

Social Impact in the Human Workplace

WORKHUMAN ANALYTICS & RESEARCH INSTITUTE
2018 INTERNATIONAL EMPLOYEE SURVEY REPORT

workhuman®

EXECUTIVE SUMMARY

Over the past year, movements like #MeToo and #TimesUp, along with heightened social activism and record low unemployment, are driving an important shift in the balance of power in the workplace. People want – and expect – their voices to be heard. They want to be recognized for their accomplishments. They want transparency in the way they are rewarded and evaluated.

There is a noticeable distrust in positional authority in the media today, and the latest targets are the C-suite and human resources. From pay equity to performance and diversity and inclusion, HR and business leaders have an opportunity to be proactive on these issues – to put a stake in the ground for positive change.

Workhuman annually surveys fully employed workers in the United States to better understand their experience and motivation at work. This year we expanded the survey to include more than 3,600 workers in the United States, United Kingdom, Canada, and Ireland, from industries as varied as healthcare, technology, and consumer goods and services.



Overall, we found the following trends:

1

Most employees have not been recognized recently, but there are opportunities to make recognition more meaningful.

2

Workers want more flexibility and openness, but annual performance reviews remain in many organizations.

3

Employees are open to concepts like crowdsourced pay, as traditional compensation can present pay equity risks.

4

Psychological safety varies greatly by gender and position within a company, despite progress around belonging.

5

Employees are feeling uninspired by current methods for celebrating life events and service anniversaries.

TREND 1

Most employees have not been recognized recently, but there are opportunities to make recognition more meaningful.

Recognition is a human need. It signals that a person's contributions are appreciated and make a difference in the organization. This year's survey examines the current state of employee recognition.

Recognition experience varies greatly across the workforce. We asked workers, "When was the last time you were recognized for your contributions at work?"

Only 16% of workers have been recognized in the last month

22% of workers have not been recognized in a year or more

18% of workers have never been recognized at work

One reason for the lack of recognition is the fact that one in three companies (30%) have no formal recognition program. Another 25% of companies have a recognition program that is not tied to core values, and 45% of companies have a recognition program that provides awards based on performance and behaviors tied to core values.

Which type of recognition program delivers the greatest business impact? Across metrics such as recommending a company to a friend (Figure 1), employee experience (Figure 2), and engagement (Figure 3), values-based recognition is the clear front-runner.

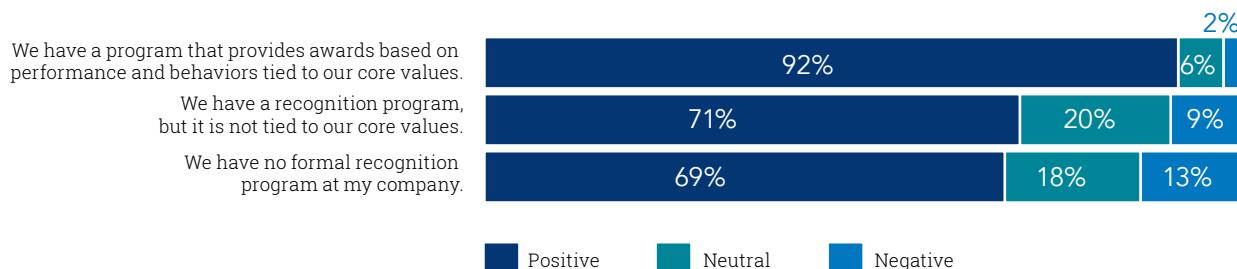
Figure 1 – More workers at companies with values-based recognition would recommend a friend

Would you recommend working at your organization to a friend or colleague?



Figure 2 – Values-based recognition associated with a more positive work experience

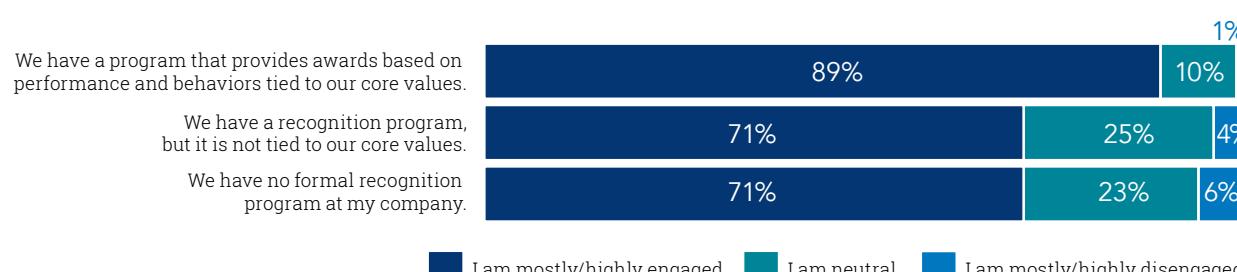
How would you describe your overall experience at work?



