2003 Recognition Survey

September 2003

A Joint Survey by WorldatWork and National Association for Employee Recognition (NAER)

Recognition is an important component of an organization's total rewards program and is instrumental in reducing turnover, increasing productivity and creating a positive work environment. When employees realize their contributions are important to an organization's success, they are more likely to embrace the organization's mission, goals and values.

A September 2003 survey, conducted by WorldatWork and the National Association for Employee Recognition (NAER), shows employee recognition continues to be important to organizations and they are making it an integral part of their mission and people strategy. They also are thinking more strategically about the type of rewards offered for different types of programs, and which rewards are most valuable to employees.

Methodology

For the third year in a row, WorldatWork and NAER surveyed a sample of members to understand what companies are doing with recognition programs. Surveys were sent electronically to a random representative sample of 2,748 WorldatWork members and to all 520 NAER members. A total of 413 responses were received — a 13% response rate.

The survey responses can be considered statistically representative of the WorldatWork membership. The typical WorldatWork member is at or above the manager level in compensation, benefits or human resources, working in the headquarters of a large company in North America. Ninety-five percent of the *Fortune* 1000 companies have at least one employee who is a WorldatWork member.

Summary of Key Findings

- Recognition continues to be important to organizations, with 87% of companies using recognition programs as part of their people strategy.

- Forty percent of companies are doing more with recognition than 12 months ago while only 12% are doing less than 12 months ago.

- Of those companies with a recognition program, 65% have a written strategy and 97% of those feel it aligns with their organizational strategy and links directly to what matters most to the organization.

- Two-thirds of companies measure the success of their recognition programs. The most common metrics are employee satisfaction surveys (67%) and the number of nominations (50%).

- There is a companywide recognition budget in 43% of organizations, compared to 38% where the budget is department specific.

- The majority of companies (87%) use length of service as the foundation for their recognition program. Companies also are adding other program types, including "above and beyond performance" (85%), sales (43%), suggestions (36%), employee of the period (29%), safety (28%) and attendance (20%).

- Human resources administers the majority (48%) of recognition programs.

- The Internet has facilitated the immediacy of recognition programs, as more companies are using technology to enhance their programs.

- Companies are providing a wide range of recognition awards that are meaningful to employees (plaques, gift certificates, jewelry, household items, travel, etc.).

- Only 20% of companies have a formal training program to educate managers about recognition programs, and 75% of these companies use an in-person training session.

- Recognition programs need to be used and communicated frequently to let employees know they exist.


Detailed Findings

Of the 413 respondents, 87% currently have a recognition program in place. This figure is similar to 2002, when the survey found 84% of 391 respondents had a recognition program.

Figure 1: Does your organization currently have recognition programs in place?

Yes 87%

No 13%
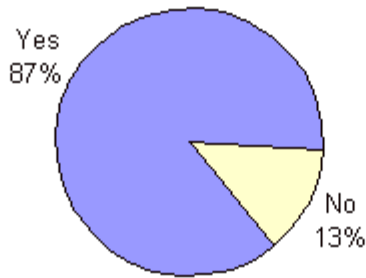
Additionally, many organizations have expanded their recognition programs in the past year with 40% of respondents indicating they are doing more with their recognition programs than 12 months ago.

Figure 2: Is your organization doing more or less in your recognition programs than 12 months ago?

Category	Percentage
More	40%
About the same	48%
Less	12%
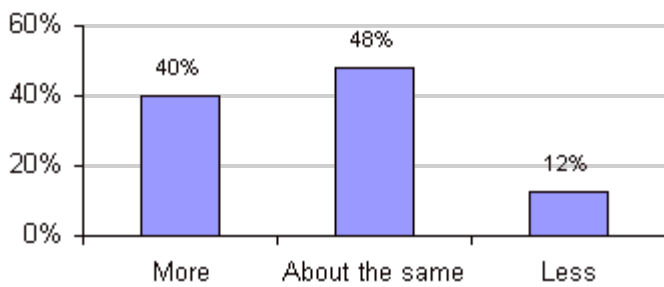
Of responding companies who do not currently have recognition programs in place, 37% are considering implementing new programs in the next 12 months. Forty percent of companies with programs already in place are considering implementing additional programs in the next 12 months.

