



*In collaboration with and commissioned by*



January 2018



# Using Recognition and Other Workplace Efforts to Engage Employees

SHRM Survey Findings

## About SHRM

The Society for Human Resource Management (SHRM) is the world's largest HR professional society, representing 285,000 members in more than 165 countries. For nearly seven decades, the Society has been the leading provider of resources serving the needs of HR professionals and advancing the practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates.

## About Globoforce

Pioneer of the WorkHuman movement, Globoforce helps make work more human for millions of people and organizations worldwide. Its cloud-based social recognition and continuous performance development solutions help build award-winning cultures where employees feel more appreciated and socially connected at work – driving a sense of belonging and inspiring the entire organization to reach its full potential and achieve business success. Founded in 1999, the company is headquartered in Framingham, Mass., and Dublin, Ireland.

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# Introduction

The Society for Human Resource Management (SHRM) has collaborated with Globoforce on a series of annual surveys about engaging employees through employee recognition and other workplace efforts. The purpose of this research is to examine workforce management challenges HR leaders and practitioners face and the strategies that help them conquer those challenges.

To collect data for this research, a survey was sent to HR professionals with the title of manager or above at mid- and large-sized U.S. organizations—those with 500 or more employees.

## HR professionals can use this research to:

- ✓ **LEARN** how employee recognition and other workplace programs may help tackle common workforce management challenges.
- ✓ **INFORM** the design of their organization's employee recognition program.
- ✓ **UNDERSTAND** what type of workplace programs organizations are using to influence culture now and in the future.
- ✓ **RECOGNIZE** how different strategies for providing feedback on performance may help improve the accuracy of performance reviews.

# 70%

of organizations with an employee recognition program tie recognition to organizational values and 59% integrate recognition into their talent strategy.

## Key Takeaways

- **Leverage employee recognition to improve recruitment and retention.**

Retention/turnover was the top workforce management challenge cited by 47% of HR professionals, followed by recruitment (36%). Most respondents agreed recognition can help create a positive workplace culture and employee experience, and more than one-half said their program positively affects retention (68%) and recruitment (56%).

- **Align employee recognition programs with organizational values and talent strategy for greater impact.** Employee recognition programs were rated higher by HR when they were aligned with organizational values and talent strategy. Monetary investment is also important, but it had a more positive impact on employee recognition program ratings when recognition was core to the organization's talent strategy.

- **Consider a variety of workplace programs to help with culture management—the third biggest workforce challenge (34%).**

Unsurprisingly, the most common programs offered were health and wellness (70%) and learning and development (68%). However, another 60% of responding organizations helped employees celebrate life events like having a child, birthdays or retirement. For example, organizations may provide a card, gift, budget, supplies, food or have a place to share photos/news.

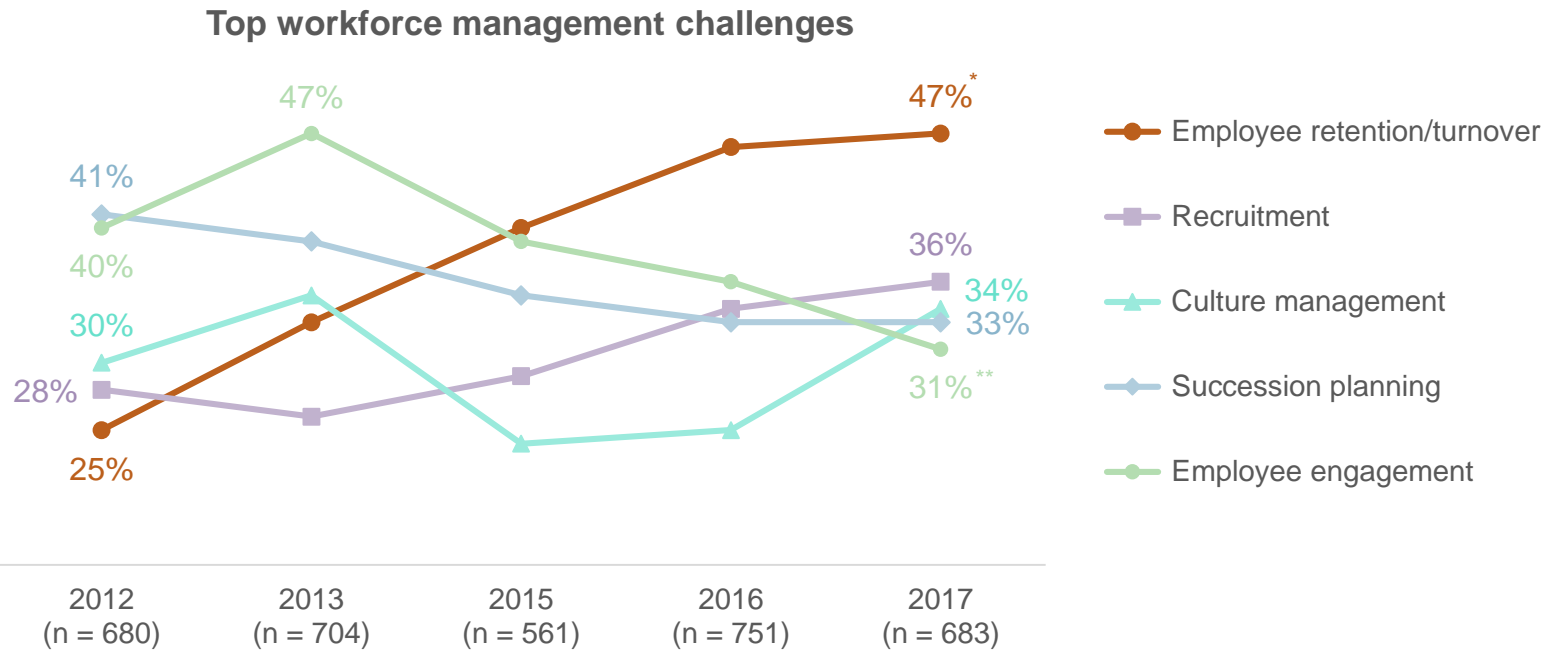
- **Improve the accuracy of performance reviews with frequent manager and peer feedback.** Although organizations continue to use annual performance reviews (71%), providing ongoing, high-quality employee feedback from both managers and co-workers may help improve the performance review process.