TIP: Align your recognition program to company core values for better results.

Figure 3 – Values-based recognition associated with higher employee engagement

Which statement best describes you?



The takeaway?

At companies with values-based recognition, workers are:

44%

more likely to
recommend the
company to a friend
or colleague

33%

more likely to
have a positive
work experience

25%

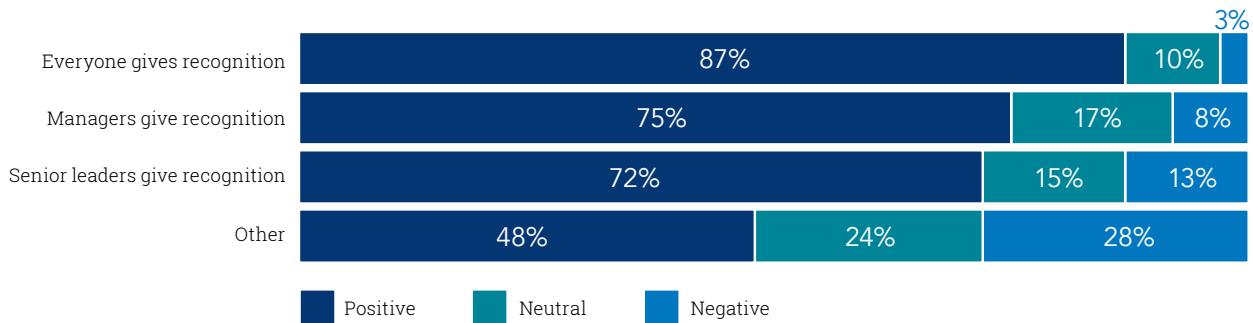
more likely to
be mostly/
highly engaged

It's also interesting to note that employee experience and engagement are essentially the same between companies with no formal program and companies with a program not tied to core values. This speaks to the powerful emotional connection a values-based recognition program creates between an employee's work and the mission of the organization.

Giving everyone in the company the power to recognize others through social recognition also has a positive impact on employees' experience at work. Figure 4 shows when only senior leaders are allowed to recognize, 73% of workers report a positive experience. That number jumps to 88% when everyone in the company can celebrate good work.

Figure 4 – Employee experience improves when everyone has the opportunity to give recognition

How would you describe your overall experience at work?



TIP: Empower everyone in your company to recognize good work, not just senior leaders.

As companies rethink traditional compensation strategies such as the annual bonus, this survey also seeks to understand the employee's perspective. How long does the positive feeling last after receiving a bonus? How long does that feeling last after receiving recognition?

Findings from this survey suggest the impact is virtually the same. Figure 5 shows that for both recognition and annual bonuses, 38% of respondents feel that positive feeling lasts about a week.

This would suggest that companies allocating budget for lump sum annual bonuses would see greater impact by redistributing that budget in the form of more frequent recognition throughout the year. For example, instead of receiving a one-time annual bonus of \$5,000, an employee would receive 50 recognition awards at the time of achievement, each in \$50 increments.

Figure 5 – Recognition and annual bonuses leave the same impact

The positive feeling typically lasted...



TREND 2

Workers want more flexibility and openness, but annual performance reviews remain in many organizations.

The most important relationship you have at work is the one you have with your direct manager. Many people choose to take jobs – and leave them – based on this relationship. Gallup research shows managers account for at least 70% of variance in employee engagement, and 50% of workers have left a job to get away from their manager. As such, this year's survey took a look at how frequently managers and their direct reports communicate.

Respondents were asked, "How frequently does your company conduct performance reviews?"

58% responded "annually or semiannually"

20% responded "quarterly"

11% responded "performance assessment is an ongoing process"

11% responded "never"

The number of companies conducting annual or semiannual reviews is declining. In 2016, 82% of workers surveyed said their company used annual reviews. That number dropped to 65% in 2017 and again to 58% this year. While many companies are not ready to abandon the process entirely, many are supplementing the review with more informal check-ins, conversations, and feedback throughout the year.

Indeed, **38% of workers say they check in with their manager daily** and another 35% check in on a weekly basis. How do frequent check-ins impact the manager-employee relationship?

This survey looked at factors such as trust and respect. In each case, the more frequently an employee reports checking in with their manager, the more likely they are to trust and respect their manager (Figure 7).

Figure 6 – Most workers have manager check-ins on a daily basis

How frequently do you check in with your manager formally or informally?