Figure 3: Are you considering implementing any new or additional programs in the next 12 months?

	Currently have recognition programs	Do not have recognition programs
Yes	40%	37%
No	60%	63%
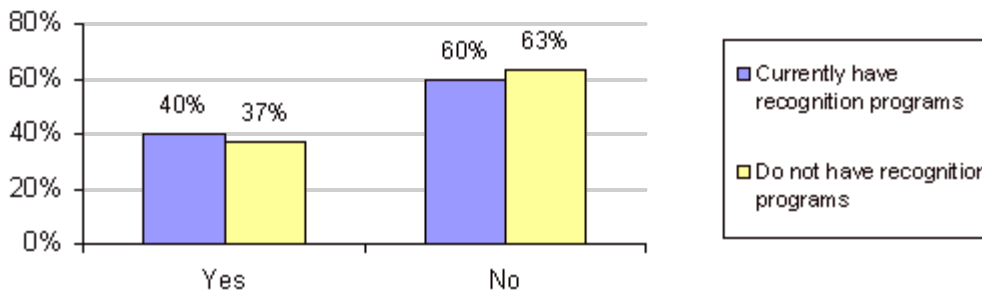
Recognition Strategy and Goals

Sixty-five percent of respondents have a written strategy behind their recognition programs and, of those, 97% feel that the strategy aligns with their overall organizational strategy.

Creating a positive work environment is the most prevalent goal of a recognition program, chosen by 80% of respondents. A close second and third were creating a culture of recognition (76%) and motivating high performance (75%).

Figure 4: What are the objectives/goals of your organization's recognition programs? (Check all that apply.)

Create a positive work environment	80%
Create a culture of recognition	76%
Motivate high performance	75%

Reinforce desired behaviors	75%
Increase morale	71%
Support organizational mission/values	66%
Increase retention/decrease turnover	51%
Encourage loyalty	40%
Support a culture change	24%
Other	5%

Eight in10 respondents believe their recognition programs are meeting the program's goals and objectives. For two-thirds of respondents, this belief is supported by an actual measurement of success. The most commonly used metrics for recognition programs are employee satisfaction surveys (67%) and the number of nominations (50%).

Figure 5: What measurements for success do you use in your recognition programs? (Check all that apply.)

| Employee satisfaction surveys	67%
Number of nominations	50%
Turnover	28%
Productivity	25%
Customer surveys	22%
Usage rates/participation rates	21%
ROI (return on investment)	15%

Types of Recognition Programs

Most responding organizations offer both formal and informal recognition programs. As defined by the survey, formal programs are structured or planned recognition programs (e.g., attendance, performance, safety, years of service, etc.), while informal programs are spontaneous gestures of appreciation (non-monetary or of small monetary value).