# **Why Employee Recognition Matters**

# Two-thirds of HR professionals agree employee recognition helps with retention

**Employee turnover is a clear challenge.** Over the last five years, retention/turnover has climbed to the top of the list of workforce management challenges cited by HR. Providing timely, meaningful employee recognition may help employers retain employees and deal with other common workforce management challenges like recruitment and culture management.



Note: Respondents could select up to three response options. Only the top five response options are included.

\*Statistically significant difference from 2012.

\*\*Statistically significant difference from 2013.

80%

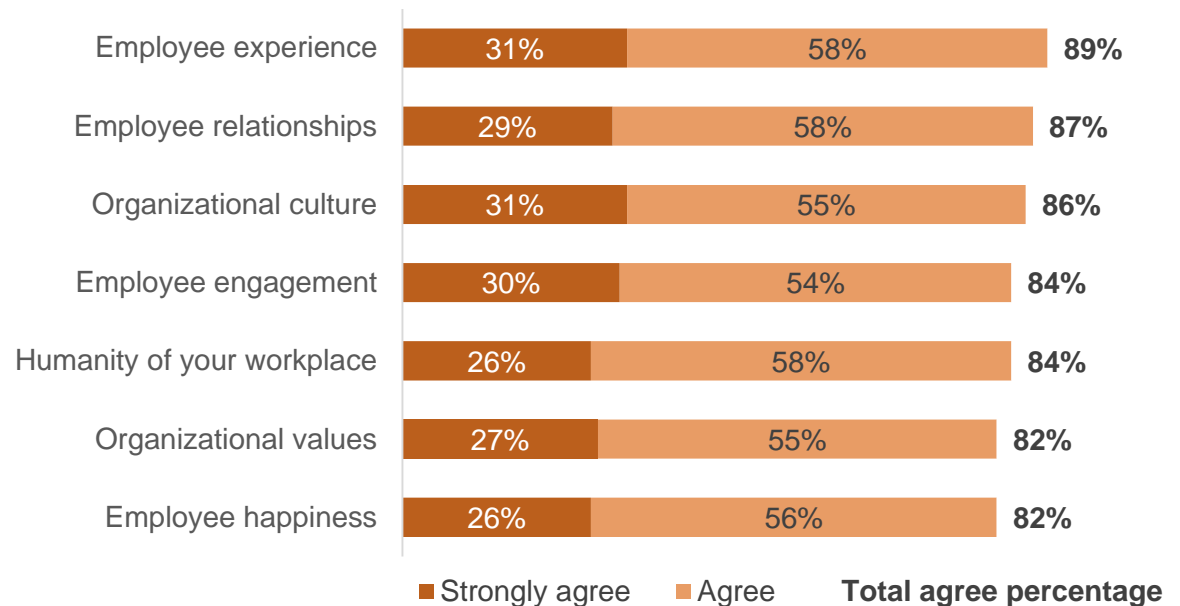
of HR professionals reported that their organization had an employee recognition program.

Employee recognition is a way to reward employees and reinforce an organization's goals. Recognition includes anything and everything an organization, manager or peer does to acknowledge, praise and appreciate the hard work, success and achievements of colleagues.

# Employee recognition improves workplace culture, HR says

**Create a positive environment for employees.** HR professionals are in strong agreement that employee recognition has positive effects on the employee experience and workplace culture. Many also say employee recognition positively affects business outcomes such as productivity, return on investment, sustainability, cost-control goals and financial results.\*

## Employee recognition positively affects:



Note: n = 518. Only the top 7 response options are included.

\* The business outcomes did not make the list of top 7 responses and therefore they are not included in the figure.



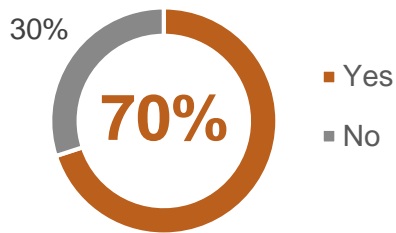
# Recognition Program Design



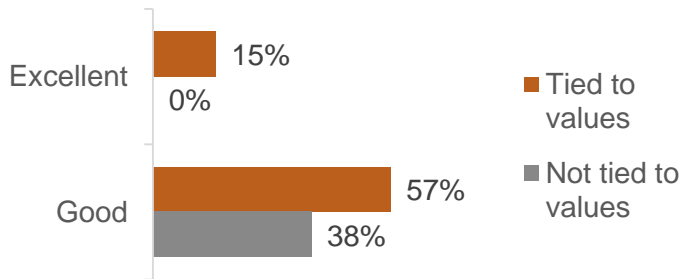
# Effective recognition programs are linked to organizational values and talent strategy

**Don't leave recognition all alone—link it.** HR professionals at organizations where employee recognition program is tied to the organization's values or is integrated with the talent strategy are more likely to rate their program as excellent or good compared with organizations that do not tie recognition to organizational values or talent strategy.

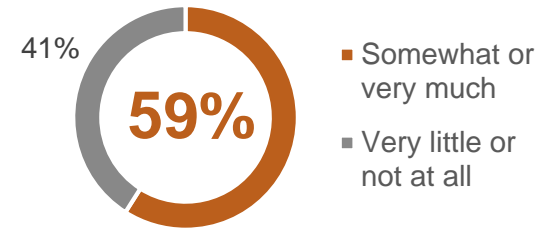
## Recognition tied to organizational values



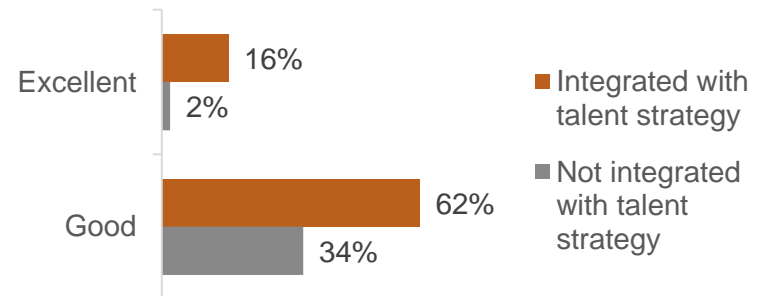
## HR rating of recognition program



## Recognition integrated with talent strategy



## HR rating of recognition program



Note: n = 570. Percentages may not total 100% due to rounding.

