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THE ROI OF RECOGNITION IN BUILDING A MORE HUMAN WORKPLACE



WORKHUMAN RESEARCH INSTITUTE: 2016 SURVEY REPORT

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ABOUT THE WORKHUMAN RESEARCH INSTITUTE

The WorkHuman Research Institute at Globoforce 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 Research Institute publishes original research and papers on current trends that affect and influence the employee experience, culture management, and leadership.

ABOUT THE SURVEY

This survey was directed by the WorkHuman Research Institute at Globoforce from November 4-7, 2015. This is the eighth deployment of this United States employee survey since its launch in Spring 2011, but Globoforce's first to focus on the human workplace.

This respondent sampling of the survey was conducted by independent market research firm MarketTools. The final sample of the survey was composed of 828 randomly-selected fully employed persons in the United States (aged 18 or older). The survey had a margin of error of +/- 3.9 percentage points at a 95 percent level of confidence.

ABOUT GLOBOFORCE

Globoforce is a leading provider of social recognition solutions, helping companies build strong cultures of engaged employees through the power of thanks. Named one of the Best Workplaces by the Great Place To Work[®] Institute, Globoforce is trusted by some of the most admired companies in the world to inspire and energize employees and create best places to work. Our award-winning SaaS technology and proven methodologies empower HR and business leaders to take a modern, more strategic approach to recognition programs. What results is measurable business success, qualified by increases in employee engagement, retention and productivity. The company pioneered the WorkHuman movement, created to galvanize organizations and leaders worldwide to create a more human workplace. This movement culminates annually at the WorkHuman conference, taking place May 9-11, 2016 in Orlando, Florida. Globoforce is co-headquartered in Southborough, Massachusetts, and Dublin, Ireland.

INTRODUCTION

In 2015, Globoforce launched the WorkHuman® movement to bring together leaders from companies around the world to share ideas and learn about creating a more human workplace.

SEVERAL KEY ORIENTING QUESTIONS GUIDED THIS MOVEMENT:

What makes a workplace more human?

- What is the impact of a more human workplace on worker and company well-being
- How can leaders create a more human workplace?

This report explores these questions by focusing on the elements and drivers of the new human workplace, with a special focus on employee recognition.

EXECUTIVE SUMMARY

As companies begin to focus more on building a human workplace, we see employees responding to those efforts with enthusiasm, trust, and optimism. The results show that traditional metrics such as engagement, retention, and employer brand correlate with human workplace practices such as recognition, transparency, and respect for individual needs and growth. Moreover, so do emerging metrics such as happiness, optimism, and attitudes toward change.

Companies on the vanguard of creating a more human workplace stand to reap significant rewards in terms of people metrics and ROI. But how can companies know which human workplace practices are most effective in creating that more human workplace culture?

Globoforce surveys fully-employed workers in the U.S. to gain insight into attitudes and perspectives on recognition, engagement, and performance. For this survey, we expanded our scope, and asked employees to share with us what they value, how they feel, and how they react to their work cultures. We designed this survey to ask important questions about what practices employers are using to drive cultural change, and how those practices are resonating with employees, and in turn moving the business forward.

The result forms a blueprint for what practices will drive employee behavior, attitudes, and business results. Specifically, we found that employee recognition is a foundational element of building a human workplace. While employees are happy at work, we found that more is needed to engage them and produce a sense of well-being, trust, optimism, and confidence that can propel a culture and a company forward.

KEY FINDINGS





When employees believe leaders are striving to create a more human workplace, culture metrics improve. Recognition not only significantly improves engagement, but also creates a more human culture.



ades Employees trust and colleagues most, but it is trust for leaders with that most ints impacts culture.



Recognition and a human workplace are drivers of employee well-being and happiness.

(1) FINDING

WHEN EMPLOYEES BELIEVE LEADERS ARE STRIVING TO CREATE A MORE HUMAN WORKPLACE, CULTURE METRICS IMPROVE.

