business conditions. However, key indicators for performance recognition program effectiveness can be found in the perceptions and attitudes of the employees such programs are intended to influence.

To understand what employees think about performance recognition programs, we contracted with an independent, third-party research company to survey 1,500 U.S. employees representing all major industries and demographic categories.

The results send a clear message to HR departments and senior management:

Employees participating in performance recognition programs overwhelmingly believe they are effective.

This Trendicators Survey report is the outcome of research conducted by Engage2Excel's Chief Scientific Officer, Dr. Jack Wiley. The results, summarized on the following pages, provide readers an unbiased view of employees' perceptions of performance recognition programs in today's workplace.

Jack Wiley is an author, consultant, researcher and instructor. For almost three decades, he has focused on two big research questions: what employees most want and what organizational factors best promote employee engagement, performance confidence and business success.

SURVEY RESULTS AT-A-GLANCE

72% of employers have performance-based recognition programs

81% of employees believe these programs are effective

89% of employees believe performance-based recognition increases engagement

Employees with performance recognition programs are
2X MORE LIKELY
to recommend their organization as a great place to work

Survey Demographics

Number of Respondents: 1,500

Countries Represented: United States

Industries Represented: All major industries

Respondent Demographics: U.S. adult workers in all job types with proportionate representation of gender, age group and racial/ethnic origin

Margin of Error: 95% confidence level +/- 1.5%

Trendicators is the research division of Engage2Excel, a leading provider of employee recognition, engagement survey and talent acquisition solutions. Trendicators provides original research along with reports on insights and best practices from industry leaders and experts.

PROGRAM PREVALENCE

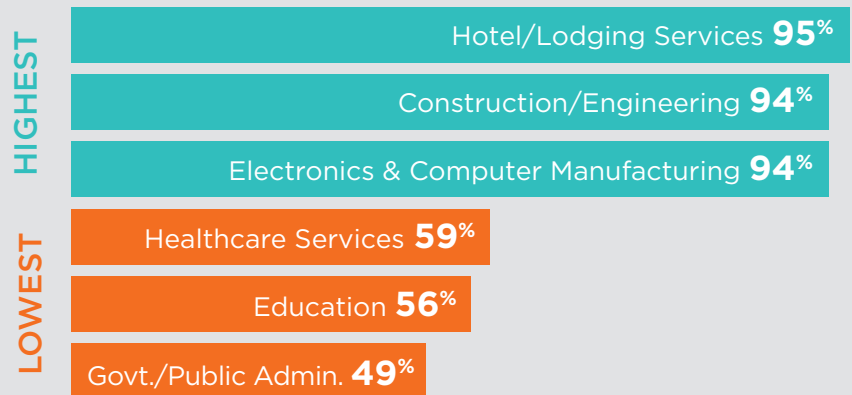## How common are performance recognition programs?

Nearly three quarters (72%) of survey respondents report that their company has a performance-based recognition program to recognize employees for things like demonstrating company values, exhibiting certain behaviors or accomplishing goals important to the organization's success. While a wide variety of performance recognition programs exist across industries, programs recognizing productivity, client satisfaction and quality control were the most prevalent.

INDUSTRY-WIDE PREVALENCE

72%

of respondents say they work for an organization that has a performance-based recognition program