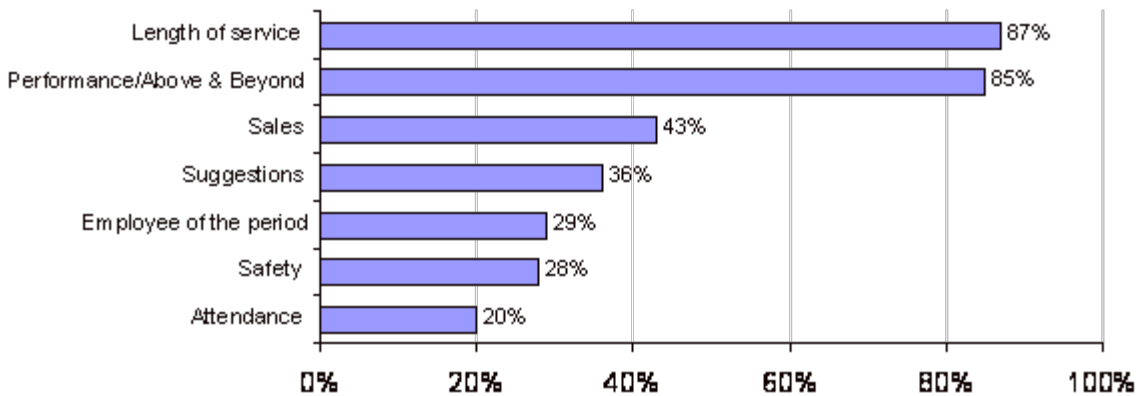**Figure 6: What types of recognition programs are included in your recognition strategy?**
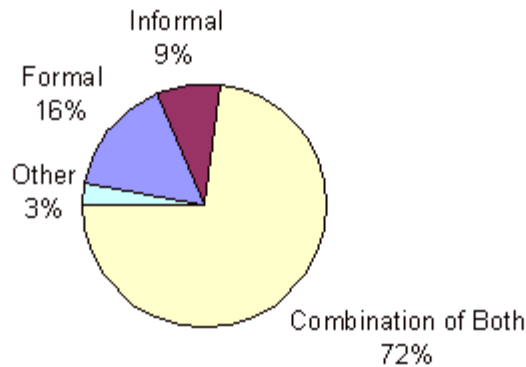
Respondents offer recognition programs both company-wide and as department-specific.

Figure 7: Are your recognition programs:

Company-wide 43%
Department-specific 5%
Both company-wide & department specific 49%
Other 3%
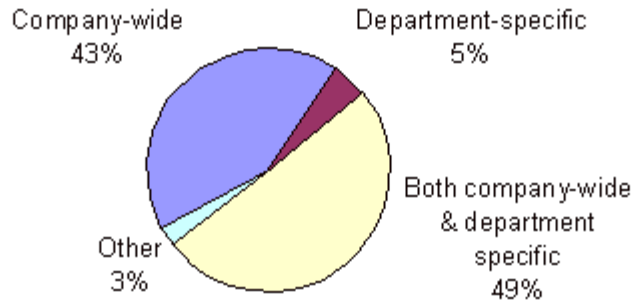
Eighty-seven percent of respondents use length-of-service awards and 85% of responding organizations use performance ("above and beyond") awards. Less commonly used programs are attendance (used by 20%) and safety awards (28%).

Figure 8: Types of formal programs offered:

| | Length of service | 87% |
Performance/Above & Beyond	85%
Sales	43%
Suggestions	36%
Employee of the period	29%
Safety	28%
Attendance	20%

Length-of-service awards also have been in place for the longest period of time in most companies with 87% of respondents indicating they have had this program in place for more than five years.

Figure 9: Length of time programs have been in place

	Less than 12 months	1-5 years	More than 5 years
Length of service	3%	10%	87%
Sales	8%	30%	62%
Employee of the period	12%	30%	58%
Attendance	9%	37%	54%
Safety	8%	39%	53%
Performance/Above & Beyond	10%	45%	45%
Suggestions/Ideas	14%	42%	44%

Responding organizations award length-of-service awards to the most employees annually. On average, companies report awarding 28% of the employee population a length-of-service award in the past 12 months. In contrast, companies, on average, report 10% of the employee population receives an "employee-of-the-period" award annually.
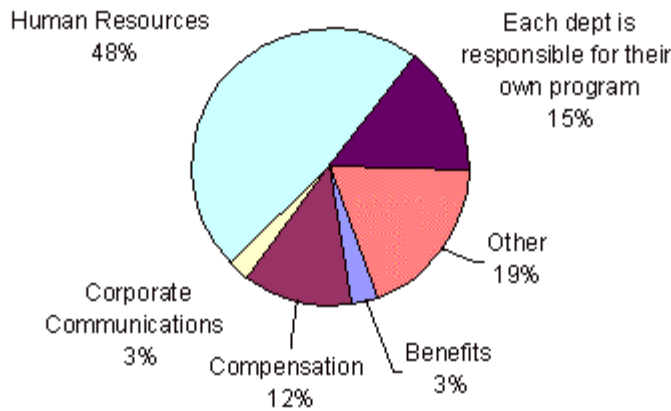
Figure 10: Percentage of employees recognized in the past 12 months

