

THE ART OF APPRECIATION: TOP-TIER EMPLOYEE RECOGNITION

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→ **Zach Lahey**, Research Analyst,
Human Capital Management



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Best-in-Class companies are 21% more likely to view recognition as extremely valuable for driving employee performance.

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Employee recognition has existed for a while; however, dedicated technologies and tactics have become increasingly popular as businesses have realized that employees are more likely to stay if they're treated well. Enter social employee appreciation and recognition. This report will explore how businesses can implement top-tier recognition; communicate the importance and art of appreciation in the workplace; and how both practices can aid in the retention of top talent.

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Best-in-Class companies are 21% more likely than All Others to view recognition, whether through online tools or tactics, as extremely valuable for driving employee performance.

In Aberdeen's 2015 Human Capital Management Trends research, the following KPIs were used to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%) and Laggard (bottom 30%) organizations (All Others combined), with mean performance among the Best-in-Class as follows:

- 87% of employees rated themselves as highly engaged
- 30% year-over-year improvement in customer satisfaction rates
- 10% year-over-year improvements in voluntary employee turnover rates

Who Are the Unbeatable?

They wow customers with their actions. They impress management with their work ethic. They are committed to their responsibilities and curious to learn more. So who are these individuals; these denizens of the desk, these jockeys of the computer? They're employees, after all. But employees are more than workers. They're the difference makers between success, floundering, and failure. Employees are indispensable, even amongst predictions that [47% of existing jobs are high risks for becoming automated](#) as computing technology becomes increasingly robust and reliable. Sure, customers are an absolute necessity. But customers are no more than an ideology without a capable workforce.

When employees are supported and recognized, and their work is appreciated, they're significantly more capable and productive. Per Aberdeen's [The Power of Employee Engagement](#) (November, 2013), Best-in-Class companies are 21% more likely than All Others (64% vs. 53%) to view recognition, whether via tools or tactics, as extremely valuable for driving employee performance (see sidebar for definitions). The concept, called employee recognition, is an absolute necessity in this era of the employee.

Employees can be consistently productive; they can be motivated beyond their usual performance, and they can excel at what they do; often times, it just takes a bit more care and commitment on behalf of employers. But when their work goes unnoticed, when they are ignored or mistreated, or when they go above and beyond expectations but don't get recognized for their dedication, it's a huge de-motivator. A lack of motivation can lead to disengagement, and then employees have more reason to leave their current roles in search of organizations, managers, and communities that foster employee recognition.

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After all, per [*Why The Candidate Experience Needs to be a Priority ASAP*](#) (January, 2015), with 79% of companies indicating a shortage of critical skills available in the labor pool, employees have more choices than ever when it comes to jobs. Personnel, from entry-level to executives, no longer feel like they owe their employers a certain number of years of service or amount of dedication. It's truly the age of the employee. That's why it's imperative to understand the art of appreciation.

The Age of the Employee is Here!

The truth is that if a job or role doesn't cut it anymore, employees don't have to look far to find a better opportunity, and that's why it's a necessity for employers to understand top-tier recognition (see sidebar for definition). Top-performing organizations have learned this art and understand how important recognizing and appreciating their employees can be to the business and to their retention. In fact, per Aberdeen's Recognition and Engagement research, Best-in-Class businesses are 22% more likely than All Others (55% vs. 45%) to consider online recognition programs to be extremely valuable to their success.

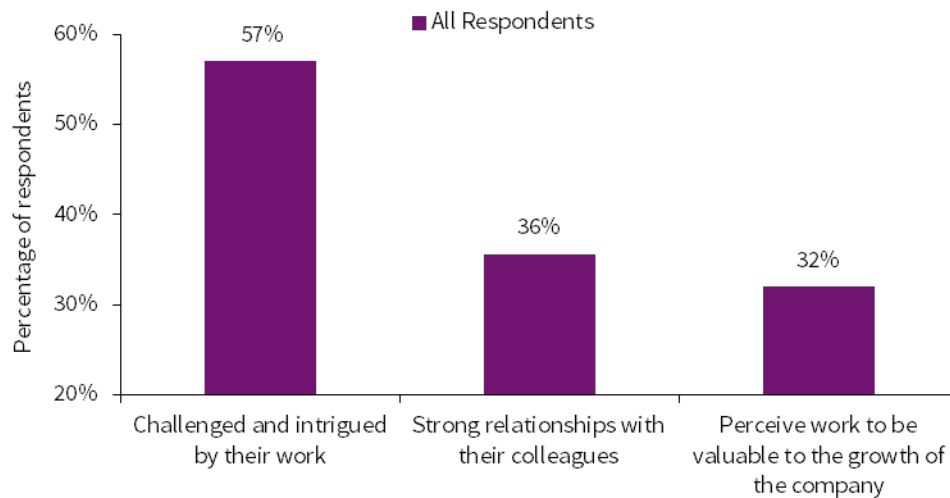
Top companies grasp that they won't retain their employees by simply paying a decent salary and providing solid benefits. Employees increasingly require much more than that (although, quality salaries and benefits are great starting points). They demand attention, just like customers; they want to be challenged and intrigued by their work; they strive to have strong relationships with their colleagues; and they're interested in feeling like their work is valuable to the growth of the company – and they want to be recognized for that work (Figure 1).