PREVALENCE BY INDUSTRY

HIGHEST

Hotel/Lodging Services **95%**

Construction/Engineering **94%**

Electronics & Computer Manufacturing **94%**

LOWEST

Healthcare Services **59%**

Education **56%**

Govt./Public Admin. **49%**

MOST PREVALENT TYPES OF PERFORMANCE RECOGNITION PROGRAMS

65% Productivity

55% Client Satisfaction

51% Quality Control

46% Safety

43% Innovation

37% Collaboration

FEATURES AND REWARD OPTIONS

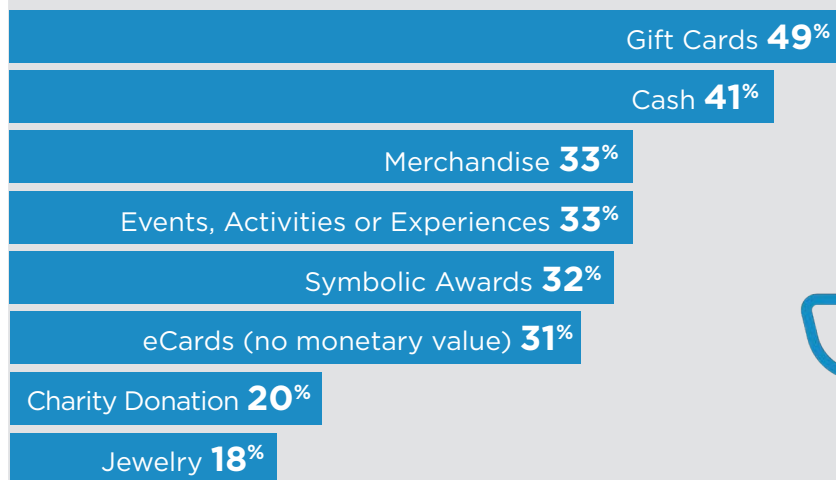## What are the most prevalent program features and reward options?

In addition to being widespread, today's performance recognition programs also include a diverse array of features and reward options. The most popular features enable employees to recognize their peers, choose from a variety of rewards, set personal goals aligned with organizational objectives and benefit from social recognition. While reward options vary widely, only 1 out of 3 employees believe that cash awards foster an emotional connection to the organization.

MOST PREVALENT PROGRAM FEATURES

- Recognize Peers **49**%
- Choice of Rewards, Awards or Gifts **38**%
- Set Personal Goals **36**%
- Social Recognition **33**%
- Wellness Activity Points **31**%
- Recognition Training **27**%
- Accumulate Points **25**%

Today's performance recognition programs include a diverse array of features. What do employees believe is important?
See page 6

MOST PREVALENT REWARD OPTIONS

- Gift Cards **49**%
- Cash **41**%
- Merchandise **33**%
- Events, Activities or Experiences **33**%
- Symbolic Awards **32**%
- eCards (no monetary value) **31**%
- Charity Donation **20**%
- Jewelry **18**%

Only 1 out of 3 employees believe that cash awards foster an emotional connection to the organization.

PERCEIVED EFFECTIVENESS

How do employees feel about performance recognition?

Employees are overwhelmingly in favor of performance recognition programs, with 81% indicating that they Agree or Strongly Agree that their organization's program is effective. Nearly 90% of respondents believe that their employer's programs positively influence engagement and retention as well as their sense of feeling valued and appreciated. And, employees with performance recognition programs are much more likely to view their organization as effective in recognizing and motivating discretionary effort.

81%

of respondents say they consider their organization's performance recognition program to be effective

"Employee engagement increases when employees are recognized for performance." 89%

"Employees are more committed to stay with an organization that recognizes their performance." 87%

"Recognizing employees for performance makes them feel more valued and appreciated." 85%

KEY DIFFERENCES IN PERCEIVED EFFECTIVENESS BETWEEN EMPLOYEES WITH AND WITHOUT PERFORMANCE RECOGNITION PROGRAMS

Survey participants were asked to indicate how much they agreed with the following statements. Results shown reflect those who either agreed or strongly agreed.

EMPLOYEES **WITH** PERFORMANCE RECOGNITION PROGRAMS

EMPLOYEES **WITHOUT** PERFORMANCE RECOGNITION PROGRAMS

"My organization recognizes productive people."
73% Favorable
25% Favorable

"My organization motivates people to work hard/put in extra effort."
70% Favorable
31% Favorable

PROGRAM INFLUENCE

## How do performance recognition programs affect employee attitudes?

The strongest evidence of the positive impact of performance recognition programs is seen in the differences between employees who work for organizations with performance recognition programs and those whose companies do not have formal programs. Employees who work for companies with performance recognition programs expressed, on average, nearly two times higher levels of favorability for the statements listed below than those without such programs. The implications are significant for any organization that seeks to improve engagement, retention and employee referrals.