ONLY 63 PERCENT OF WORKERS BELIEVE COMPANY LEADERS CARE ABOUT AND ACTIVELY TRY TO CREATE A MORE HUMAN WORKPLACE, FOCUSED ON EMPLOYEE WELL-BEING.

Perception matters. While there are many important facets to creating a human workplace, one key facet is that employees know and understand your efforts. We asked U.S. workers: Do your company leaders care about and actively try to create a more human workplace, focused on employee well-being? Only 63 percent of workers say yes. When they agreed that leaders cared about a human workplace, their numbers went up on nearly every other question we asked. When they disagreed, the numbers fell far lower than the baseline. The biggest deltas we saw were increases in the belief that the company cares about employees as a person, passion for shared core values, and the belief that the company is a best place to work.

Following that, leaders who care about a human workplace correlated with employees feeling that their voices mattered, and their willingness to promote working at the company to others. But there are also strong effects where employees feel optimistic about their future in the company and the ability of the company to find solutions for challenges. A sense of belonging and the motivation to work hard for the organization and co-workers rounded out some of the strongest correlations we saw with leaders who care about a human workplace.



THE EFFECTS OF A HUMAN WORKPLACE

Filtered by Q. Do your company leaders care about and actively try to create a more human workplace, focused on employee well-being?

I am highly engaged **32% vs. 56%**

The work I do has meaning & purpose 64% vs. 90%

So, if these are the effects leaders can inspire when they care about workplace humanity, what can a company do to show that leaders care about building a human workplace?

Here's how likely workers are to agree that their leaders care about a human workplace, based on each of the following practice areas. Not surprisingly, recognition is one of the strongest influences on employees' impressions of a human workplace. When employees were recognized within the last six months, they are more than twice as likely to believe leaders cared than those who had never been recognized:

RECENT RECOGNITION



Q. Do your company leaders care about and actively try to create a more human workplace, focused on employee well-being? Agree

But interestingly enough, even the presence of a recognition program could make that difference, provided that program was one that was tied to a company's core values.

RECOGNITION PROGRAM



Q. Do your company leaders care about and actively try to create a more human workplace, focused on employee well-being? Agree

EMPLOYEE VOICES MATTER

Another element that strongly affected, and indeed seems to enjoy a reciprocal relationship with belief in a human workplace, is employee voice.



When employees agreed "I feel like my opinions, voice and ideas matter to company leaders," they are 43 percent more likely to agree that those leaders cared about creating a human workplace.

TRANSPARENCY

Transparency has an even stronger impact. When employees agreed that "My company is open and transparent with information," they are also 50 percent more likely to agree that their leaders care about creating a human workplace.

LEARNING & DEVELOPMENT OPPORTUNITIES

Learning and development have long been reported as influential on employee engagement and satisfaction, so it is perhaps no surprise that they also correlate strongly with perceptions of a human workplace.



When workers agreed that "I have the opportunity to learn and grow in my job," they are almost 2x more likely to agree that leaders cared about building a human workplace.

GRATEFUL

One strong theme from the WorkHuman event in 2015 was the topic of gratitude and giving. Gratitude has been proven—through the work of Dr. Robert Emmons at UC Davis, among others—to have a host of positive impacts on individual well-being and relationship building, but these results show that the opportunity to feel grateful can also impact perceptions of culture. When workers agreed that "I feel grateful for my work and colleagues," they are 37 percent more likely to agree that their leaders cared about building a human workplace.

FEEL APPRECIATED

As a counterpoint to gratitude, and a complement to recognition, it should come as no surprise that:



When workers agreed "I feel appreciated for the work I do," they are 47 percent more likely to agree that leaders cared about building a human workplace.

FUN CULTURE

One obvious contributor to culture, and an important topic within the WorkHuman movement, was the element of fun and play. Yet it is an extremely strong contributor to a human workplace.



When workers agreed that "My company culture is fun and enjoyable," they are 54 percent more likely to agree that leaders care about a human workplace.