# Investment makes more impact when it is core to talent strategy

## HR Challenge

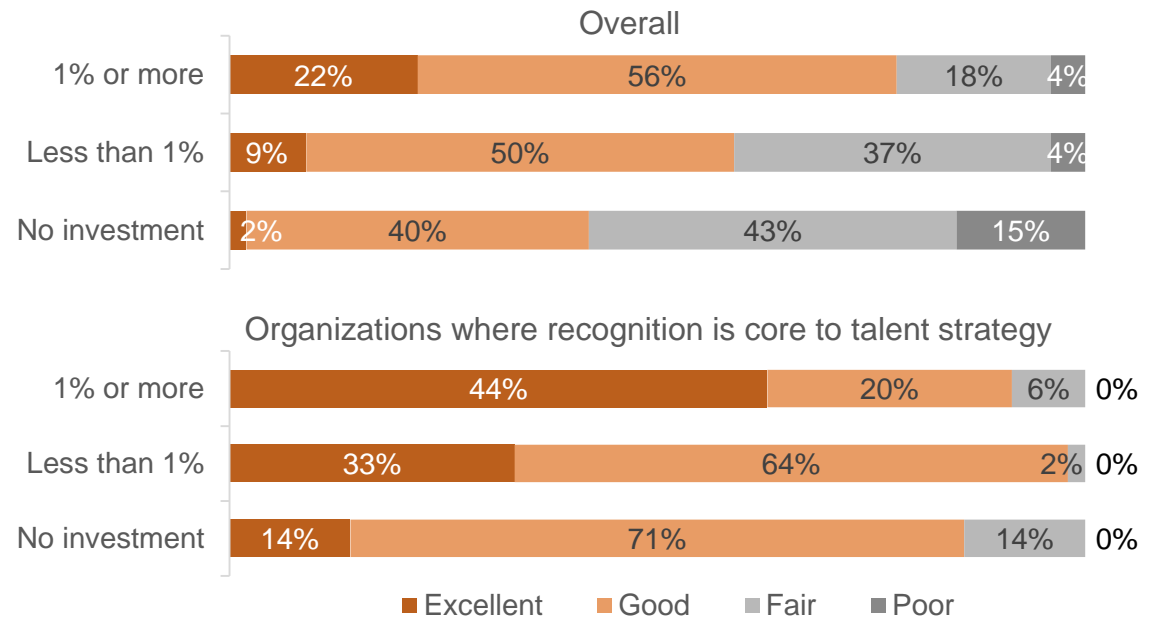
Lack of managers' buy-in and consistent nominations for employee recognition.

### What do HR professional say makes their recognition program great?

- Ties to values.
- Ties to performance.
- Ties rewards to engagement survey.
- Includes individual and team performance.
- Tracks metrics to ensure broad recognition among employees.

**Invest 1% of payroll in recognition.** HR professionals are more likely to rate their employee recognition program as excellent when organizations invest at least 1% of payroll in the program. However, the impact of investment is greater when recognition is core to the organization's talent strategy.

HR's rating of the recognition program based on the percentage of payroll investment



Note: n = 322. Percentages may not total 100% due to rounding.

# Recognition program design aims to empower employees

## HR Challenge

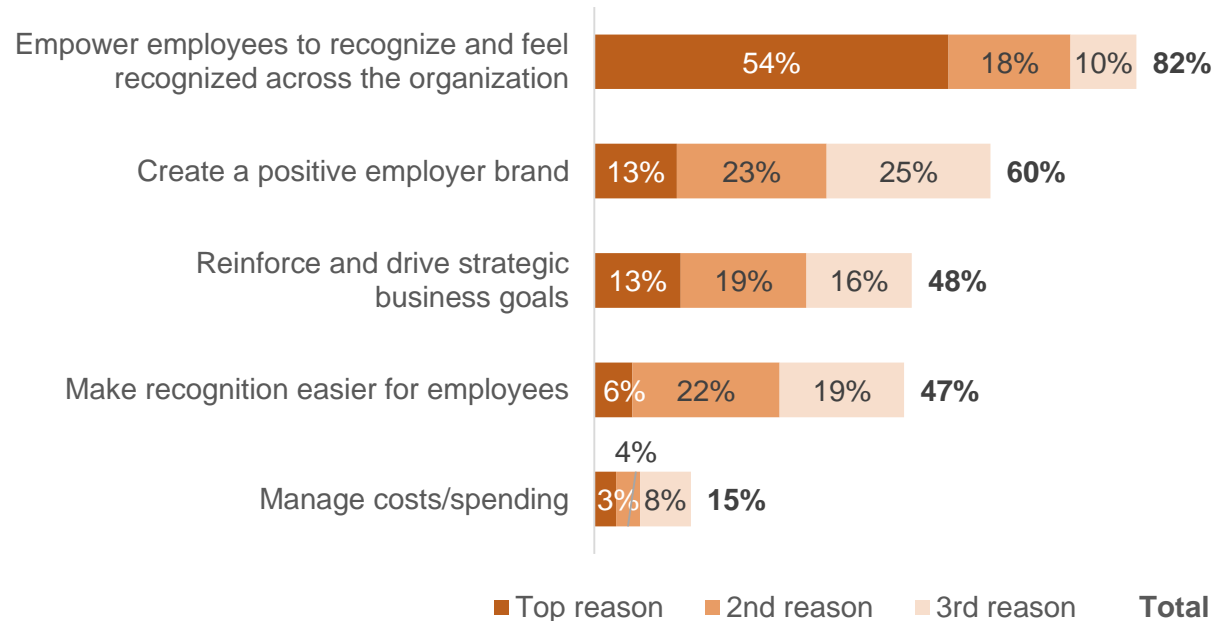
Process is too cumbersome.

### What do HR professionals say makes their program great?

- On-the-spot recognition is immediate and easy.
- Small awards don't require approval.
- The program is developed with input and help from employees.
- The program is tied to business outcomes.