Average % of Employee Population
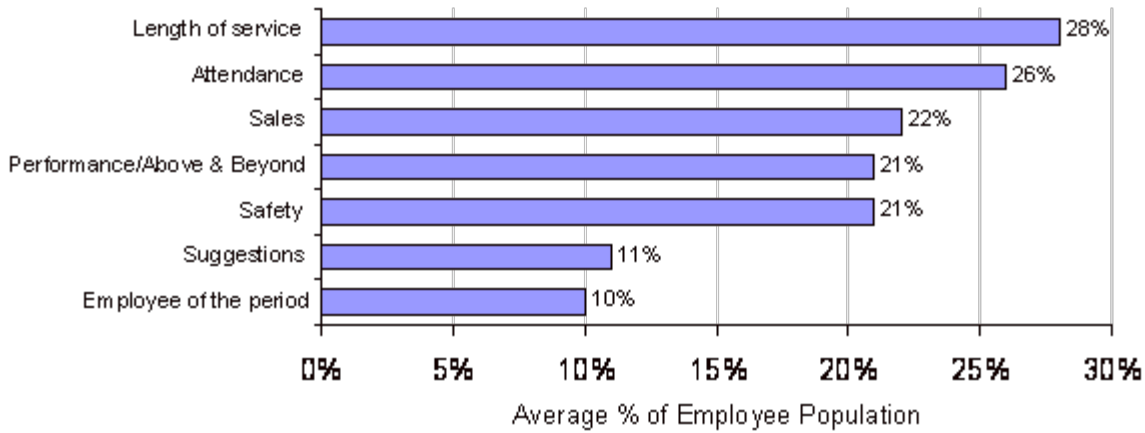
Program Administration

Almost half of organizations (48%) administer their recognition programs through HR.

Figure 11: What department is responsible for administering the majority of your organization?s recognition program(s)?

"Other" mentions in Figure 11 include: work/life, marketing, administration or a combination of HR and another department.

Only 14% of respondents have a full-time position dedicated to recognition programs. Thirty-six percent of respondents have a part-time position within a department dedicated to recognition programs. On average, this person spends about 10% of the workweek on recognition programs. The vast majority of respondents (42%) indicated that no one position is responsible for the program; it is a shared responsibility among the department personnel. Another 8% of respondents have other types of shared responsibilities for administering the program, mainly a committee or a recognition team.

Figure 12: What position is responsible for administering the recognition program(s)?

Full-time dedicated position(s)	14%
Position within department dedicated part-time	36%
No one position is responsible for the program	42%
Other	8%

Seven in10 responding organizations have a budget for their recognition programs.

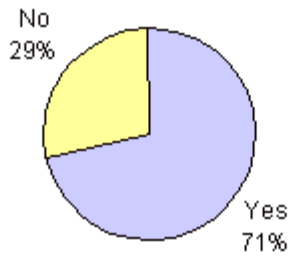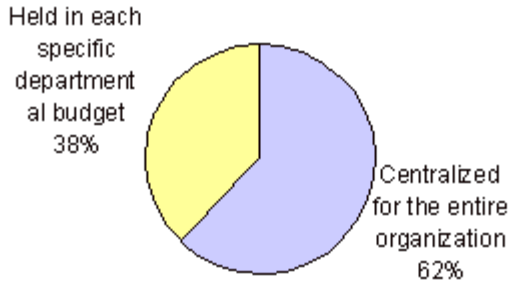**Figure 13: Is there a dedicated budget for your recognition programs?**

No
29%

Yes
71%

Figure 14: Is the recognition budget:

Held in each specific departmental budget
38%

Centralized for the entire organization
62%

On average, responding organizations indicate their recognition program budget is 2.0% of payroll with a median of 1.0%.

