Twice a year, Globoforce® conducts a survey with the Society for Human Resource Management (SHRM®), the world’s largest association devoted to human resource management. Our goal is to elicit trends among HR leaders and practitioners about what challenges they face and what strategies help them conquer those challenges. This March, we surveyed 6,000 HR professionals in organizations with 500 or more employees and asked them to share their experiences and practices.

This Spring 2013 survey uncovers new insights on emerging employee recognition trends and best practices. We looked in particular at these questions:

- What common parts will an organization include in their employee recognition program?
- How effective are these parts when used in an employee recognition program, and do they increase particular elements within an organization?
- What motivates an employee and improves an employee’s performances?
- What type of performance reviews are common in an organization, and how effective are they?
- What will be some of the common challenges an organization will face within the next three to five years in talent management?
Key Findings

- **How important of an HR challenge do organizations view employee engagement?** Nearly half of HR professionals indicated “employee engagement” as the No. 1 HR challenge their organization faces. Other common HR challenges included “succession planning” (39%), “culture management” (35%), and “employee retention/turnover” (33%).

- **Do organizations believe using positive reinforcement or negative reinforcement has a greater impact on improving employee performance?** An overwhelming number of organizations (94%) believe positive feedback (reinforcing behaviors or performances that should be repeated) has a greater impact on improving employee performance. Few (6%) believe negative feedback (pointing out specific behaviors or performance that need improvement) has an impact on improving employee performance.

- **What type of feedback do organizations believe provides a more accurate picture of employee performance?** Nine out of 10 organizations (90%) believe feedback from the employees’ direct supervisor, plus feedback from others in the organization (e.g., peers, managers), provides a more accurate picture of employee performance compared to feedback from the employees’ direct supervisor only.

- **How often do organizations conduct employee performance reviews?** Over three-quarters (77%) of organizations conduct annual performance reviews. Others organizations conduct semiannual performance reviews (19%) and quarterly or ongoing reviews (2%).
Alternative strategies for employee engagement are being explored to bolster recruitment of skilled talent. More organizations are offering programs such as positive feedback, recognition rewards, direct feedback from employees and supervisors, and opportunities to advance to improve employee engagement and employee recognition in the workplace.

Organizations believe that a successful employee recognition program and employee engagement program can contribute to achieving an organizations’ goals. Organizations believe recognition programs and engagement programs are key factors for better employee performance and motivation.

Organizations are looking at their current employee performance review process to find ways to gain a more accurate picture of employee performance. Organizations are empowering employees to recognize each other for great work, mapping recognition awards against performance rankings/ratings, and using crowdsourced recognition data (relying on input from multiple sources) to increase the level of recognition employees receive for doing a good job at work, to provide accurate appraisal for employees' work, and to effectively acknowledge and appreciate employees' performance.
Employee Recognition Programs
Does your organization have an employee recognition program?

- Yes, we have a program that is tied to our company values: 55%
- Yes, we have a program, but it is not tied to our company values: 26%
- No: 14%
- No, but we plan to implement one in the next 12 months: 5%

Note: n = 797. Respondents who answered “don’t know” were excluded from this analysis.
In your professional opinion, does recognizing employees for their accomplishments provide employees with a clearer understanding of your organizational objectives?

- Yes, 84%
- No, 16%

Note: n = 737. Respondents who answered “don’t know” were excluded from this analysis.
In your professional opinion, are employees at your organization more motivated by:

- Recognition that includes a reward? (83%)
- Recognition that does not include a reward? (17%)

n = 764
In your professional opinion, which of the following has a greater impact on improving employee performance?

- Positive feedback (reinforcing behaviors or performances that should be repeated) - 94%
- Negative feedback (pointing out specific behaviors or performance that need improvement) - 6%

n = 764

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In your professional opinion, which of the following items have the most impact on employee engagement at your organization?

- Appreciation by direct supervisor: 71%
- Opportunity to advance: 41%
- Salary and bonus: 36%
- Ability to be effective in one's job: 35%
- Company's care for employees' well-being: 30%
- Confidence in executive leadership: 29%
- Relationship with peers: 22%
- Belief in company's mission: 18%
- Appreciation by peers: 11%
- Job title: 4%
- Other: 2%

Note: n = 767. Percentages do not equal 100% due to multiple response options. Respondents were asked to select their top three choices.
In your professional opinion, which type of employees in your organization recognizes others the most?

- Other management (e.g., directors, managers): 55%
- Nonmanagement employees: 25%
- HR: 11%
- Executive/upper management (e.g., CEO, CFO, VP): 8%

Note: n = 766. Percentages do not equal 100% due to rounding.
In your professional opinion, how would you rate your employees' current frustration level with getting things accomplished at your organization?