Aberdeen Definition:

Top-tier recognition occurs when managers, employees, and even customers socially acknowledge employees' great work through online or software-as-a-service (SaaS) tools and technologies.

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Figure 1: Curious Why Your Employees Stay in the First Place?

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Source: Aberdeen Group, April 2015

Employees are 2X more likely to commit to their jobs because they are challenged and intrigued by their work, instead of having a competitive salary.

On an overall scale, businesses are aware that employees stay with their employers for fundamental reasons. Despite the popular belief that a competitive salary is the most important reason why employees commit to their jobs, in reality – just as in *Young and Talented but Lazy? Not So Fast - Millennials Are The Real Deal!* (February, 2015) – workers commit to their roles because they are vested in their responsibilities and feel connected with the business and its goals. In fact, a competitive salary is fifth (28%) on the list of reasons why workers stay with their companies, below the three reasons above and foreseeing a future with the company. But having, let alone retaining, committed and proud employees doesn't happen with the snap of a finger. Organizations achieve such success by interacting with, supporting, and publicly – as well as privately – acknowledging individual and team success.

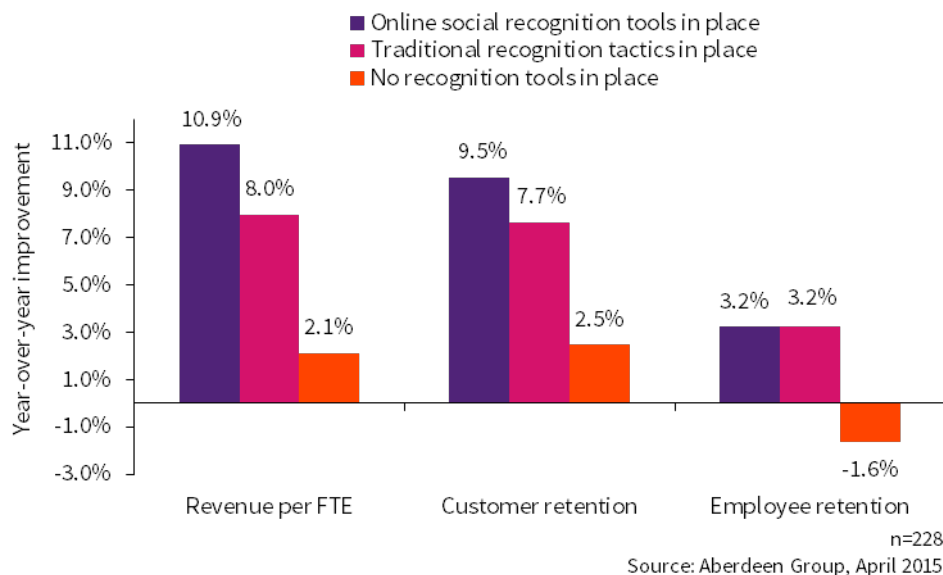
Understanding Social Appreciation

Reinforcement and acknowledgement are most certainly valuable in engaging and retaining employees; however, it

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doesn't have to be continuous or from a single source. Social recognition comes from managers, colleagues, and customers alike. Best-in-Class companies are 41% more likely than All Others (65% vs. 46%) to empower employees to recognize each other for great work, or what is called peer-to-peer (P2P) recognition. P2P recognition is another form of social appreciation. By lauding others, P2P recognition enables employees to be connected with their colleagues, their work, and vis-à-vis, their own efforts and responsibilities when the recognition is returned. Social recognition can also have a big impact on major key performance indicators (KPIs), such as revenue per full-time equivalent (FTE), customer retention, and employee retention (Figure 2).