**Get employees involved.** Many HR professionals also aim to boost their employer brand through employee recognition, which could help with recruitment. Reinforcing and driving strategic business goals is important, as well as making recognition easier to encourage participation.

## Reasons driving the design of the employee recognition program



n = 519

## HR Challenges

The program is not applicable to all types/levels of staff.

Rewards are given by those who are out of touch with recipients.

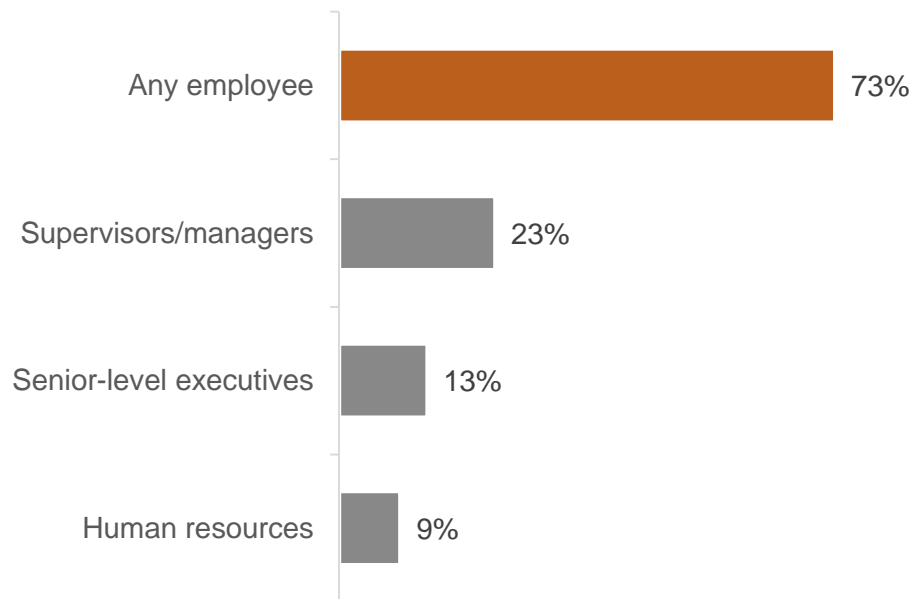
### What do HR professionals say makes their program great?

- Personal involvement and support from the CEO/executives.
- Opportunity for any employee—not just management—to recognize others.
- Live feed where anyone can offer recognition.
- Gamification.

# Many use peer recognition to empower employees

**Allow any employee to provide recognition.** HR professionals are more likely to rate their employee recognition program as “good” at organizations where any employee is able to nominate or recognize a peer, compared with those who had supervisors/managers, senior-level executives or HR give recognition.

## Who can nominate or recognize an employee



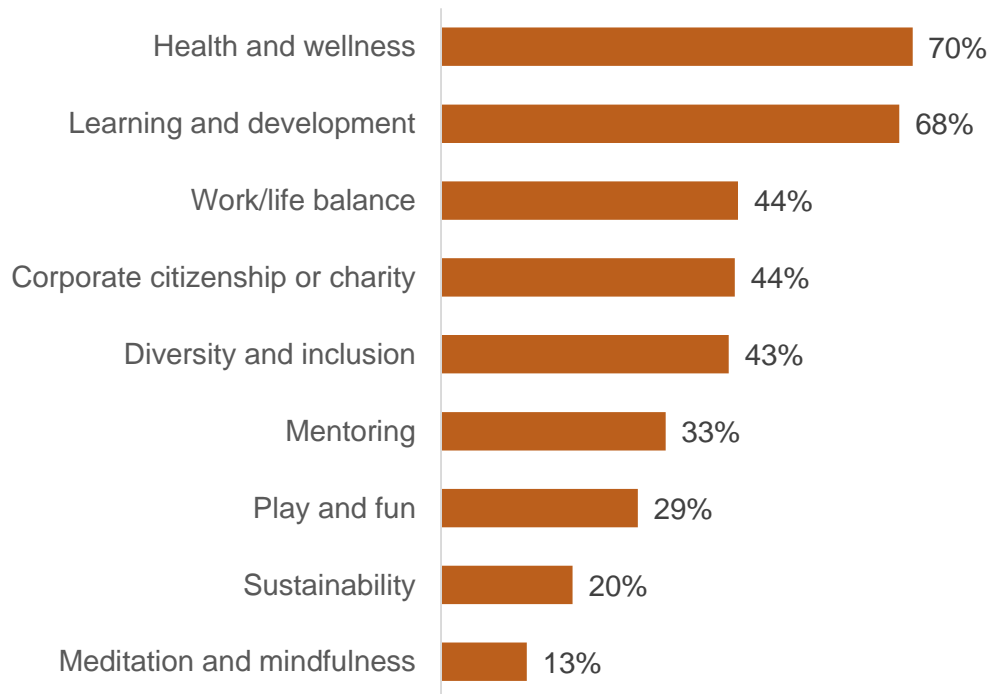
*Note: n = 522. Percentages do not total 100% due to multiple response options for “supervisors/managers,” “senior-level executives” and “human resources.”*



# **Influencing Workplace Culture**

# Organizations offer a variety of programs to influence culture

**Culture. Culture. Culture.** Although 80% of organizations have employee recognition programs, other types of workplace programs can also help influence culture and make the organization a better place to work. HR professionals should consider which programs could help address their organization's specific needs and challenges.



*Note: n = 660. Percentages do not total 100% due to multiple response options.*

## Learn More!

### SHRM Science-to-Practice Series

Get practical guidance based on solid research to help develop or improve workplace programs at your organization.

- [Promoting Employee Well-Being](#)
- [Developing Leadership Talent](#)
- [Creating a More Human Workplace Where Employees and Businesses Thrive](#)
- [HRM's Role in Corporate Social and Environmental Sustainability](#)

# Organizations focus on improving workplace culture

**Never take your eye off culture.** Three-quarters of HR professionals say their organization is actively engaged in maintaining or improving positive relationships and teamwork as well as encouraging a compassionate, caring culture.

