

TRENDICATORS BEST PRACTICES REPORT

# 2020 EMPLOYEE RECOGNITION TRENDS

What do employees  
want most?



**TRENDICATORS**

HR Research & Insights by Engage2Excel™

# INTRODUCTION

What do employees want most when it comes to recognizing their day-to-day contributions in the workplace? How do the recognition programs of employers align with these preferences? These are among the topics explored in this review of 2020 Employee Recognition Trends. While recognition and incentive program owners are optimistic, with many projecting budget increases for the coming year, long-standing disparities remain between employee preferences and workplace realities.

Although an overwhelming majority of employees say they believe recognition for performance increases their engagement at work, the existence of programs designed to recognize and reward performance-based behaviors and actions remains relatively rare. And while the vast majority of organizations offer length of service recognition programs, a large

percentage of employees have not been recognized at work in the past six months or more.

What are recognition and rewards program owners doing to enhance their initiatives? According to the Incentive Research Foundation (IRF), more program owners will rely on participation rates next year to report on and analyze program effectiveness. Drivers for change include keeping up with what competitors are doing, improving communications and participant engagement, and facilitating more personalized recognition experiences. Greater enterprise-wide focus on the importance of employee experiences is also driving new forms of experiential recognition. Our report concludes with examples of events and activities designed to promote team-based communication, collaboration, and decision-making skills.





# Recognize Employees Early and Often

It is widely understood that employee recognition plays a vital role in improving engagement, performance and retention. However, while employees believe recognition is important, there continues to be misalignment between employee preferences and workplace realities. Experts agree that raising manager awareness and recognizing employees in real-time are essential for recognition program success.

## EMPLOYEE PREFERENCES

**89%** of employees say receiving recognition for performance increases engagement

**85%** say recognition makes them feel more valued

**67%** believe that being recognized or praised during onboarding is important

SOURCE: Trendicators by Engage2Excel Best Practices Report, The Career Experience Continuum, 2019.

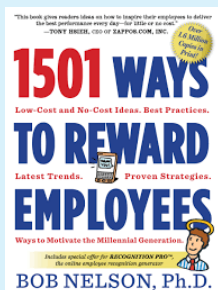


## WORKPLACE REALITIES

**45%** of U.S. workers have not been recognized at work in six months or more

**16%** of employees have never been recognized at work

SOURCE: Inc. Magazine, June 18, 2019, Deloitte's Surprising New Survey of More Than 16,000 People Reveals How Employees Really Want to Be Recognized at Work.



“Ideally, employees should be valued all year round, especially when they have performed well, but the first step is raising awareness about the importance of recognition on the part of every manager.”

—Bob Nelson, Ph.D., Author  
*1501 Ways to Reward Employees*

“Although some organizations designate a specific day or week for employee recognition, recognizing employees in real time rather than waiting for a future event is considered the better practice.”

—SHRM Toolkit, Managing Employee Recognition Programs



# Alignment and Breadth of Recognition

Length of service programs remain the most popular form of employee recognition. Although these programs are popular with employees of all age groups, a disparity exists between what employees want to be recognized for and the prevalence of performance recognition programs. One positive trend that may influence this is the fact that “Employee Experience Manager” is one of the fastest-growing job categories in HR.

## What do employees want to be recognized for?

Success	40%
Knowledge/Expertise	24%
Effort	20%
Living Core Values	16%

SOURCE: Deloitte Greenhouse Survey Report, The Practical Magic of Thank You

## The average employer uses eight recognition programs:

Length of Service	72%
Above and Beyond Performance	62%
On the Spot Recognition	55%
Retirement	46%
Customer Service	34%
Company Milestones	33%
Sales/Selling Behaviors	28%
Productivity	27%
Quality	27%
Cost Savings	26%
Major Personal Events	25%
Biometric/Wellness	25%
Safety	24%
Efficiency	24%
Employee Onboarding	19%
Employee of the Month/Year	18%
Performance Improvement	17%

SOURCE: WorldatWork Trends in Employee Recognition, 2019



# Recognition Preferences and Presentation Modalities

Every corporate culture is unique. But, one universal truth applies to all forms of employee recognition. It is critical to understand the employees' preferences regarding who recognizes them and how public that the recognition is. Industry-wide surveys reflect broad trends, but there is no substitute for gaining first-hand insight on the preferences of employees at your company.