Figure 2: Social Recognition Has a Huge Return on Investment



Best-in-Class companies are 41% more likely than All Others to empower employees to recognize each other for great work via peer-to-peer recognition technologies.

Per the above figure, businesses with social recognition tools in place have a 5.2 times higher (10.9% vs. 2.1%) revenue per employee than those without any kind of recognition tool in place. And while higher revenue per FTE is wonderful, without

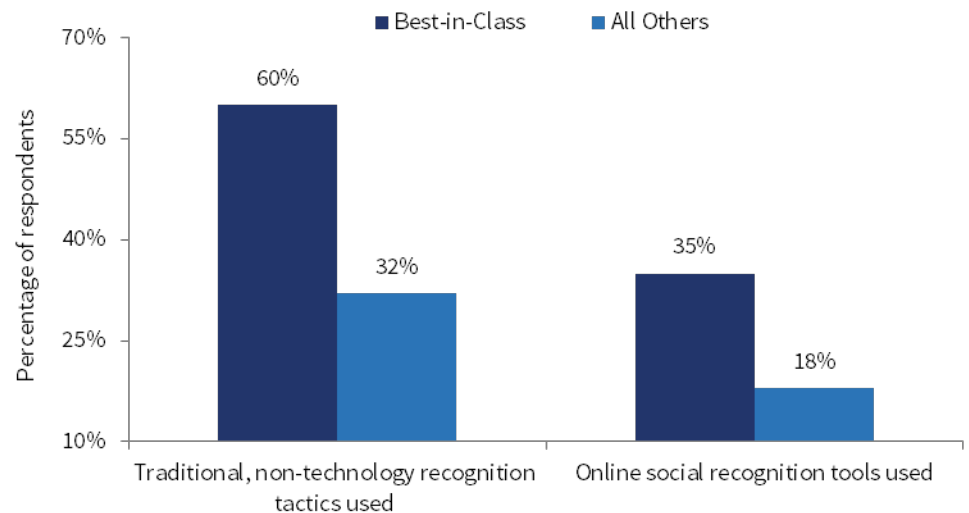
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Best-in-Class companies are 1.94X more likely than All Others to use technology-enabled, online social recognition tools to support and recognize their employees' efforts.

keeping employees, that revenue is as good as irrelevant. In turn, companies with social recognition systems in place are far more likely to retain their employees than organizations without recognition tools in place. Companies that are in the business of retaining their hard-won talent understand that it costs more to hire a new employee than it does to retain an old one. To try and ensure that they don't have to incur costs such as 20% of an old employee's annual salary in order to replace them, high-performing organizations are increasingly investing in thorough recognition programs that fully support their workforce.

Businesses have increasingly sought out social employee appreciation initiatives via dedicated and formalized programs, as it makes it significantly easier to recognize exceptional behavior and workers in general. Businesses have taken two routes to maximize on employee recognition – technology-based systems and general tactics without using software. Both have proven to be valuable. Either way, Best-in-Class companies are almost twice as likely as All Others to use either method to support and recognize their employees' efforts (Figure 3).

Figure 3: No Matter How It's Done, You'd Better Recognize!



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Source: Aberdeen Group, April 2015

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A greater percentage of Best-in-Class companies have grasped that general social acknowledgement – kudos at team meetings, a wall of thanks, or public announcements – is supremely valuable. But where Best-in-Class organizations have seen the most effective return on investment is through technology-enabled recognition. Overall, top performers understand that having actual recognition tools in place, whether it's a technology or an assortment of best practices, is a necessity, especially if they're looking to retain the talent they worked so hard to hire in an era that is most suitable for employees, whether employed or not. Without such recognition in place, employers risk employee disengagement or worse, employee departure. Per Figure 2, allowing others, whether internally or externally, to recognize excellence certainly has an impact on major KPIs, but it doesn't need to be limited to online or in-person recognition.

Organizations can also reward employees for superior performance with monetary incentives and time-off, or they can recognize team success in other ways. For instance, Best-in-Class organizations are 42% more likely than All Others (75% vs. 53%) to offer non-financial, team-based incentives when employees are successful, such as after-hour celebrations, trips, outings, and office parties. No matter the situation, recognizing success goes a long way to engaging and motivating employees and their teams, which is a win for the business and a win for retention.