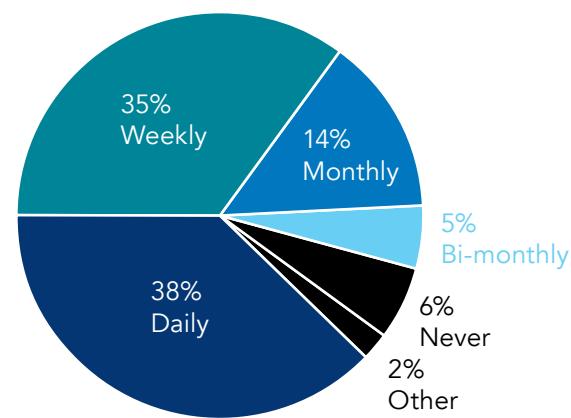
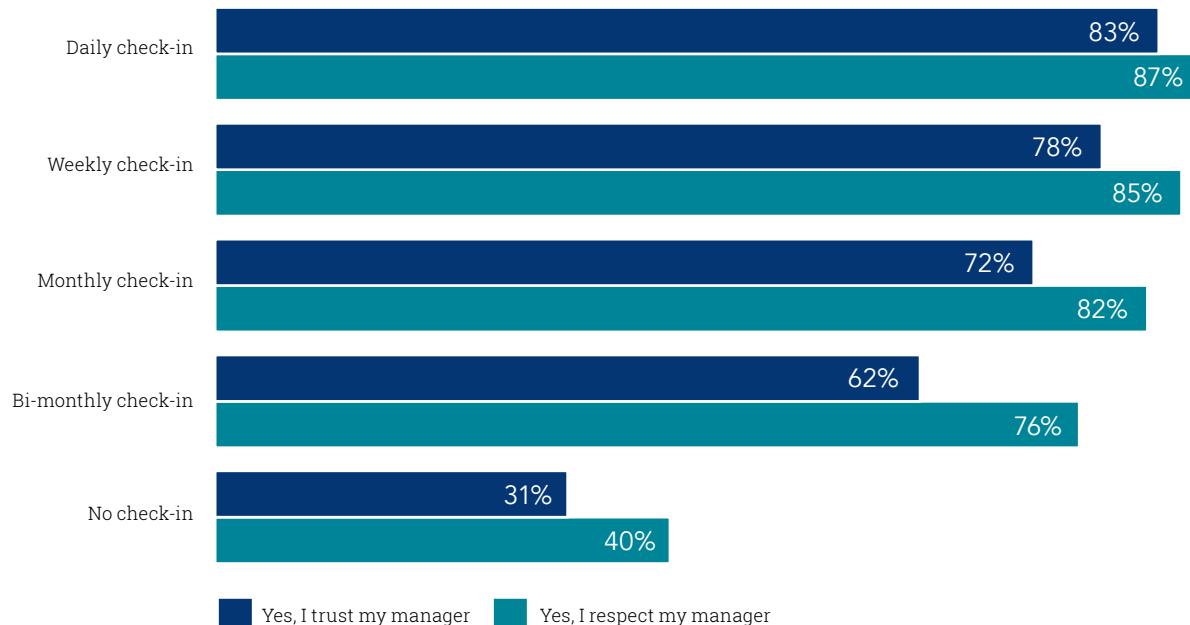


Figure 7 – Frequent check-ins associated with increased trust and respect

Do you trust your manager? Do you respect your manager?



Tip: Encourage more continuous performance conversations to increase trust and respect.



The takeaway?

Employees who check in with their manager on a daily basis are:

2x

More than two times as likely
to respect their manager

3x

Nearly three times as likely
to trust their manager

What's more, those employees are also much more likely to find the conversation useful (Figure 8).

HR leaders and senior executives spend countless hours and resources on training people managers to be better coaches and mentors. This data suggests perhaps the best first step in transitioning to continuous performance development is to encourage more ongoing dialogue.

In fact, respondents were asked, "In what ways could your company improve communication, especially around performance conversations?" Their open-ended answers reflect a desire for more flexibility and openness:

"Remove the embarrassing requirement for self-assessment"

"More in-the-moment feedback"

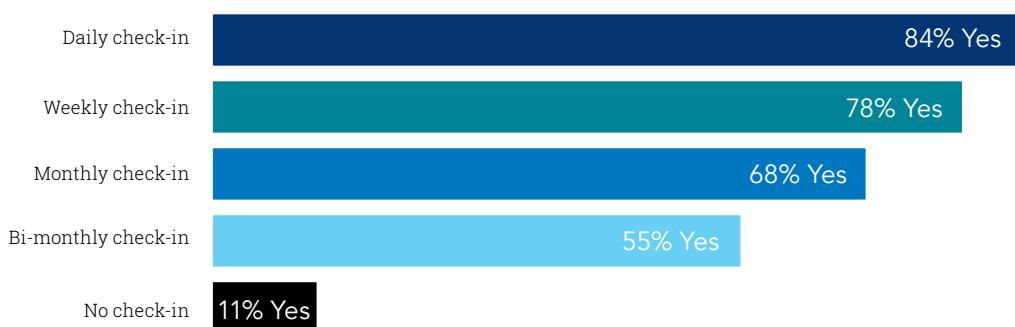
"Be more transparent"

"Make continuous feedback a core part of the culture, rather than an annual ordeal"

"Have an easier system of tracking goals and allowing people to track them themselves"

Figure 8 – More frequent check-ins perceived to be more effective

Are check-ins with your manager useful?