## Who do you want to be recognized by?

<b>Leadership</b>	<b>37%</b>
<b>Direct Supervisor</b>	<b>24%</b>
<b>Colleagues</b>	<b>31%</b>



## How public do you prefer recognition to be?

<b>Public but Narrow (shared with a few)</b>	<b>49%</b>
<b>Private (shared only by me)</b>	<b>34%</b>
<b>Public and Broad (shared by many)</b>	<b>18%</b>

SOURCE: Deloitte Greenhouse Survey Report, The Practical Magic of Thank You

## How organizations deliver recognition:

<b>One-on-One with Manager</b>	<b>70%</b>
<b>Staff/Team Meeting</b>	<b>60%</b>
<b>Special Event</b>	<b>53%</b>
<b>Companywide Meeting</b>	<b>46%</b>
<b>Email Announcements/Notifications</b>	<b>40%</b>
<b>Intranet Announcement</b>	<b>34%</b>
<b>Recognition Program Software/Platform</b>	<b>27%</b>
<b>Company Newsletter</b>	<b>24%</b>
<b>Social Media Network (internal or external)</b>	<b>15%</b>



SOURCE: WorldatWork Trends in Employee Recognition, 2019

# Trends in Rewards, Budgets and Non-Cash Incentives

A positive economic outlook, continued high employment, and organizational focus on employee retention are among the trends influencing increased spending on recognition and rewards in 2020. According to the IRF, brand name merchandise and electronics remain the most popular categories, and budgets are increasing in most areas.

## Merchandise Prevalence – All Categories



<b>Logoed Brand Name Merchandise</b>	<b>76%</b>
<b>Sunglasses</b>	<b>69%</b>
<b>Electronics</b>	<b>67%</b>
<b>Clothing/Apparel</b>	<b>64%</b>
<b>Sporting/Golf Items</b>	<b>51%</b>
<b>Watches/Jewelry</b>	<b>50%</b>

SOURCE: IRF Outlook for 2020

*“Offering a wide range of choices that are aligned with workforce demographics is vital to recognition and rewards program success. Reviewing redemption rates and industry trends with your recognition partner will help keep your program relevant and meaningful.”*

**—Gail Lunghi, VP Merchandising, Engage2Excel**

## Budget Outlook:

Percentage of program owners anticipating budget increases in 2020

<b>Overall Budget</b>	<b>43%</b>
<b>Program Technology Budget</b>	<b>43%</b>
<b>Merchandise Spend</b>	<b>34%</b>
<b>Communications Budget</b>	<b>31%</b>
<b>Administration Budget</b>	<b>23%</b>

SOURCE: IRF Outlook for 2020

## Growth in Non-Cash Incentives

<b>1990s</b>	<b>25%</b>
<b>Current Estimate</b>	<b>84%</b>

### Causes for proliferation:

- Increased emphasis on employee engagement
- Competitive job markets
- Growth in intangible asset valuation
- Availability of rewards technology platforms

SOURCE: IRF 2019 Trends Study and IRF Signature Study – Voice of the Market, Part 1 Non-Cash Rewards and Recognition



# Creating Compelling Recognition Experiences

An exciting trend in employee recognition is the inclusion of experience-based programs. Experiential recognition and rewards are particularly appealing to Millennials and Gen Y employees, who place a high value on group experiences that are memorable, personal and sharable. These programs can take many forms, as shown by the examples below.



## Warehouse Dash® Experiences

Hinda Incentives, Engage2Excel's sister company focusing on employee and consumer rewards and incentives, offers Warehouse Dash, an action-packed event in which employees run through warehouse aisles and grab any merchandise they want in a heart-pounding race against the clock. These events can take place either at a their Global Rewards Center or be brought to your facility via the Warehouse Dash To Go® program.

## Challenge-Based Experiences

Challenge-based experiences continue to grow in popularity. These range from corporate sponsorship for employee participation in walkathons that benefit medical research to support for employees and teams that participate in marathons, obstacle course races and wellness challenges.



## Team-Building Experiences

Team-building experiences are an excellent way to improve communication, morale and motivation. These range from sports excursions and intellectual games to “escape room” challenges, in which participants compete against the clock to solve a room’s mystery. Powerful tools for recognizing and promoting the importance of collaboration, these events can also be used to help employees or new teams get to know each other better.

Engage2Excel helps organizations create unique career experiences from pre-hire to retirement. We understand what employees really want, because we look at the entire employee lifecycle through a scientific lens. We conduct original surveys, validate best practices from our client base of 2,700+ organizations and rely on three decades of groundbreaking research by our chief scientific officer, Jack Wiley, Ph.D.

Engage2Excel's industry-leading solutions for recruitment, employee recognition and engagement surveys are tailored to each client's unique business objectives and are designed to help clients increase competitive advantage and improve bottom-line results.

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