## Future Workforce Efforts

In the next 12 months, organizations were most likely to say they would add or make major changes to the following workforce efforts:

- ✓ *Employee stress management.*
- ✓ *Employee engagement.*
- ✓ *Employee trust in leaders.*
- ✓ *Employee experience.*
- ✓ *Diversity/inclusion and/or belonging.*
- ✓ *Learning and growth opportunities.*

## Current workforce efforts



*Note: n = 551-600. Respondents who answered "don't know" were excluded from this analysis. Only the top six response options are included.*



A **life event** is a meaningful moment in an employee's personal life, such as having/adopting a child, buying a house, getting married, having a birthday or retiring.

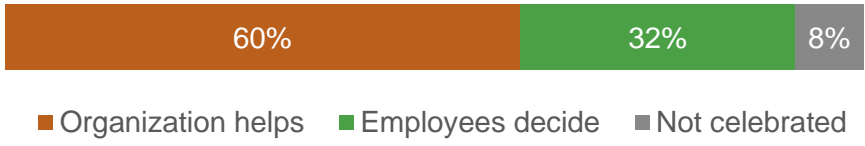
**Why celebrate life events in the workplace?**

Other research has found that celebrating/sharing good news with others can help increase trust and develop relationships, two important components for successful teamwork and performance.<sup>1</sup>

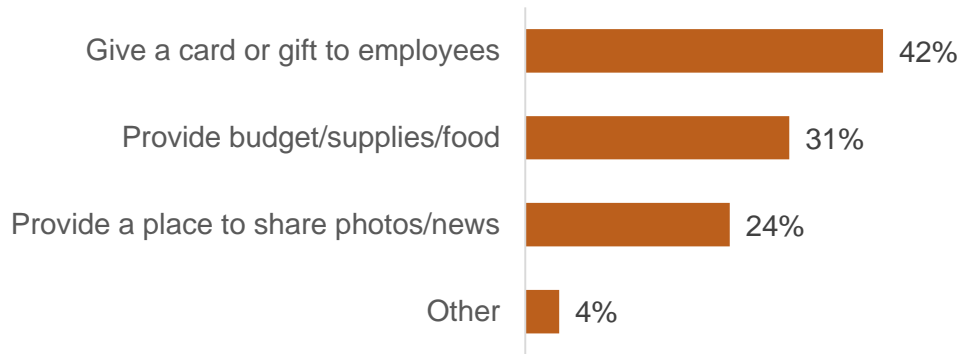
# 60% of organizations help celebrate employee life events

**It's the little things.** Organizations help celebrate life events in various ways, such as giving employees cards or gifts to recognize certain life events, providing budgets or supplies for celebrations, and creating a place to share photos and news.

## Celebration of life events in the workplace



## How are organizations involved?



*Note: n = 625. Percentages do not total 100% due to multiple response options. Respondents who answered "don't know" were excluded from this analysis.*





# **Feedback on Performance**

A **supportive feedback environment** includes daily informal feedback exchanges—between managers and direct reports and between peers—that are generally positive, high in quality, frequently occurring, come from credible sources, and where feedback seeking is encouraged.

### Learn More!

#### SHRM Science-to-Practice Series

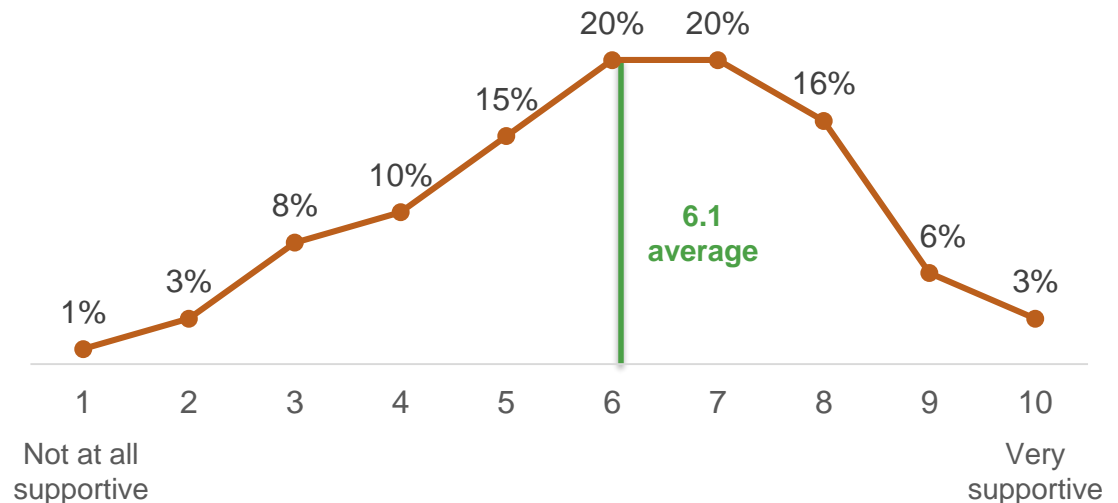
Get practical guidance based on solid research to help develop or improve performance management at your organization.

- [Performance Management That Makes a Difference](#)
- [Building a High-Performance Culture](#)

# Most have supportive feedback culture, yet room to improve

**Focus on strengths and share often.** Although nearly two-thirds of HR professionals (65%) rate their organization as having a supportive feedback environment (rating of 6-10), many organizations could do more to improve the quality of feedback on performance.

HR's view of organization's feedback environment



Note: n = 590. Percentages do not total 100% due to rounding.