RESPECT

Respect is one of the key contributors on most best place to work indexes and important to both well-being and connection. Though it wasn't the highest performing criteria in the human workplace inquiry, it was still significantly impactful. When workers agreed that "People in my organization treat me with respect," they are 40 percent more likely to agree that leaders care about a human workplace.

ALIGNED WITH CORE VALUES

Finally, we asked workers how they felt about core values, which speaks directly to purpose and alignment. They were invited to say if company values were: "Something I believe passionately in," "Insincere or unrealistic," "Meaningless words on a page," or "Other." 4 percent of workers chose "Other"—most explaining that they were not sure, or that they had no core values.



Of those who say they "believe passionately," they are 58 percent more likely to say that leaders cared about a human workplace.



(2) FINDING

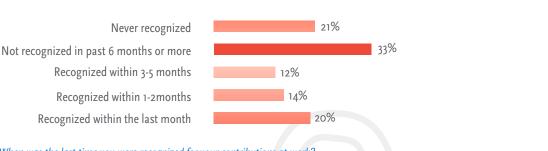
RECOGNITION NOT ONLY SIGNIFICANTLY IMPROVES ENGAGEMENT, BUT ALSO CREATES A MORE HUMAN CULTURE.

21 PERCENT OF WORKERS HAVE NEVER BEEN RECOGNIZED.

Recognition is the foundation of the WorkHuman movement, so we wanted to see exactly how it is being employed to help create a better, more human culture. There are countless research studies that demonstrate and prove recognition's ability to impact key metrics such as engagement, retention, and employee satisfaction. How, we wondered, did recognition actually make employees feel? And what would be the impact of recent recognition on other culture markers?

The answer, on each of the eight metrics we looked at, was that recent recognition was profoundly impactful. So, indeed, was the mere presence of a recognition program based on values.

Here is the baseline. A slight majority of workers have never been recognized, and 33 percent haven't been recognized in more than a 6 months.



RECENT RECOGNITION

Q. When was the last time you were recognized for your contributions at work?

RECOGNITION PROGRAM

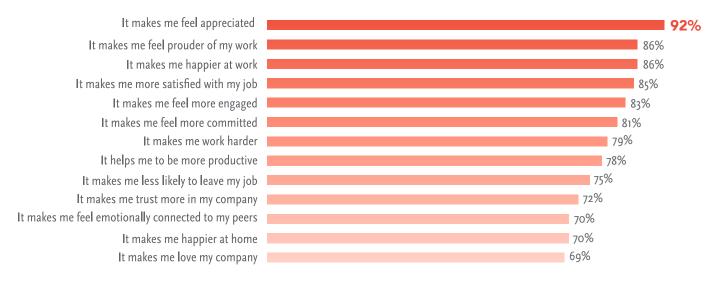


Q. Does your company have a program for employee recognition?

How does recognition make employees feel? We asked employees directly. It was no surprise to hear that recognition makes 92 percent of employees feel appreciated, since for many companies, appreciation is the first goal of recognition. It also made 86 percent of employees prouder and happier at work, and 85 percent more satisfied with their jobs. Increased engagement, another long-established impact of engagement, was an outcome for 82 percent, and 79 percent of workers say they work harder when recognized, with 78 percent citing rises in their productivity. This was followed by increases in intent to stay (75 percent), trust (72 percent), emotional connection (70 percent), happiness at home (70 percent), and love for their company (69 percent).

Traditionally we measure effect of recognition on engagement, and—especially as engagement is a factor in wellbeing—it was within the scope of this study also. 47 percent of all respondents told us they are highly engaged, defined as "I love my job and usually try to go 'above and beyond' for my company." Predictably, this varied considerably when we broke that group down by when they were last recognized. Workers who were recognized in the last few months are more than twice as likely to identify as highly engaged.

HOW DOES RECEIVING RECOGNITION AND REWARDS AT WORK MAKE YOU FEEL?