Communication, Training and Award Presentation and Types

Nearly 9 in 10 (87%) of organizations with recognition programs have a communications plan for their program. The employee handbook is the most widely used communication vehicle (75%), followed by company newsletters (36%). Other vehicles used are: company e-mail, fliers and posters.

Figure 15: What media do you use to communicate your recognition programs? (Check all that apply.)

Intranet/Internet	76%
Company newsletter	57%
Employee orientation	57%
Employee handbook	33%
Other	24%

Only 20% of organizations have a formal training program for managers about the recognition programs. The most commonly used training method is an in-person session.

Figure 16: What formal training methods do you use to train your managers? (Check all that apply.)

In-person training session	75%
Handbook	36%
Online education	21%
Other	12%
Video	10%

Managers present most awards one-on-one to the recipient (69%), while 63% of organizations hold a special event to recognize award presentations. Department meetings were the most cited "other" presentation method.

Figure 17: How are recognition awards presented? (Check all that apply.)
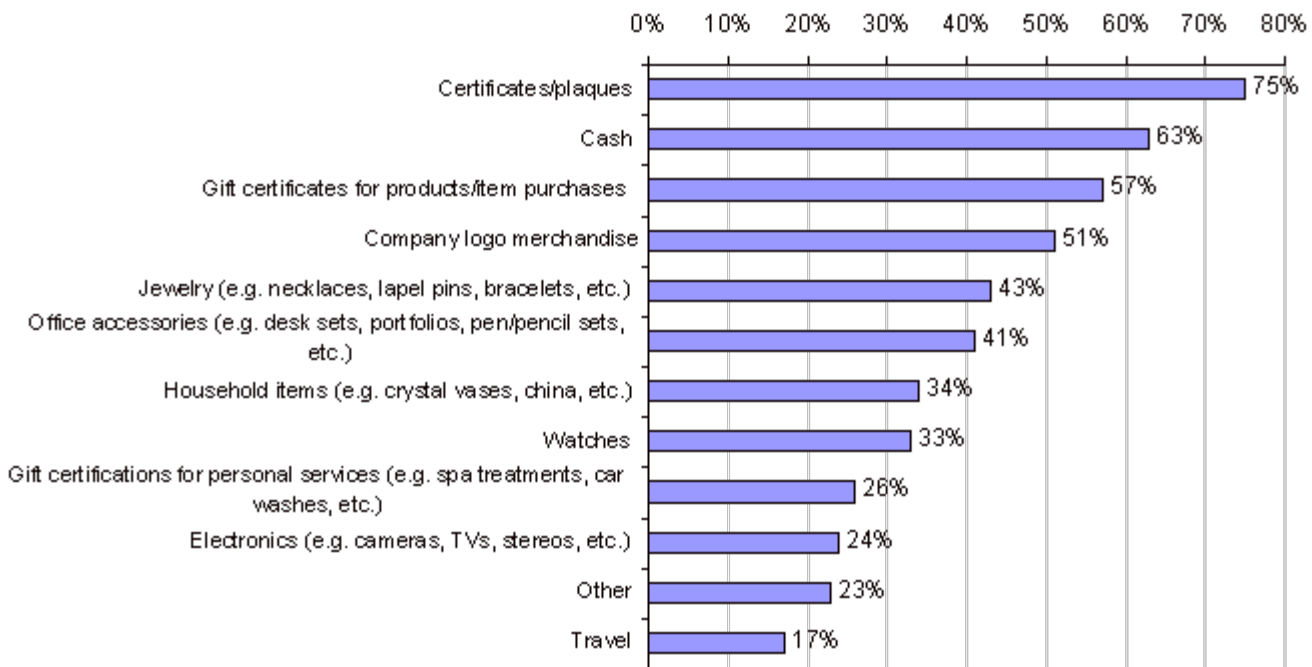
One-on-one with manager	69%
Special event (banquet, luncheon, etc.)	63%
Staff meeting	59%
Companywide meeting	37%
Other	10%
Not presented (mailed to home)	7%

Figure 18: Do any of your recognition programs use the Internet for any of the following? (Check all that apply.)