Survey participants were asked to indicate how much they agreed with the following statements. Results shown reflect those who either agreed or strongly agreed.
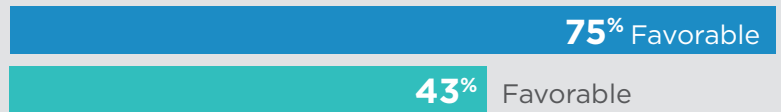
EMPLOYEES WITH PERFORMANCE RECOGNITION PROGRAMS

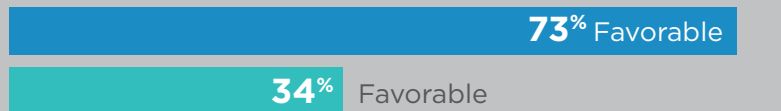**EMPLOYEES WITHOUT** PERFORMANCE RECOGNITION PROGRAMS

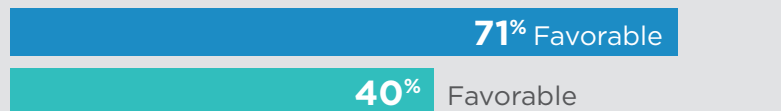"I am proud to tell people I work for my organization."
- 75% Favorable
- 44% Favorable
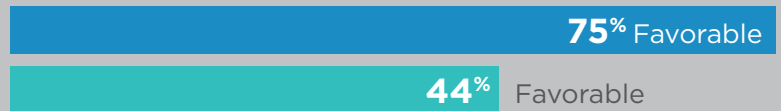
"I am satisfied with my organization as a place to work."
- 75% Favorable
- 43% Favorable

"I would recommend my organization as a great place to work."
- 73% Favorable
- 34% Favorable

"I intend to be working for my organization for a long time."
- 71% Favorable
- 40% Favorable

"I feel there is a promising future for me at my organization."
- 69% Favorable
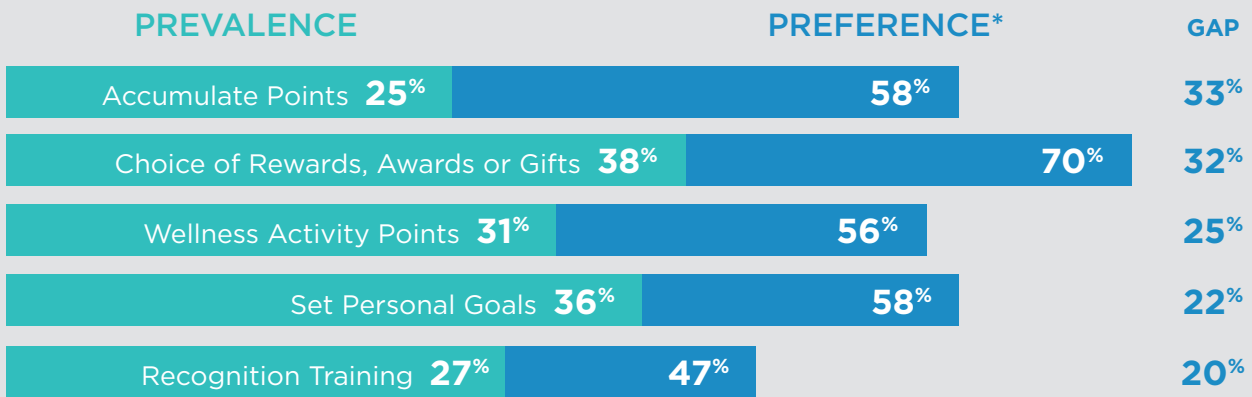- 31% Favorable
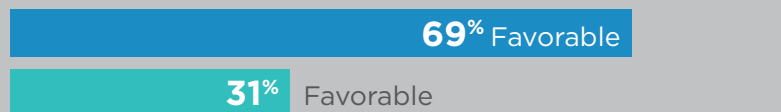
"My organization values my contribution."
- 72% Favorable
- 35% Favorable
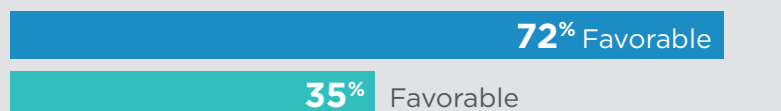
EMPLOYEE PREFERENCES