- Employees are very frustrated: 8%
- Employees are often frustrated: 24%
- Employees are moderately frustrated: 30%
- Employees are occasionally frustrated: 37%
- Employees are not at all frustrated: 1%

$n = 760$
Employee Performance Reviews
On average do you think:

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees at your organization are rewarded according to their job performance? (n = 737)</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Annual performance reviews at your organization are an accurate appraisal for employees’ work? (n = 695)</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Managers or supervisors at your organization effectively acknowledge and appreciate employees’ performance? (n = 726)</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Employees at your organization are satisfied with the level of recognition they receive for doing a good job at work? (n = 678)</td>
<td>26%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Note: Respondents who answered “don’t know/not applicable” were excluded from this analysis.
How frequently does your organization conduct employee performance reviews?

- Annually: 77%
- Semiannually: 19%
- Quarterly: 2%
- Ongoing: 2%
- Monthly*: 2%

Note: n = 760. Respondents who answered “don’t know” or “not applicable” were excluded from this analysis. Percentages do not equal 100% due to rounding. An asterisk (*) indicates < than 1%.
Does your organization’s performance review process include the following processes?

<table>
<thead>
<tr>
<th>Feedback</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feedback from employees’ direct supervisor only (n = 708)</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>An employee self-evaluation (n = 717)</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Feedback from other managers in the organization (n = 686)</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Peer-to-peer feedback from selected employees (n = 677)</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>Peer-to-peer feedback from across the company (n = 669)</td>
<td>9%</td>
<td>91%</td>
</tr>
</tbody>
</table>
In your professional opinion, is your organization’s performance review process effective in achieving the goals of your organization, or does it need to be completely overhauled?

- Yes, it is effective the way it is (49%)
- No, it is not effective the way it is; it needs to be completely overhauled (51%)

n = 714
In your professional opinion, which of the following would provide a more accurate picture of employee performance?

- Feedback from the employees’ direct supervisor only
- Feedback from the employees’ direct supervisor plus feedback from others in the organization (e.g., peers, managers, etc.)

n = 706
Which of the following concepts/programs is your organization currently using or would consider using in its performance review process?

<table>
<thead>
<tr>
<th>Concept/Program</th>
<th>We are currently or would consider using</th>
<th>We would not consider using</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowering employees to recognize each other for great work (social recognition) <em>(n = 730)</em></td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Mapping recognition awards against performance rankings/ratings <em>(n = 725)</em></td>
<td>74%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Do you think crowdsourced recognition data (relying on input from multiple sources) would provide a more accurate picture of employee performance?

Yes, 74%

No, 26%

Note: n = 724. For the purposes of this survey, “crowdsourcing” is defined as the synthesis of input from all employees within an organization.
Do you think crowdsourced recognition (relying on input from multiple sources) would be helpful data to incorporate into employee performance reviews?

Yes, 78%

No, 22%

Note: n = 710. For the purposes of this survey, crowdsourcing is defined as the synthesis of input from all employees within an organization.
Other
Approximately, what was your organization’s voluntary turnover rate in 2012?

<table>
<thead>
<tr>
<th>Turnover rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>13%</td>
</tr>
<tr>
<td>Median</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does your organization have an employee recognition program?</th>
<th>Mean employee turnover rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes ((n = 648))</td>
<td>12.95</td>
</tr>
<tr>
<td>No ((n = 149))</td>
<td>14.19</td>
</tr>
<tr>
<td>Total</td>
<td>13.15</td>
</tr>
</tbody>
</table>

Note: \(n = 442\). Respondents who answered “don’t know” were excluded from this analysis.
Are all of your employees able to receive electronic communications?

- Yes, all employees have some sort of e-mail or Internet connectivity, at work or home (60%)
- No, we need to use paper or interpersonal communication to reach all employees (40%)

n = 712

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What are the most important HR challenges to your organization?

- Employee engagement: 47%
- Succession planning: 39%
- Culture management: 35%
- Employee retention/turnover: 33%
- Performance management: 31%
- Recruitment: 26%
- Employee enablement: 19%
- Relieving employee frustrations: 18%
- Employee satisfaction: 18%
- Productivity: 10%
- Revenue per FTE: 10%
- Other: 4%

Note: n = 704. Percentages do not equal 100% due to multiple response options. Respondents were asked to select their top three choices.
In the next three to five years, what is the biggest talent management challenge your organization will face?

- Building a pipeline of leaders from within: 30%
- Retaining top performers: 19%
- Baby Boomer retirement: 18%
- Recruiting qualified applicants: 14%
- Training workforce to make up for skills gaps: 10%
- Managing poor performers: 6%
- Effectively rewarding employees: 5%

Note: n = 704. Percentages do not equal 100% due to multiple response options.
Which of the following best describes your functional area with the HR department/group?