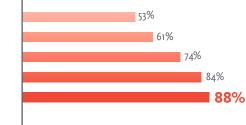


HIGHLY ENGAGED



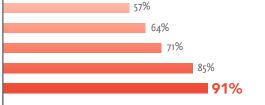
Q. When was the last time you were recognized for your contributions at work? Filtered by Q. Which statement below best describes you? Highly Engaged

But we can also look at recognition's effect on culture and attitudes toward work. Workers who have been recognized in the past month are 34 percent more likely to believe their company was a best place to work than those who were not recognized. They are 35 percent more likely to say their culture is fun and enjoyable. They are 37 percent more likely to believe their company cares about them as a person. They are 28 percent more likely to say that workers in their company trust one another. They are 19 percent more likely to say they fit in, and 29 percent more likely to believe their workplace is open and transparent.



Q. When was the last time you were recognized for your contributions at work? Filtered by Q. My company culture is fun and enjoyable: Agree

BELIEVE WE ARE A BEST PLACE TO WORK



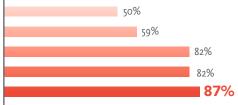
Q. When was the last time you were recognized for your contributions at work? Filtered by Q. I believe my organization is a great/best place to work: Agree

Never recognized

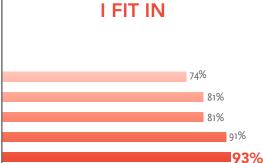
Not recognized in past 6 months or more Recognized within 3-5 months Recognized within 1-2 months Recognized within the last month

Never recognized Not recognized in past 6 months or more Recognized within 3-5 months Recognized within 1-2 months Recognized within the last month



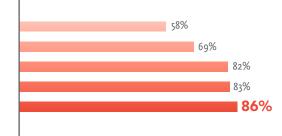


Q. When was the last time you were recognized for your contributions at work? Filtered by Q. My company cares about me as a person: Agree



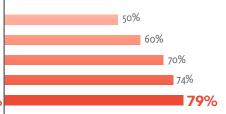
Q. When was the last time you were recognized for your contributions at work? Filtered by Q. I feel that I fit in and belong in my organizations: Agree

EMPLOYEES TRUST ONE ANOTHER

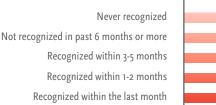


Q. When was the last time you were recognized for your contributions at work? Filtered by Q. Employees trust one another in my organization: Agree

BELIEVE PEOPLE ARE OPEN & TRANSPARENT



Q. When was the last time you were recognized for your contributions at work? Filtered by Q. My company is open and transparent with information: Agree



(3) FINDING

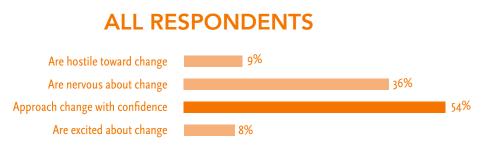
EMPLOYEES' ATTITUDES TOWARDS CHANGE AND OPTIMISM FOR THE FUTURE CORRELATE WITH RECOGNITION EFFORTS TO BUILD A MORE HUMAN WORKPLACE.

54 PERCENT OF EMPLOYEES FEEL POSITIVELY TOWARDS SIGNIFICANT CHANGE WITHIN THEIR COMPANY.

How do people feel about change?

According to the *Wall Street Journal*, 2015 was a record year for mergers and acquisitions. Small wonder, then, that many companies are deeply concerned how employees react to these changes—and are looking for ways to ensure smoother transitions. Since we know that many companies look to a strong culture of recognition to help steer culture through unsteady water, we decided to look deeper into employees' attitudes toward change—including the benefits of a positive attitude and what practices help companies to weather changes such as M&As, new regulations, leadership changes, and other sources of organizational trauma.

We began by asking all respondents how they react to change, asking "When things are changing significantly at your company, how do you most often feel?" Employees are roughly split on their approach to change, with roughly 54 percent feeling positively (confident, excited) and 45 percent feeling negatively (nervous, hostile) about change.