TREND 3

Employees are open to concepts like crowdsourced pay, as traditional compensation can present pay equity risks.

Traditionally, compensation was a subject only discussed behind closed doors. In fact, many companies considered an employee discussing their pay with a colleague grounds for termination. Today, thanks to legislative pressure and a societal push for pay equity, that's all changed.

Even with these steps toward transparency, is there a sense of fairness in the way employees are compensated? This year's survey reveals only 65% of respondents feel they are paid fairly for the work they do. More than a third disagree.

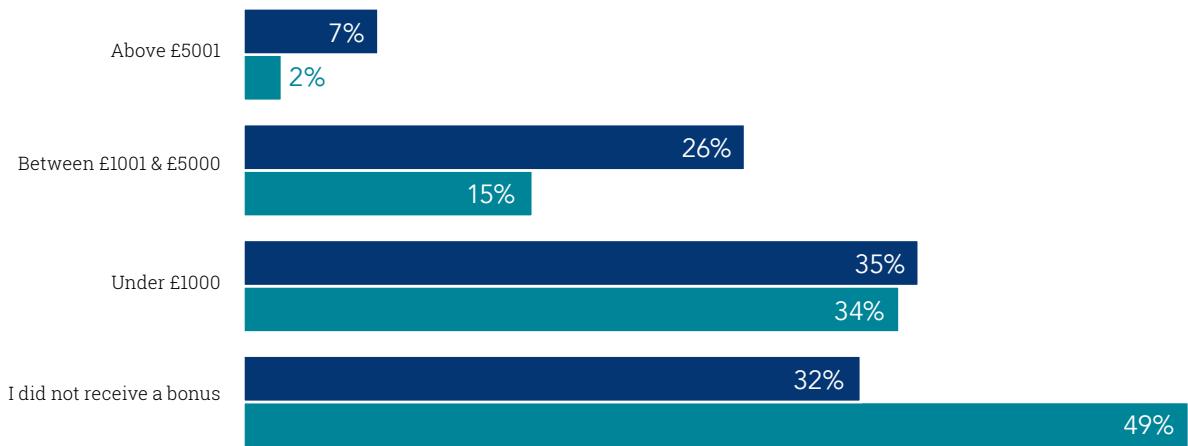
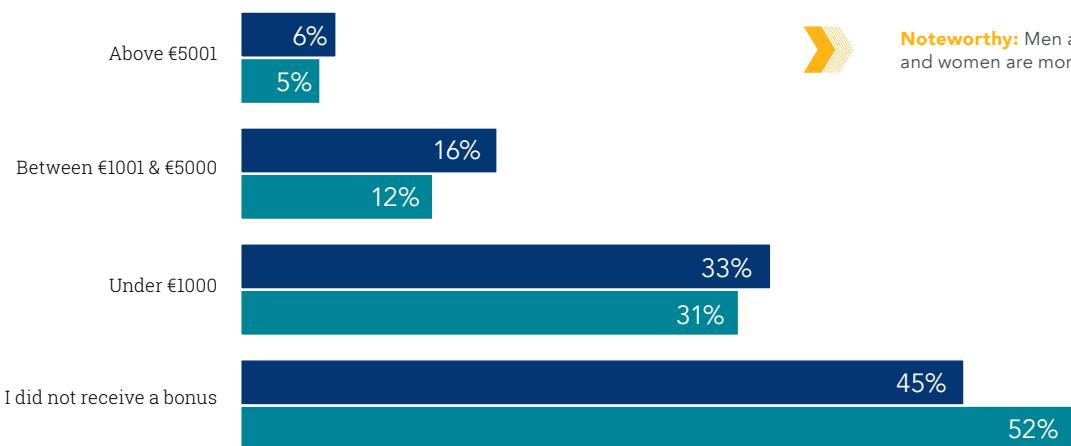
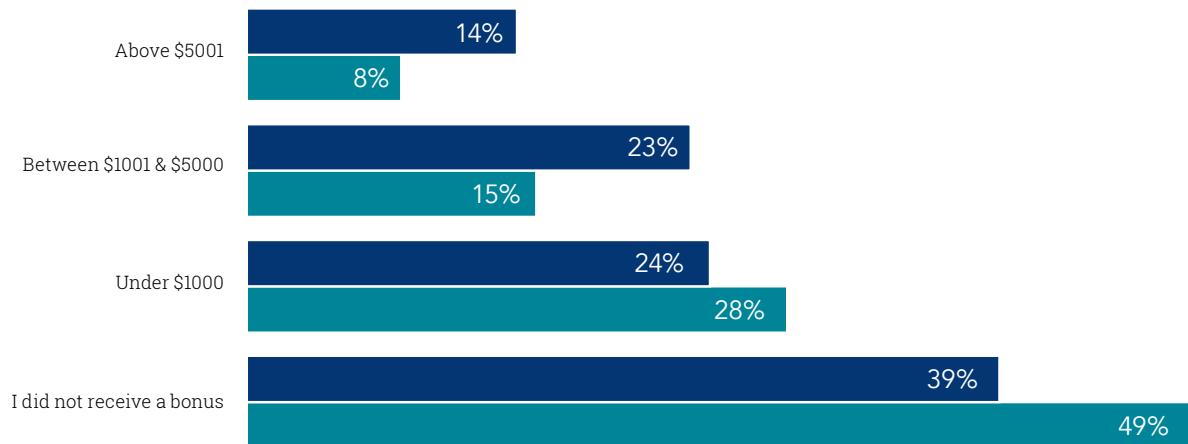
Further analysis shows answers to this question vary based on gender. Males are more likely to agree they are paid fairly (70%), compared to females (61%).