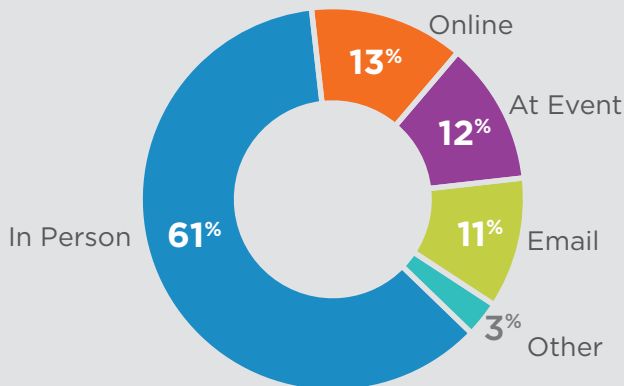## What are employee preferences for performance recognition?

Significant gaps exist between what employees want (preference) and what employers offer (prevalence) in today's performance recognition programs. The greatest disparities exist around an employee's ability to accumulate points (33%), have a choice of awards (32%), receive points for health and wellness activities (25%), set personal goals, and participate in recognition training. A clear majority (61%) believe that performance recognition should take place at an in-person event, yet 32% are either seldom or never recognized in their preferred way.
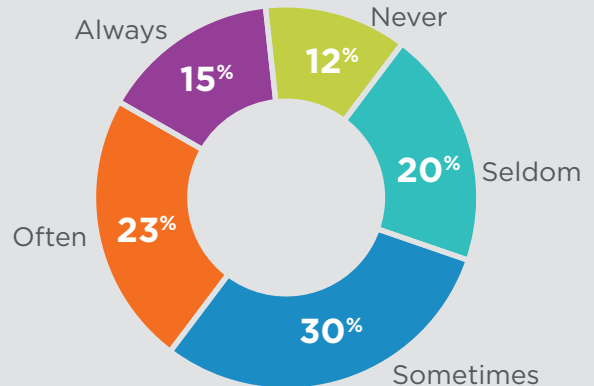
PREVALENCE	PREFERENCE*	GAP
Accumulate Points **25%**	**58%**	**33%**
Choice of Rewards, Awards or Gifts **38%**	**70%**	**32%**
Wellness Activity Points **31%**	**56%**	**25%**
Set Personal Goals **36%**	**58%**	**22%**
Recognition Training **27%**	**47%**	**20%**

*Represents respondents who indicated that this feature was either Very Important or Important to them.

PREFERRED RECOGNITION VENUES

How do you prefer to be recognized?

- Online **13%**
- At Event **12%**
- Email **11%**
- Other **3%**
- In Person **61%**

How often are you recognized in your preferred way?

