

The Power of Employee Recognition

Any organization committed to recruiting and retaining top talent must learn the art of appreciating that talent. Top companies realize this, so it's no surprise that employee recognition programs are quickly becoming one of the fastest growing areas of talent management.

According to Aberdeen's 2013 employee engagement survey, 67% of Best-in-Class organizations have a formal recognition program in place, compared to 58% of Best-in-Class organizations in 2012. Best-in-Class organizations are rapidly embracing recognition as a way to fuel engagement and drive business success. What distinguishes these programs is their ability to embed recognition in the company culture by empowering every employee to recognize great performance, embracing innovative technology, and consistently evaluating these efforts across the organization. This Analyst Insight, based on data collected in May and June 2013, will examine the key trends and best practices necessary to design and implement a powerful employee-recognition program.

The Art of Appreciation

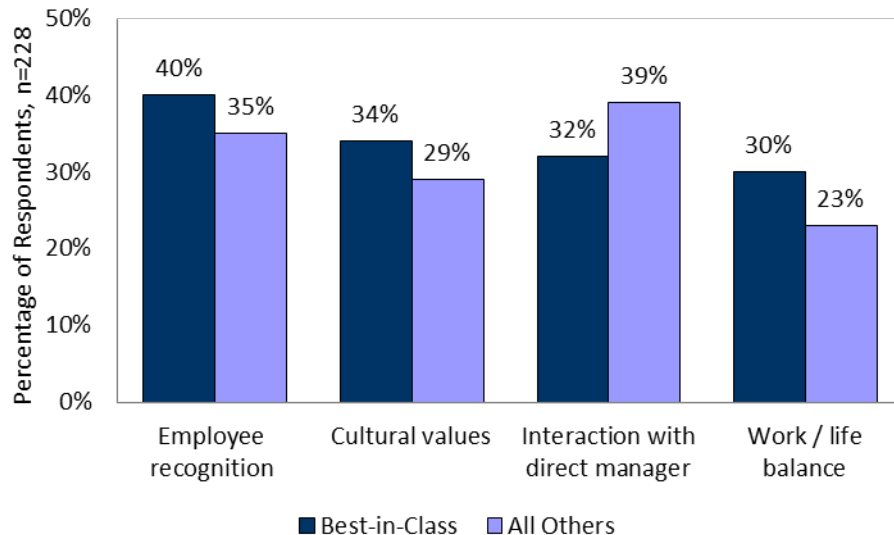
Over the past decade, the relationship between employer and employee has grown strained. Rather than motivating and encouraging top talent, many organizations turned a blind eye to employee engagement. Today, a mere 37% of organizations have a clearly defined engagement strategy in place and only 15% of those strategies extend throughout the entire organization. Without a way to engage employees, organizations risk losing top talent and jeopardize organizational growth. In order to overcome this challenge, organizations must take a different approach to the way they interact with talent and begin to create a culture of recognition.

According to Aberdeen's 2013 employee engagement research, the number one way Best-in-Class organizations improve employee engagement, which Aberdeen defines as engagement with organizational priorities, not just employee satisfaction, is through employee recognition programs. This is even above other activities such as work-life balance and interaction with managers (see Figure 1). By acknowledging an employee's positive behaviors and demonstrating appreciation for employee contributions, that individual worker will continue those behaviors, stay engaged with the company, and feel motivated to perform. Sixty percent (60%) of Best-in-Class organizations stated that employee recognition is extremely valuable in driving individual performance.

Analyst Insight

Aberdeen's Insights provide the analyst's perspective on the research as drawn from an aggregated view of research surveys, interviews, and data analysis.

Figure 1: The Greatest Impact on Employee Engagement



Source: Aberdeen Group, August 2013

Now, we will highlight how leading organizations create a culture of recognition that strengthens engagement and performance in the process.

Strategies for Success

While many organizations talk about recognition, few are able to align these efforts with corporate objectives. For recognition to be ingrained in the company culture, it needs to be supported by managers, communicated to every individual in the organization, and measured on a consistent basis.

Empowering Managers

Despite the benefits of employee recognition, many organizations find it difficult to gain support and articulate the value of these programs to the business. The greatest barrier to employee recognition programs in 2012 was the lack of senior executive buy-in. Today, organizations struggle to gain manager buy-in, which can directly impact the time and resources dedicated to these efforts (see Figure 2). While most organizations focus on how HR will identify, manage, and optimize talent, few understand the role of the manager in this process. Aberdeen research found that only 14% of organizations provide managers with the necessary tools for rewards and recognition.

Figure 2: Top Barriers to Employee Recognition



Source: Aberdeen Group, August 2013

As business evolves, organizations need to rely on a different set of strategies and solutions to address shifts in the workforce. Above all else, HCM objectives must align with business objectives and managers must play a critical role in creating this synergy. When managers have the right information, tools, and resources to help manage and optimize their talent, they are able to not only improve recognition, but also drive business outcomes such as engagement, retention, performance, and productivity.