One area of compensation that may be causing this gender variance is the bonus. Respondents from each country were asked to report the size of their last annual bonus. Whether the bonus was given in dollars, euros, or pounds – women reported receiving lower-value bonuses than men.

Across the board, more women than men reported not receiving any bonus. In the United States, nearly 2x as many men as women received a bonus greater than \$5,000. And **in the United Kingdom, more than 3x as many men as women received a bonus greater than £5,000.**

Figure 9 – Gender pay inequity in bonus payouts

What was the size of your last annual bonus?



Men Women

One way some companies are mitigating risk is allocating some variable pay budget to crowdsourced recognition and rewards. A new question asked in this year's survey is, "Would you work harder if you received monetary awards crowdsourced from your colleagues?" (Figure 10) Interestingly, a majority of younger workers, and even workers in their 30s and 40s, are open to the concept.

Further, as more companies jump on the bandwagon of taking public stands on a range of social causes, it's becoming increasingly clear that cultural change cannot be achieved or seen as authentic without establishing basic fairness in compensation.

The data shows that employees' perception of whether their organization has a human work culture is strongly associated with whether they believe they are paid fairly.

Figure 10 – Younger workers would work harder for rewards crowdsourced from peers

Would you work harder if you could receive monetary awards crowdsourced from your colleagues?

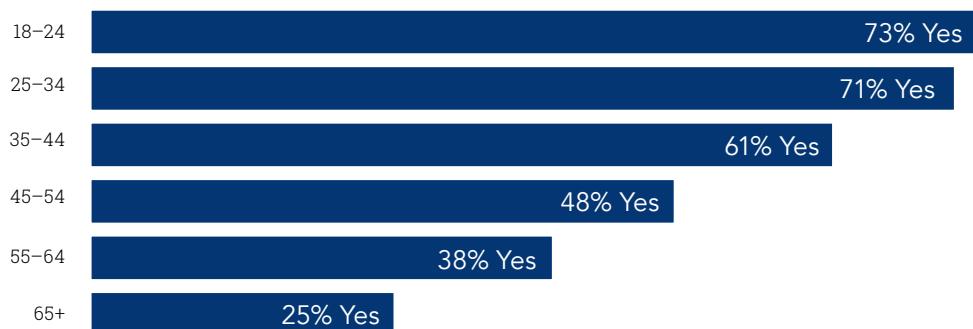


Figure 11 – Strong links between pay equity and a human work culture

Does your company have a very human work culture?



The takeaway?

When employees believe they are paid fairly, they are:

61%

more likely to
agree their company has
a human work culture

TREND 4

Psychological safety varies greatly

by gender and position within a company, despite progress around belonging.

As companies become more sophisticated with the way they approach diversity, the terms for measuring these approaches continue to evolve.

"Diversity is being invited to the party; inclusion is being asked to dance."

VERNA MYERS
VP, Inclusion Strategy, Netflix

As in previous years, respondents were asked, "Does your company have a diversity and inclusion program or initiative?" The number of employees responding "yes" fell from 61% last year to 57% in 2018. And yet, the number of people reporting that they feel a sense of belonging at work has essentially remained the same (81% in 2017 and 82% in 2018). This would seem to suggest that **fostering a sense of belonging requires a broader culture change in addition to an official D&I initiative.**

Beyond gender and ethnic diversity in recruiting, how else can organizations keep a pulse on the effectiveness of D&I initiatives? One avenue is looking at psychological safety – the belief that you won't be punished if you take a risk and make a mistake. Considering everyone's unique background, do people feel safe offering a dissenting or unpopular view at work? Is diversity of thought really allowed?