Separating Top-Tier Recognition from Everything Else

Social recognition is certainly beneficial for motivating and retaining employees; but it's not top-tier without the ability to track and measure the success of an implementation. Without analytical and quantitative tools to measure employee recognition's effects, resources can end up being just another piece of the puzzle to drive employee participation and increase

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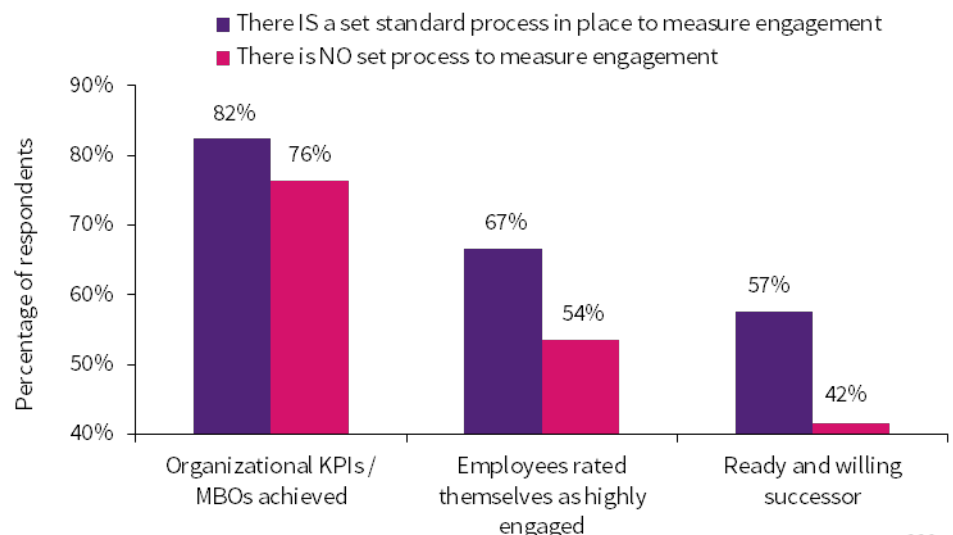
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engagement. And while those are both necessities, organizations want to be able measure the impact of such investments, and top performers understand how important that is to their success. Turns out, Best-in-Class companies are 84% more likely than All Others (46% vs. 25%) to measure the success of employee recognition efforts. Such insights empower top performers to determine the impact of recognition on revenue, customer retention, and, most of all, employee retention.

Being able to recognize and track successful employee recognition is a wonderful return on investment, but what about the impact on employee engagement? How does recognition have an impact on employees' overall commitment to the business? Well, when recognition tools are used and there is a company-wide, technology-enabled, standard process in place to measure engagement, businesses are more likely to reach their KPIs; they're more likely to have highly engaged employees; and they're more likely to have ready and willing successors for key roles throughout the company (Figure 4).

Figure 4: Measure Recognition and Engagement or Bust



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Source: Aberdeen Group, April 2015

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The ability to effectively document engagement is imperative to empowering future recognition and improving organizational performance in the process. While an increasing number of organizations understand that recognition has very real benefits, businesses still have a hard time calculating the steps necessary to design and implement a successful recognition program. To beat out competitors in the pursuit of finding, hiring, and retaining top talent, leading organizations have instilled a culture of recognition through the use of tools and tactics by empowering employees, management, and customers alike to acknowledge success.

Final Thoughts and Recommendations

Just like most other internal operations, not all recognition structures were made equal. As demonstrated above, with the right recognition technology and tactics in place, businesses are significantly more likely to experience higher employee engagement, better customer retention, and a greater connection to their business goals. Top-tier recognition programs empower businesses to see their return on investment first hand while simultaneously accomplishing what was initially intended: recognizing excellent work and motivating employees – whether they're the ones who initially succeeded or others – to be capable and proud contributors while simultaneously being successful members of the workforce. General appreciation and top-tier recognition are both critical to retaining hard-won talent and for maintaining the success of any business as well. Employees are your customers too, so be sure to treat them similarly or you might just end up losing both of them in the process.

Just remember, sometimes, we all need a simple thank-you and a pat on the back.

Top-tier recognition programs empower businesses to see their ROI first hand while simultaneously accomplishing what was initially intended - recognizing excellent work and motivating employees.

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The Power of Employee Recognition; November 2013

Author: Zach Lahey, Research Analyst, Human Capital Management (zach.lahey@aberdeen.com); [Twitter](#); [LinkedIn](#)

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