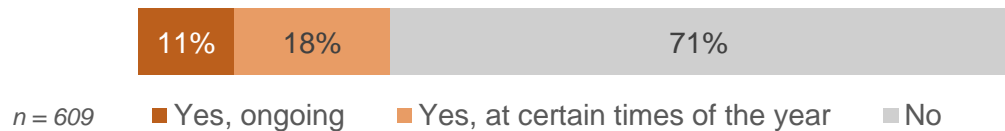
# Ongoing peer feedback has positive impact on organizations

29%

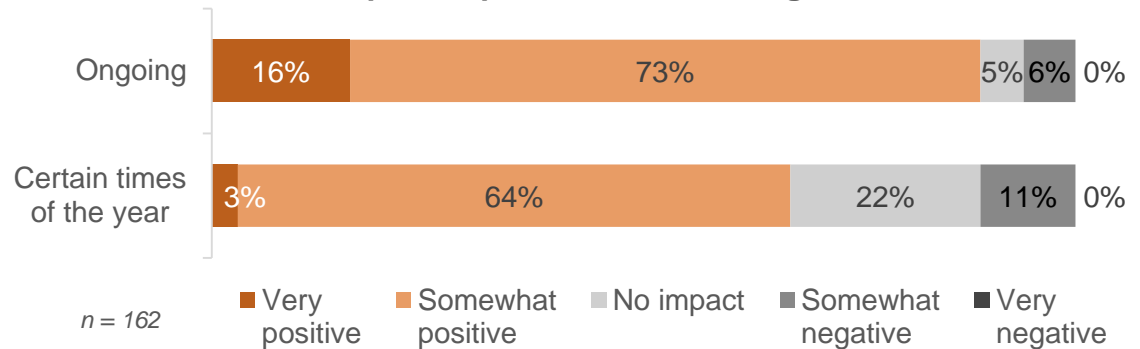
of organizations use peer feedback on performance, which includes soliciting feedback from employees' peers.

**Encourage ongoing peer feedback.** Of the 29% of HR professionals whose organizations use peer feedback, most say it has a positive impact on the organization. However, the impact is more likely to be deemed positive when peer feedback is ongoing as opposed to given just at certain times of the year.

Use of peer feedback about performance



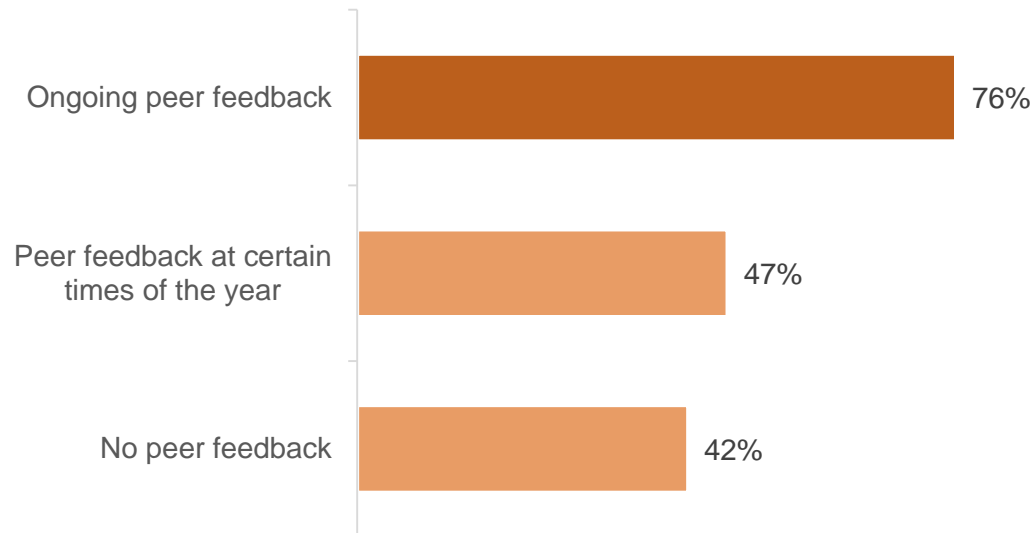
Impact of peer feedback on organization



# Annual reviews may improve with ongoing peer feedback

**Peer involvement results in more accurate feedback.** Incorporating ongoing peer feedback may be a way to improve the accuracy of annual performance reviews.

HR professionals who agree that annual performance reviews are accurate when the following types of feedback are offered



n = 365

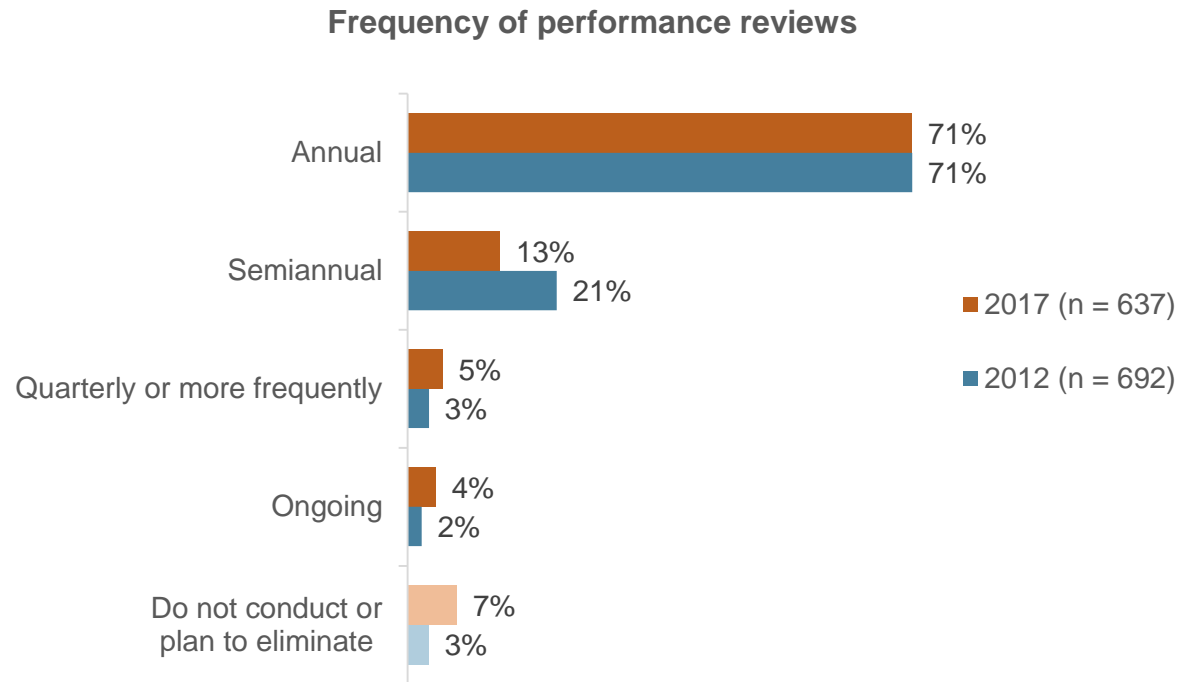
# Annual performance review continues to dominate

## 49%

of HR professionals believe that performance reviews are not an accurate appraisal of employees' work. This perception is also backed by evidence that reveals executives feel the same way.