When respondents were asked this question, only 65% agreed. More than a third (35%) said they do not feel safe offering a dissenting view at work.

The data is especially telling when it's filtered by categories such as job role and gender (Figure 12).

Figure 12 – Individual contributors and women feel less psychological safety at work

Do you feel safe to offer a dissenting or unpopular view at work?



Noteworthy: Across all job levels, women are less likely to feel safe offering a dissenting view at work.

In hierarchical organizations, the higher up an employee is, the more likely they are to feel safe offering a dissenting opinion. **Compared to senior management and executives, individual contributors are more than 2x as likely to feel unsafe speaking up.**

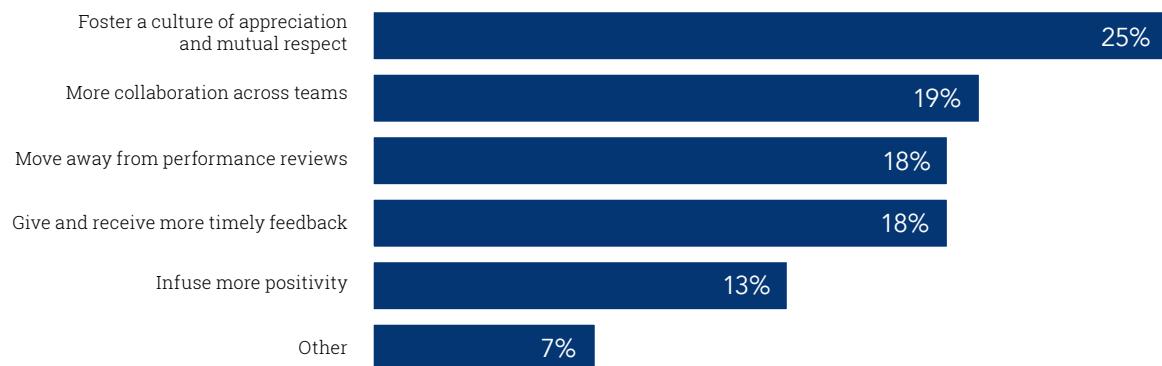
Employees' experience of psychological safety also varies by gender. While 70% of men feel comfortable speaking up, only 60% of women feel the same way.

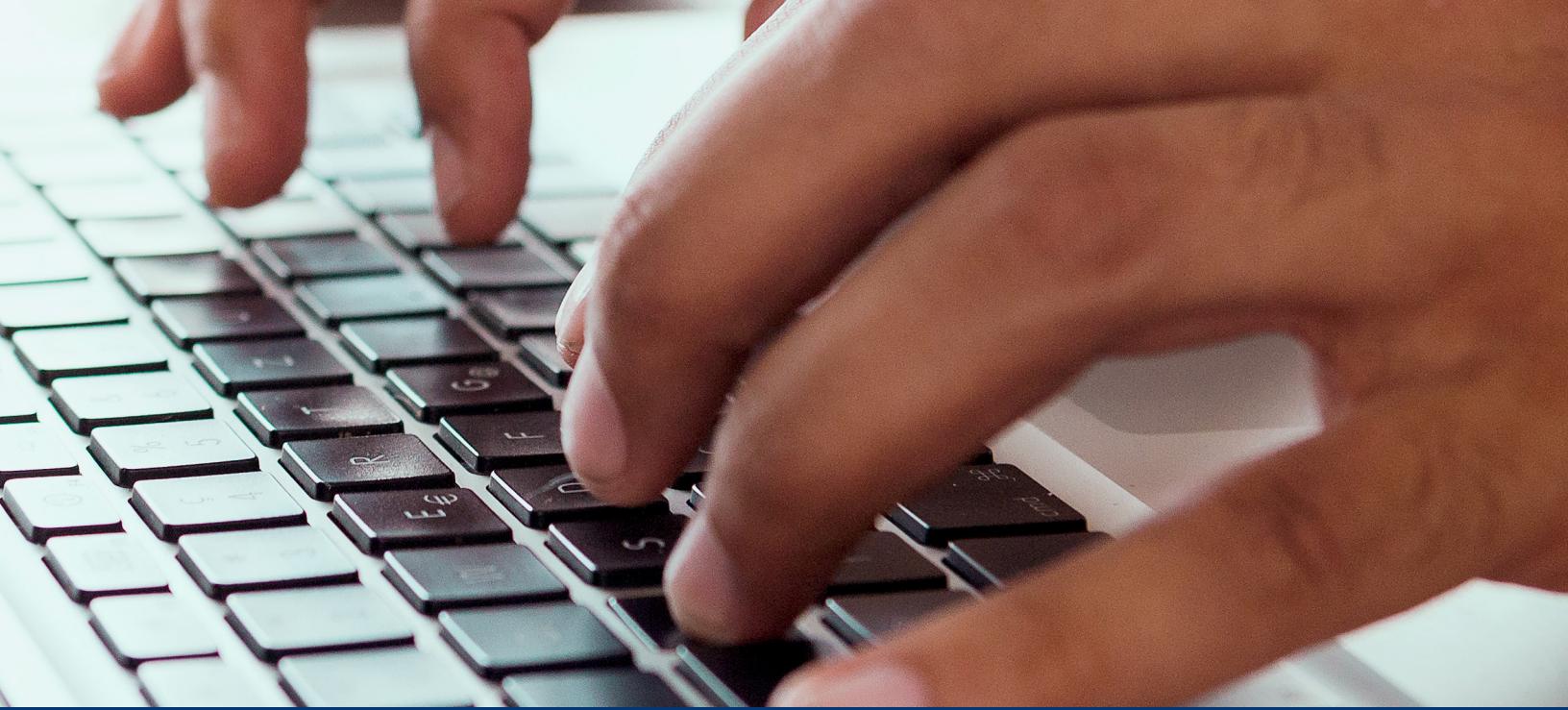
To boost employees' sense of belonging and psychological safety, companies should focus on not only asking for employee input on issues that matter, but also showing how that specific input is integrated into organizational strategy.