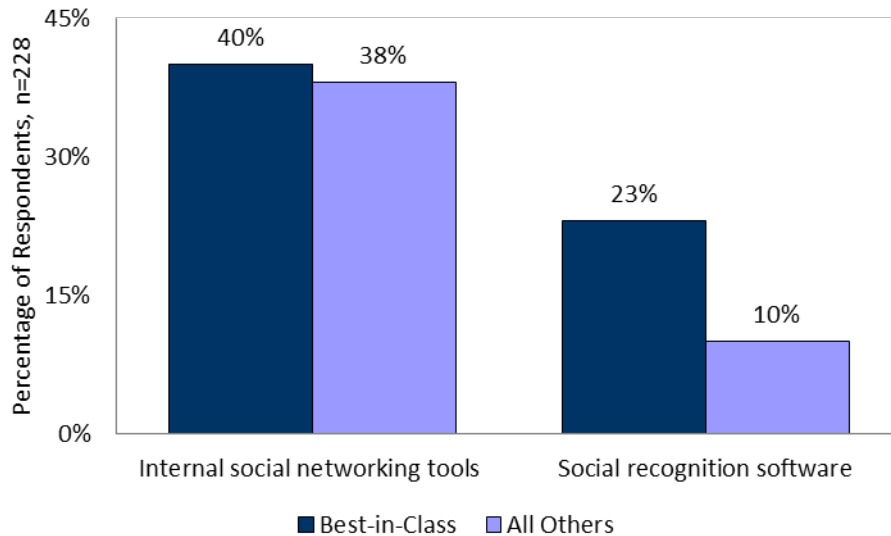
Leveraging Social Recognition

A key theme from Aberdeen's 2013 [*Employee Engagement Drives Client Satisfaction and Employee Success in Professional Services*](#) report was the impact of social recognition. Organizations such as KPMG, Deloitte, and PwC each identified social recognition as a key driver of employee engagement and individual performance. Social tools offer organizations a better way to connect, collaborate, and recognize employees in real-time. Additionally, 37% of Best-in-Class organizations stated that social recognition tools align with business goals, compared to 25% of All Others.

Social tools also help facilitate peer-to-peer recognition — especially when considering sites such as Facebook, LinkedIn, and Twitter. When using external sites, some organizations tweet praise for an employee using a company hashtag, while others post e-cards and postcards on employees' Facebook pages. Although some organizations use these external social sites, it is important to note several concerns with posting recognition externally. Organizations must consider the risk of exposing top talent to outside competition, sharing of critical company information and compromising the privacy of employees.

As a result, many companies prefer to keep recognition internal. Forty percent (40%) of Best-in-Class organizations use internal networking sites compared to 22% of All Others (see Figure 3). Internal social networks offer a platform to recognize the contributions and behaviors of an employee to both their peers and their managers.

Figure 3: The Use of Social Recognition Tools

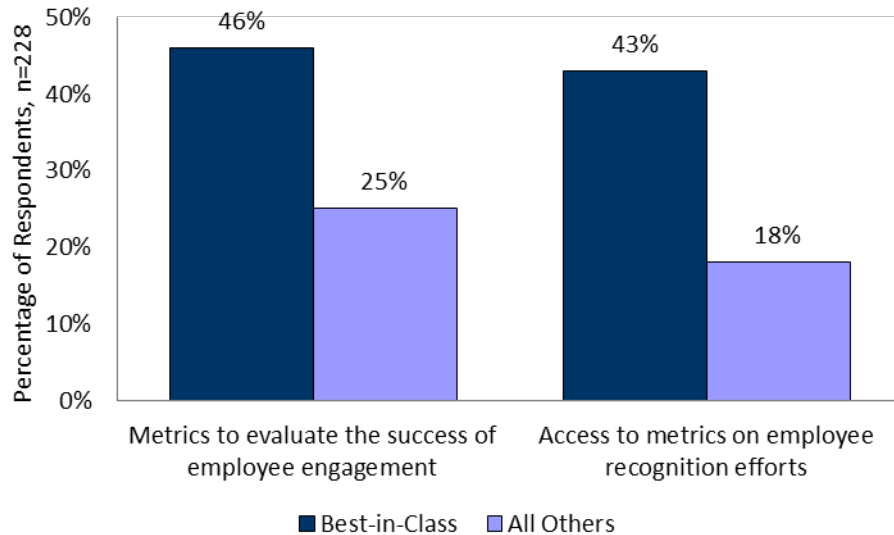


Source: Aberdeen Group, August 2013

Analytics

Despite a high demand for better data, analytics in HCM remains incredibly complex and complicated. Few HR professionals and technology providers have been able to simplify the process in a way that organizations can collect data, assemble it into useful information, and deliver reports to senior leaders. Recognition is no exception. Being able to track the effectiveness of engagement and recognition efforts can help organizations better align engagement with business objectives and improve performance. A key differentiator when evaluating recognition providers is how they handle analytics and how they tie this information with other areas of HCM. Some of the leading providers offer an easy-to-read style of reporting that can be presented to senior executives and managers. Aberdeen research found that Best-in-Class organizations have a significant advantage in being able to measure these activities (see Figure 4). Forty-six percent (46%) of Best-in-Class organizations can measure the success of employee engagement efforts compared to 25% of All Others. Forty-three percent (43%) of Best-in-Class organizations have access to metrics on recognition efforts compared to 18% of All Others.

Figure 4: Metrics to Evaluate Engagement and Recognition



Source: Aberdeen Group, August 2013

Key Takeaways

Employee recognition is critical to driving engagement and improving organizational performance. Although organizations realize the benefits of recognition, they have a difficult time understanding the steps necessary to design and implement a successful program. To achieve competitive advantage, leading organizations create a culture of recognition by empowering managers with the tools they need, leveraging social recognition tools, and embracing analytics. These organizations are looking to think more strategically about recognition and investing in providers that will help to drive results.

For more information on this or other research topics, please visit www.aberdeen.com.

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