- Always **15%**
- Never **12%**
- Seldom **20%**
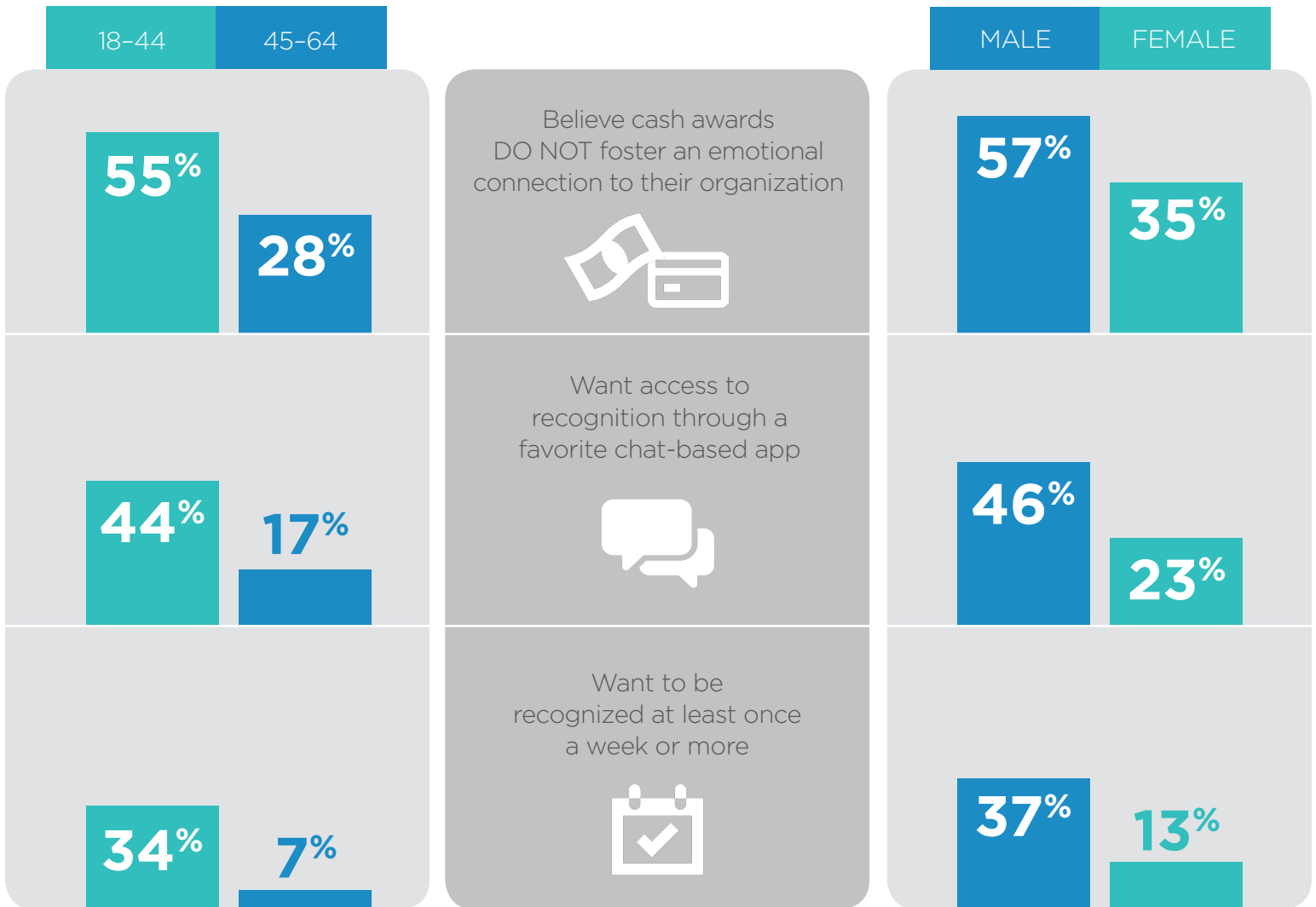- Sometimes **30%**
- Often **23%**

DEMOGRAPHIC DIFFERENCES

How do age and gender affect performance recognition perceptions?

While employee perceptions about performance recognition programs are quite consistent across demographic groups, several notable similarities and differences exist. Responses from 18–44 year-olds, across genders were remarkably similar to those from males of all ages. Men are much more likely than women to believe that cash awards do not foster emotional connections to the organization, are two times more interested than women in accessing recognition through a chat-based app and are nearly three times more interested than women in being recognized once a week or more.

AGE

| 18–44 | 45–64 |

GENDER

| MALE | FEMALE |

Believe cash awards DO NOT foster an emotional connection to their organization

- 18–44: **55%**
- 45–64: **28%**
- MALE: **57%**
- FEMALE: **35%**

Want access to recognition through a favorite chat-based app

- 18–44: **44%**
- 45–64: **17%**
- MALE: **46%**
- FEMALE: **23%**

Want to be recognized at least once a week or more

- 18–44: **34%**
- 45–64: **7%**
- MALE: **37%**
- FEMALE: **13%**

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