When we asked workers, "If you could change one thing about your organization's culture, what would it be?" The top response was, "Foster a culture of appreciation and mutual respect." Even more than changing performance management and increasing collaboration, people just want to feel seen and heard at work.

Figure 13 – Most workers want more appreciation and respect at work

If you could change one thing about your organization's culture, what would it be?





The takeaway?

The number one thing people want to see changed at work:

#1

More than anything else
people want a culture that fosters
more appreciation and respect.

TREND 5

Employees are feeling uninspired

by current methods for celebrating life events and service anniversaries.

We all reach significant milestones that are cause for celebration. Whether it's having a baby, buying a house, reaching a service anniversary, or completing a marathon, these are the moments that make us human, that give life meaning. They're meant to be shared and appreciated.

Traditionally, companies have at least acknowledged an employee's service anniversary. In this year's survey, 62% of workers say their company celebrates service anniversaries. Unfortunately, that's where the good news ends. We asked, "How did your last service anniversary make you feel about your company?" More than half (51%) said, "It made me feel nothing at all." Another 13% reported, "It made me feel less valued."

When asked to describe their last anniversary experience, respondents wrote:

"No special feeling. I got [an] auto-generated email."

"10 years past by with nothing said."

"Another day in the office."

Service anniversaries are leaving employees uninspired – or worse – causing them to rethink their commitment to the organization. Respondents were asked how they would prefer to celebrate the event (Figure 14) and what type of reward they would prefer (Figure 15).

The data shows employees want more choice in their reward and would prefer to include their co-workers in the celebration.

Figure 14 – Individualization is key in service anniversary rewards

Which service anniversary reward type would you prefer?

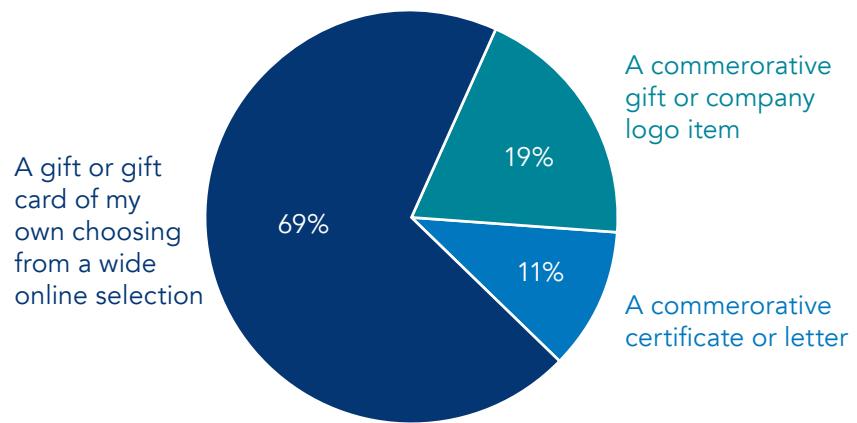
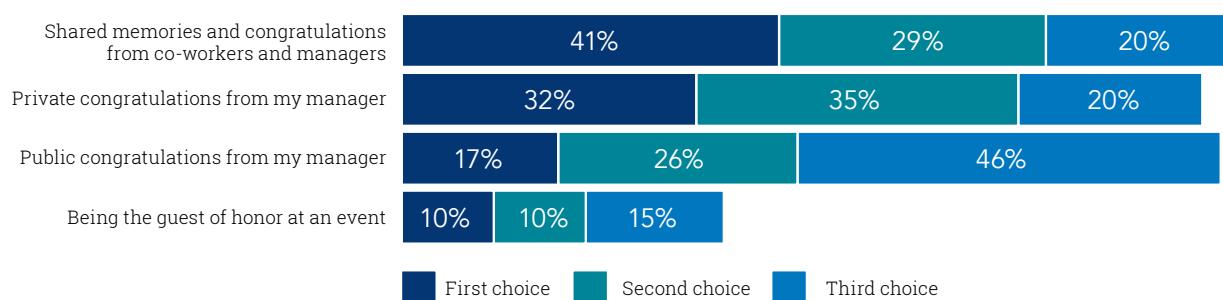