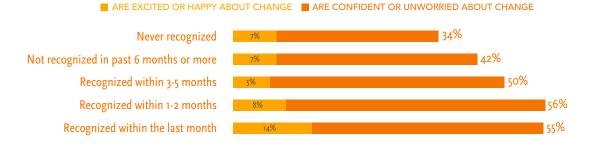
Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant)

Knowing that change is so difficult for more than half of our workforce, we asked what can companies do to

ease change? Knowing that positive reinforcement is such a strong behavior modifier, we looked at the impact of recognition on attitudes toward change.

We sorted workers by when they had last been recognized, and then looked at their attitudes toward change. We found that the more recent the recognition, the more positive a worker's outlook toward change. Of those who were recognized within a month, 55 percent report feeling confident about change, and 14 percent report feeling excited. That's versus only 34 percent confidence and 7 percent excitement among those who had never been recognized. Likewise, of those who had never been recognized, 47 percent are likely to report feeling nervous or fearful about change, and 11 percent report feeling outright hostility.

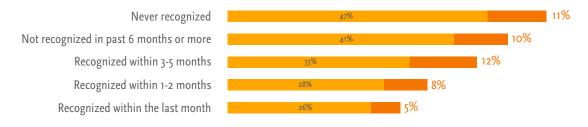
RECOGNITION & CHANGE



Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant)

RECOGNITION & CHANGE

ARE NERVOUS OR AFRAID OF CHANGE ARE HOSTILE OR RESISTANT TOWARD CHANGE

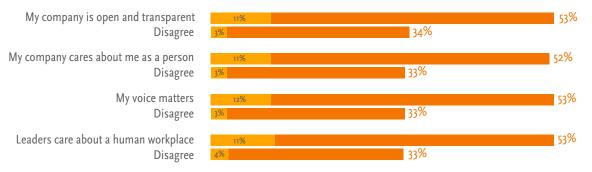


Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant)

What else contributes to how we feel about change? Here are some of the other highest-performing practices our survey uncovered, including transparency, caring, voice, and how leaders perceived commitment to a human workplace.

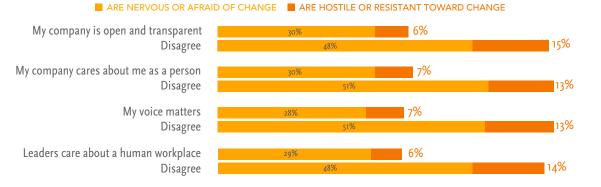
CONTRIBUTORS TO POSITIVE ATTITUDES TOWARD CHANGE

ARE EXCITED OR HAPPY ABOUT CHANGE ARE CONFIDENT OR UNWORRIED ABOUT CHANGE



Filtered by: Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant)

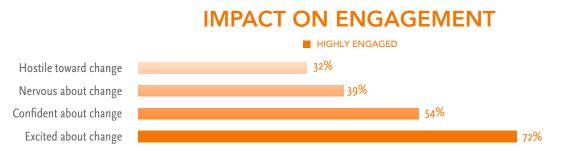
CONTRIBUTORS TO NEGATIVE ATTITUDES TOWARD CHANGE



Filtered by: Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant)

We wondered what the impact of attitude toward change is on key metrics for an organization. When we looked at employee attitudes toward change, we found that positive attitudes toward change correlated with higher

engagement, belief that the company is a best place to work, and willingness to recommend the company to others. It also correlated with increased motivation and decreased stress.



Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant) Filtered by: Which statement below best describes you? I am highly engaged



Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant) Filtered by: I believe my organization is a great/best place to work: Agree



Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant) Filtered by: Would you recommend working at your organization to a friend or colleague?: Yes

IMPACT ON MOTIVATION

I'M MOTIVATED TO WORK HARD FOR MY COMPANY AND COLLEAGUES

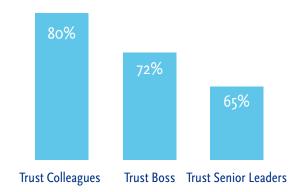


Q. When things are changing significantly at your company, how do you most often feel? (Excited or happy, confident or unworried, nervous or afraid, hostile or resistant) Filtered by: Q. I'm motivated to work hard for my company and colleagues: Agree

4 FINDING EMPLOYEES TRUST COLLEAGUES MOST, BUT IT IS TRUST FOR LEADERS THAT MOST IMPACTS CULTURE.

ONLY 65 PERCENT OF WORKERS TRUST SENIOR LEADERS, BUT TRUST FOR LEADERSHIP IS MOST LIKELY TO IMPACT ENGAGEMENT.