- [Read: Performance Management That Makes a Difference](#)

**Is it time to shake things up?** The vast majority of organizations (93%) conduct employee performance reviews, yet only about one-half of HR professionals (51%) agree that their organization's performance reviews are an accurate appraisal of employees' work.

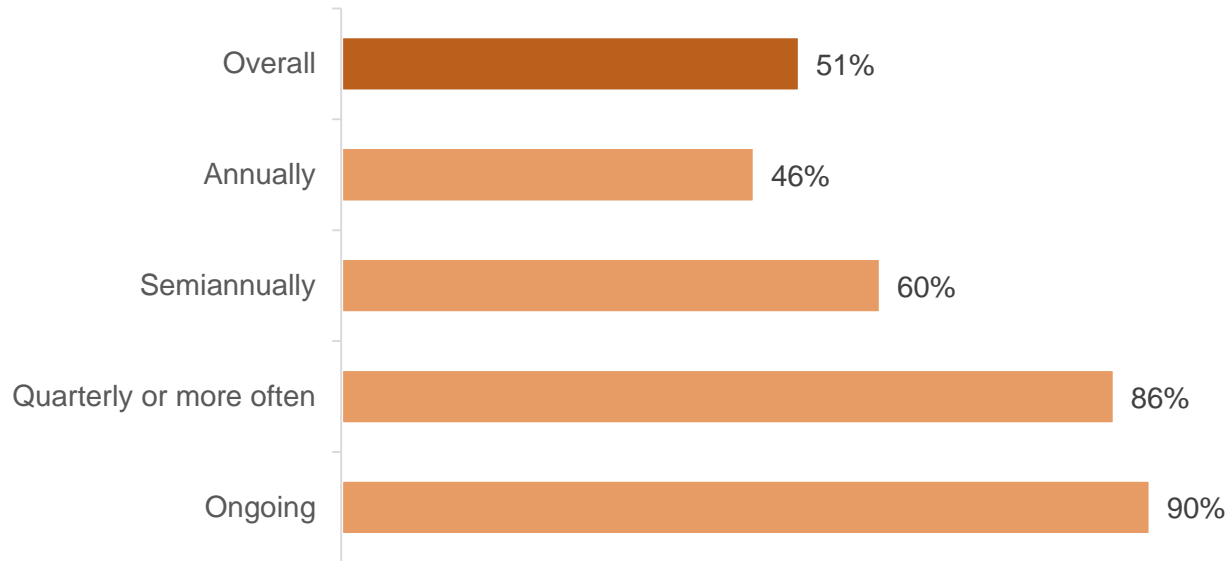


*Note: Respondents who answered "don't know" were excluded from this analysis.*

# Frequent performance reviews are seen as more accurate by HR

**Talk about performance more often.** Although the majority of organizations (71%) conduct annual performance reviews, HR is more likely to agree that reviews are an accurate appraisal of employees' work when they are conducted semiannually or more frequently compared with annual reviews.

HR agreeing that organization's performance reviews are accurate



*n* = 512



# **Conclusion and Resources**

# Conclusion

**Top workforce challenges:** HR professionals cited the following as the top workforce challenges:

- Retention/turnover (47%); nearly a twofold increase since 2012.
- Recruitment (36%).
- Culture management (34%).

The results of this research show that employee recognition and other workplace programs may help organizations mitigate these top workforce challenges. Most HR professionals agreed that providing employee recognition can help improve the employee experience and workplace culture, and more than one-half said their program positively affects retention (68%) and recruitment (56%). Other common programs organizations offer that may help with culture management include health and wellness, learning and development, and helping employees celebrate life events.

**Get the most impact from your employee recognition program:** To have the most positive impact, employee recognition programs should be tailored to the organization. HR professionals rate these programs more highly when employee recognition is aligned with organizational values and integrated with the organization's talent strategy. Although monetary investment is also important, it had a more positive impact when recognition was core to the organization's talent strategy.

**Performance reviews and supportive ongoing feedback:** In addition to looking at the effects and design of employee recognition, this research explored the quality and frequency of performance feedback. Most HR professionals agreed their organization had a supportive feedback environment. However, many organizations could make improvements in this area. Only one-half of HR professionals (51%) agreed that their performance reviews were an accurate appraisal of employees' work. Organizations may be able to increase accuracy of their performance reviews by reviewing performance more frequently and by encouraging ongoing peer feedback. Both of these strategies were found to be positively related to the accuracy of performance reviews, according to HR. Even though the majority of organizations continue to use annual performance reviews (71%), when managers and peers provide ongoing, high-quality employee feedback, it may help improve the performance review process.

## Ask These Questions About Your Employee Recognition Efforts:

- Are you leveraging employee recognition to help improve recruitment and retention?
- How aligned is your organization's employee recognition program to organizational values and talent strategy?
- Does your organization consider a variety of workplace programs to help with culture management?
- Has your organization incorporated frequent reviews and ongoing peer feedback?



# Resources and Sources

## SHRM Science-to-Practice Series

Get practical guidance based on solid research to help develop or improve workplace programs at your organization.