- General HR: 55%
- Employee Relations: 13%
- Compensation/Benefits: 8%
- Strategic Planning: 7%
- Employment/Recruitment: 5%
- Organizational Development: 5%
- Training/Development: 4%
- International HRM: 2%
- Health, Safety, Security: 1%
- HRIS: 1%
- Communications*:

Note: n = 678. Percentages do not equal 100% due to rounding. An asterisk (*) indicates < than 1%.
Demographics
What is the approximate generation breakdown of your workforce?

<table>
<thead>
<tr>
<th>Generation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Boomers (ages 49-68, born 1945-1964)</td>
<td>36%</td>
</tr>
<tr>
<td>Generation Xers (ages 33-48, born 1965-1980)</td>
<td>34%</td>
</tr>
<tr>
<td>Millennials/Gen Y (ages 32 and younger, born after 1980)</td>
<td>23%</td>
</tr>
<tr>
<td>Veterans/Traditionals (ages 69 and older, born before 1945)</td>
<td>7%</td>
</tr>
</tbody>
</table>
Demographics: Organization Staff Size

- 500 to 2,499: 50%
- 2,500 to 24,999: 40%
- 25,000 or more: 10%

Note: n = 662

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Demographics: Organization Sector

- Publicly owned for-profit: 35%
- Privately owned for-profit: 34%
- Nonprofit organization: 18%
- Government agency: 13%

n = 684
### Demographics: Organization Industry

<table>
<thead>
<tr>
<th>Organization Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>20%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>16%</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>12%</td>
</tr>
<tr>
<td>Government agencies</td>
<td>11%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>9%</td>
</tr>
<tr>
<td>Educational services</td>
<td>8%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>7%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>6%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>5%</td>
</tr>
<tr>
<td>Construction</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: n = 694. Percentages do not total 100% due to multiple response options.
Demographics: Organization Industry (continued)

<table>
<thead>
<tr>
<th>Organization Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, entertainment and recreation</td>
<td>4%</td>
</tr>
<tr>
<td>Information</td>
<td>4%</td>
</tr>
<tr>
<td>Administrative and support and waste management and remediation services</td>
<td>3%</td>
</tr>
<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
<td>3%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>3%</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>2%</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>2%</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>2%</td>
</tr>
<tr>
<td>Personal and laundry services</td>
<td>1%</td>
</tr>
<tr>
<td>Religious, grantmaking, civic, professional and similar organizations</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: n = 694. Percentages do not total 100% due to multiple response options.
Demographics: Other

Does your organization have U.S.-based operations (business units) only, or does it operate multinationally?

<table>
<thead>
<tr>
<th>U.S.-based operations only</th>
<th>56%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multinational operations</td>
<td>44%</td>
</tr>
</tbody>
</table>

n = 672

What is the HR department/function for which you responded throughout this survey?

<table>
<thead>
<tr>
<th>Corporate (companywide)</th>
<th>56%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business unit/division</td>
<td>27%</td>
</tr>
<tr>
<td>Facility/location</td>
<td>18%</td>
</tr>
</tbody>
</table>

Note: n = 607. Percentages do not equal 100% due to rounding.

Is your organization a single-unit organization or a multi-unit organization?

<table>
<thead>
<tr>
<th>Single-unit organization: An organization in which the location and the organization are one and the same.</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-unit organization: An organization that has more than one location.</td>
<td>86%</td>
</tr>
</tbody>
</table>

n = 691

For multi-unit organizations, are HR policies and practices determined by the multi-unit headquarters, by each work location or by both?

<table>
<thead>
<tr>
<th>Multi-unit headquarters determines HR policies and practices</th>
<th>46%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each work location determines HR policies and practices</td>
<td>2%</td>
</tr>
<tr>
<td>A combination of both the work location and the multi-unit headquarters determines HR policies and practices</td>
<td>52%</td>
</tr>
</tbody>
</table>

n = 311
Survey Methodology

- Response rate = 14%
- 803 HR professional respondents from a randomly selected sample of SHRM’s membership with the title of manager or above and from organizations with 500 or more employees.
- Margin of error +/-3%
- Survey fielded: March 14-24, 2013
Globoforce is the world’s leading provider of social recognition solutions, redefining how companies understand, manage and motivate their employees. Innovative companies around the world use Globoforce’s cloud-based social recognition software to reveal the true performance and influence of every employee and strengthen company culture. With Globoforce, HR and business leaders can take a strategic approach to recognition programs that result in measurable benefits to the bottom line driven by increases in employee engagement, retention and productivity. Globoforce is co-headquartered in Southborough, Massachusetts, and Dublin, Ireland.

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