Another important culture quality that psychologists have proven has a significant impact on business outcomes is employee trust for colleagues, managers, and senior leaders. We began by asking respondents what those trust levels are, finding that while 80 percent of workers trust their colleagues, trust for leadership languishes—only 72 percent had trust for bosses and only 65 percent for senior leaders.

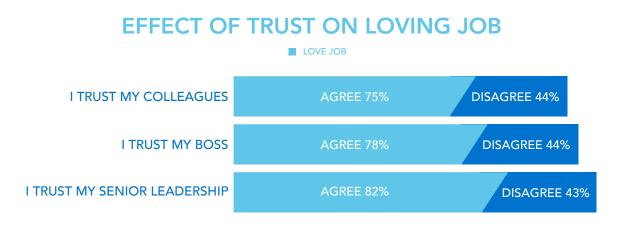


TRUST IN THE ORGANIZATION - ALL RESPONDENTS

Q. I trust my colleagues, Agree, Q. I trust my boss, Agree, Q. I trust my senior leaders, Agree.

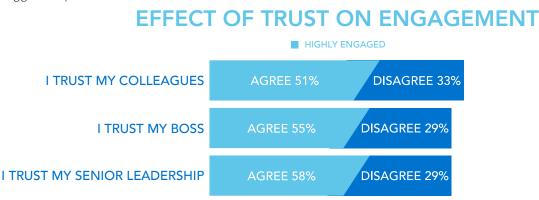
Interestingly, while trust for colleagues was higher, our results showed that across the board it was trust for senior leaders in particular that most impacted people's attitudes toward the company and work.

We asked workers if they trusted their colleagues, bosses, and senior leaders, and then asked how they felt about their jobs. Workers with high levels of trust for senior leaders are the most likely to love their jobs, with 82 percent saying they loved their jobs—while only 43 percent of workers who distrusted senior leaders report loving their jobs. Interestingly, this was a greater impact than workers' trust for colleagues, with a 39 percent differential, vs. only a 31 percent differential when trust for colleagues was high.



Q. I love my job, Agree, Filtered by: Q. I trust my colleagues, Q. I trust my boss, Q. I trust my senior leaders.

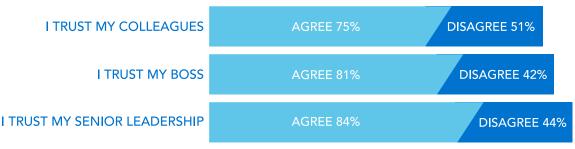
This trend continued when we looked at levels of engagement. Trust in general was likely to produce roughly a 25-30 percent difference in engagement levels when it was present, but trust for senior leaders made the biggest impact.



Q. Which statement below best describes you? I am highly engaged. Filtered by: Q. I trust my colleagues, Q. I trust my boss, Q. I trust my senior leaders.

Another aspect of optimism and self-esteem is an employee's belief that they have a strong future in their organization. We found when employees reported trust for leaders and bosses, they are more likely (84 percent and 81 percent) to believe they have a strong future in the organization.

EFFECT OF TRUST ON OPTIMISM I HAVE A STRONG FUTURE IN MY ORGANIZATION

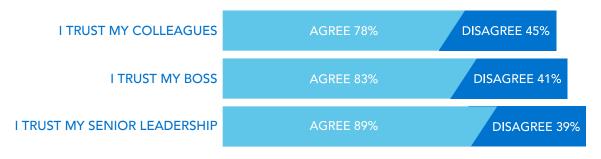


Q. I have a strong future in my organization, Agree, Filtered by: Q. I trust my colleagues, Q. I trust my boss, Q. I trust my senior leaders.