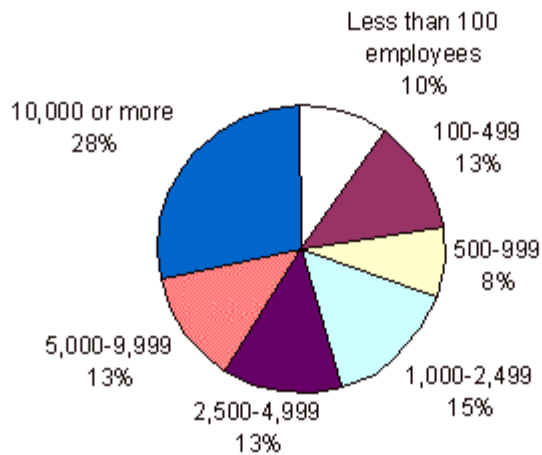| Program communication	40%
Award ordering	35%
Award nomination	29%
Program administration	24%
Program reporting/tracking	19%
Training	10%

Certificates and plaques are the most popular awards, awarded by 75% of respondents. Second is cash, awarded by 63% and third are product gift certificates, awarded by 57%.

Figure 19: What types of items are presented as recognition awards? (Check all that apply.)

Item	Percentage
Certificates/plaques	75%
Cash	63%
Gift certificates for products/item purchases	57%
Company logo merchandise	51%
Jewelry (e.g. necklaces, lapel pins, bracelets, etc.)	43%
Office accessories (e.g. desk sets, portfolios, pen/pencil sets, etc.)	41%
Household items (e.g. crystal vases, china, etc.)	34%
Watches	33%
Gift certifications for personal services (e.g. spa treatments, car washes, etc.)	26%
Electronics (e.g. cameras, TVs, stereos, etc.)	24%
Other	23%
Travel	17%

Respondent Demographics

Company Size

Industry

Manufacturing	23%
Finance & Insurance	16%
Healthcare & Social Assistance	9%
Professional, Scientific & Technical Services	8%
Information	5%
Utilities	5%
Public Administration	5%
Other Services (except Public Administration)	5%
Retail Trade	3%
Educational Services	3%
Accommodations & Food Services	2%
Transportation & Warehousing	2%
Real Estate & Rental & Leasing	2%
Arts, Entertainment & Recreation	2%
Wholesale Trade	1%
Other	8%

About WorldatWork

WorldatWork is the world's leading not-for-profit professional association dedicated to knowledge leadership in compensation, benefits and total rewards. Founded in 1955, WorldatWork focuses on disciplines associated with attracting, retaining and motivating employees. In addition to providing professional affiliation, WorldatWork offers highly acclaimed certification (CCP®, CBP and GRP®) and education programs, the monthly *workspan*® magazine, online information resources, surveys, publications, conferences, research and networking opportunities. WorldatWork, 14040 N. Northsight Blvd., Scottsdale, AZ 85260, 877/951-9191, customerrelations@worldatwork.org.

About NAER

The National Association for Employee Recognition (NAER) is dedicated to the enhancement of employee performance through recognition, including its strategies and related initiatives. The mission of NAER is to make employee recognition an integral part of every organizations business and people strategy. The association, based in Naperville, Ill., provides a forum for information and best practices sharing as well as education to foster the use, excitement, effectiveness and enthusiasm of recognition. For more information on NAER, please visit