Figure 15 – Workers want to celebrate service anniversaries with colleagues

Which service anniversary celebration would you most prefer?



Tip: Create a space for shared memories where co-workers can celebrate together.

The takeaway?

Service anniversaries are leaving employees uninspired – or worse – causing them to rethink their commitment to the organization.

51%

felt neutral
about their last
service anniversary

13%

felt negatively
about their last
service anniversary



Companies should also consider fostering community and goodwill by celebrating employees' life events, like having a baby, getting married, or buying a house. Figure 16 shows about a third of employees celebrated no life events in the past year.

When the data is filtered by questions like, "Do you feel like you belong at your company?" (Figure 17) and "Does your company have a human work culture?" (Figure 18) – even just celebrating one life event with your colleagues and community at work can have a sizable impact, making workers:

19% more likely to feel like they belong

Nearly 2x as likely to believe their company has a human work culture

Figure 16 – Companies are missing opportunities to celebrate important life events

How many times in the last year did you share or celebrate important life events (e.g. having a baby, getting married, buying a house) with your coworkers?



Figure 17 – Celebrating just one life event is associated with feelings of belonging

Do you feel like you belong at your company?



Figure 18 – Celebrating just one life event is associated with a human work culture

Does your company have a human work culture?



Which life events are celebration worthy?

We asked workers which events they would most appreciate celebrating. More than half said they would appreciate celebrating birthdays at work.

53%

Birthday

39%

Retirement

34%

New employee

28%

Marriage/union

27%

Baby/adoption

11%

Buying a new house



CONCLUSION

The forces shaping our societal landscape – calls for fairness, equity, transparency, and trust – are driving an awakening in the workplace. No longer do we go to work and expect to leave our selves – our humanity – at home.

This year's international employee survey tells the story of a workforce ready to make an impact – but unwilling to stick around if bureaucratic processes get in the way. Companies that succeed in this environment are the ones willing to leverage human applications to increase connection and change the pace of recognition, reward, and performance development to match how work actually gets done. Companies that succeed realize we are social beings, even at work. We want to celebrate accomplishments and feel a sense of support and inclusion from our team.

Organizations that provide this positive culture for their people will see renewed commitment, engagement, and strengthened relationships that fuel the backbone of their business and their bottom line.

About Workhuman and the Workhuman Analytics & Research Institute

Workhuman® is the world's fastest-growing integrated Social Recognition® and continuous performance management platform. Our human applications are shaping the future of work by helping organizations connect culture to shared purpose. With a consistent stream of gratitude fueling unparalleled, provocative workplace data and human insights, Workhuman® Cloud is a critical software engine for global companies seeking to motivate and empower their people to do the best work of their lives. Workhuman (formerly known as Globoforce) was founded in 1999 and is co-headquartered in Framingham, Mass., and Dublin, Ireland.

The Workhuman Analytics & Research Institute is dedicated to the understanding and application of global workplace practices that create more engaged, productive, and ultimately more human work cultures. In collaboration with leaders in the human resource industry and global research experts, the Workhuman Analytics & Research Institute publishes original research on current trends that affects and influences the employee experience, culture management, and leadership.

About the survey

This survey was directed by the Workhuman Analytics & Research Institute from July 9-23, 2018. This is the 10th deployment of this employee survey since its launch in Spring 2011. The respondent sampling of this survey was conducted by independent market research firm Research Now SSI. The final sample of the survey was composed of 3,607 randomly selected fully employed persons in the U.S., U.K., Canada, and Ireland (age 18 or older). The survey has a margin of error of +/- 1.6 percentage points at a 95% level of confidence.

Learn more about how Workhuman can unlock potential, purpose, and passion in your organization.

+1 888 743 6723 | workhuman.com

Or read more on our blog: workhuman.com/whblog