- [Promoting Employee Well-Being](#)
- [Developing Leadership Talent](#)
- [Creating a More Human Workplace Where Employees and Businesses Thrive](#)
- [HRM's Role in Corporate Social and Environmental Sustainability](#)
- [Performance Management That Makes a Difference](#)
- [Building a High-Performance Culture](#)

## SHRM Member Resources (SHRM member login required)

Toolkit: [Managing Employee Performance](#)

White Paper: [Putting the "Performance" Back in Performance Management](#)

[HR Help](#): Self Service | Member Forums | Ask an Advisor

## Other SHRM Research

- [shrm.org/research](http://shrm.org/research)

## Sources/Endnote

<sup>1</sup> Reis, H. T., Smith, S. M., Carmichael, C. L., Caprariello, P. A., Tsai, F. F., Rodrigues, A., & Maniaci, M.R. (2010). Are you happy for me? How sharing positive events with others provides personal and interpersonal benefits. *Journal of Personality and Social Psychology*, 99(2), 311-329. doi: 10.1037/a0018344



# Demographics

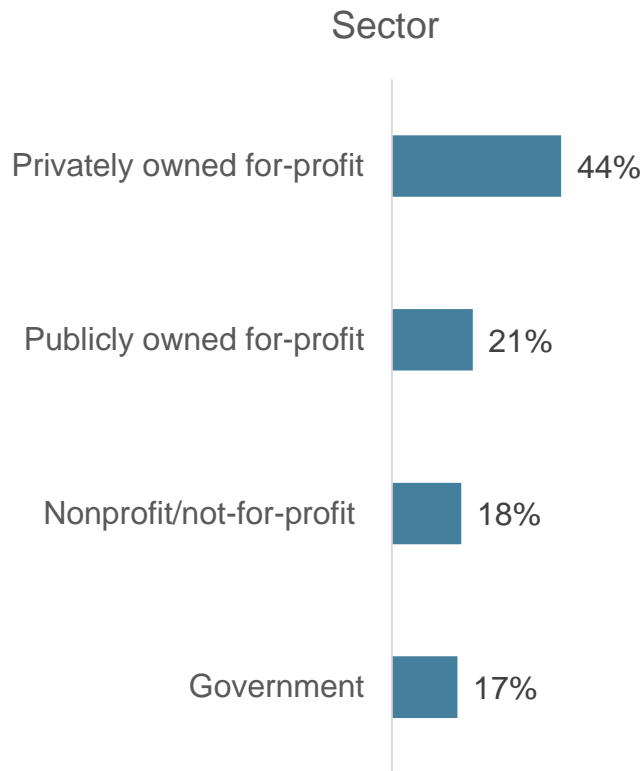
# Demographics: Organization Industry

Industry	%
Health care and social assistance	19%
Manufacturing	19%
Professional, scientific and technical services	15%
Educational services	12%
Finance and insurance	10%
Government agencies	9%
Accommodation and food services	8%
Construction	8%
Transportation and warehousing	6%
Administrative and support and waste management and remediation services	6%
Retail trade	6%

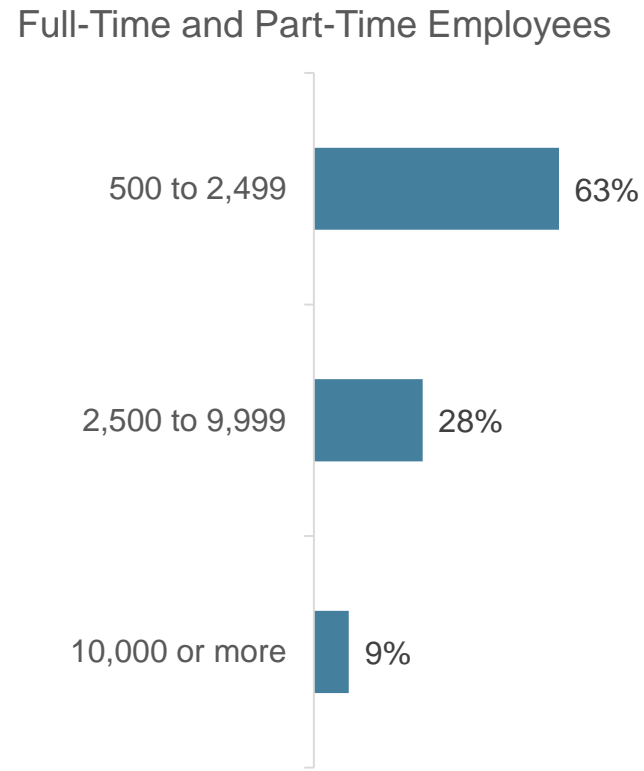
Industry	%
Arts, entertainment and recreation	4%
Utilities	4%
Information	3%
Wholesale trade	3%
Real estate and rental and leasing	2%
Mining, quarrying, and oil and gas extraction	2%
Religious, grant-making, civic, professional and similar organizations	2%
Agriculture, forestry, fishing and hunting	2%
Repair and maintenance	1%
Personal and laundry services	1%
Other industry	2%

Note: n = 594. Percentages do not total 100% due to multiple response options.

# Demographics: Organization Sector and Staff Size



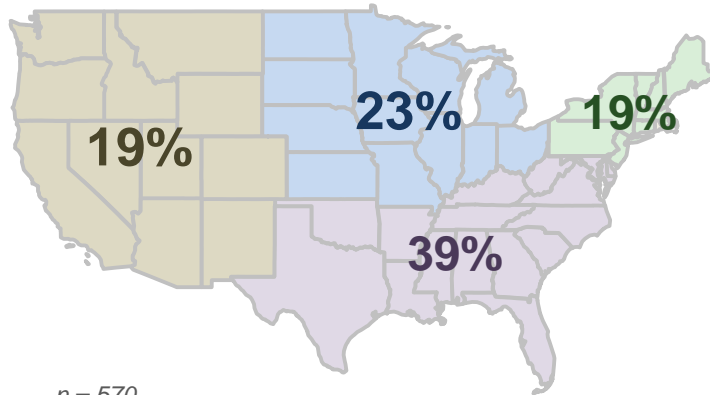
*n* = 603



*n* = 524

# Demographics: Other Organization Information

## Region



*n* = 570

## U.S. vs. Multinational

U.S.-based operations only	70%
Multinational operations	30%

*n* = 616

## Multi-Unit vs. Single Unit (U.S. based)

Multi-unit organization: An organization that has more than one location	82%
Single-unit organization: An organization in which the location and the organization are one and the same	18%

*n* = 620

## Origin of Policy Decisions (Multi-Unit)

Multi-unit headquarters	51%
A combination of both the work location and the multi-unit headquarters	48%
Each work location	1%

*n* = 529

## SHRM Survey Findings

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### Survey Methodology

- Response rate = 12%.
- 738 HR professionals from a randomly selected sample of SHRM's membership with a title of manager or above and employed at organizations with a staff size of 500 or more employees participated in this survey
- Margin of error is +/-4%.
- Survey fielded September 27-October 18, 2017.