And, finally, we asked employees if they believed their organization was a best place to work. Of those who trust colleagues, 78 percent report that their company was a best place to work. Of those who trust bosses, 83 percent report their company was a best place to work. Those who trust senior leaders are most likely to agree that their company was a best place to work, with 89 percent agreeing.

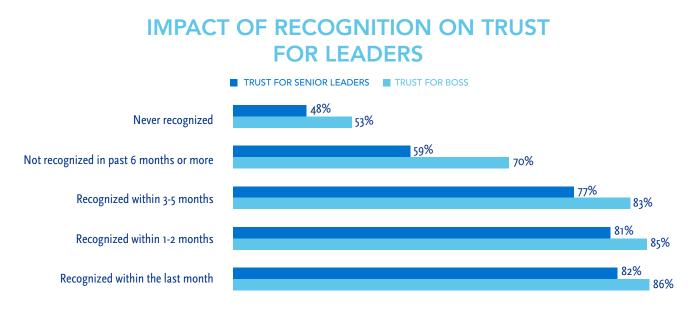
EFFECT OF TRUST ON GREAT WORKPLACE

■ I BELIEVE MY COMPANY IS A BEST PLACE TO WORK



Q. I believe my company is a best place to work, Agree, Filtered by: Q. I trust my colleagues, Q. I trust my boss, Q. I trust my senior leaders.

These results make it clear that trust in bosses and senior leaders plays an enhanced role in creating a more human workplace and a best place to work. But how can trust in leadership be built? In the next table we show the impact of recognition on trust for leaders. Those with most recent recognition had significantly increased trust in bosses and senior leadership. In fact, those who have been recognized within the month reported trust for senior leaders at a rate of 82 percent (vs. 48 percent for those with no recognition) and trust for bosses at 86 percent (vs. 53 percent for those with no recognition).



Q. When was the last time you were recognized for your contributions at work? Filtered by: Q. I trust my boss, Q. I trust my senior leaders.



5 FINDING RECOGNITION AND A MORE

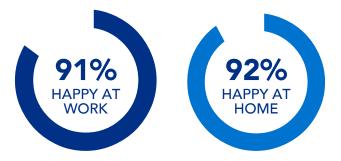
RECOGNITION AND A MORE HUMAN WORKPLACE ARE DRIVERS OF EMPLOYEE WELL-BEING AND HAPPINESS.

91 PERCENT OF WORKERS ARE HAPPY AT WORK.

In our final exploration for the survey, we looked at the topic of employee happiness. We were surprised and excited to see that so many workers report feeling happy at work and at home. However, the story certainly doesn't end there. Employee happiness is at risk when companies do not pay attention to employee engagement or building a caring, human workplace.

When we asked workers if they were happy at work, 91 percent agreed they are, while 92 percent agreed they are happy at home.

HAPPINESS - ALL RESPONDENTS



Q. Overall, do you consider yourself to be a happy, positive person at work?

Q. Overall, do you consider yourself to be a happy, positive person at home?

Those numbers even increased slightly when workers indicated that they are mostly or highly engaged at work. In fact, highly engaged workers are incrementally more likely to say they are happier at work than at home!

Interestingly, among neutral or disengaged workers, that happiness fell off significantly—plummeting 32 points to only 65 percent happiness at work. Lack of engagement also impacted home life—with a decreased number of workers (81 percent) saying they are happy at home.

ENGAGEMENT INFLUENCES HAPPINESS



Q. Which statement below best describes you? Filtered by: *Q.* Overall, do you consider yourself to be a happy, positive person at work? Yes *Q.* Overall, do you consider yourself to be a happy, positive person at home? Yes



When we explore whether employees believe their company cares about them as a person, happiness also fluctuates significantly. For employees who don't believe the company cares about them, happiness dips to a 79 percent likelihood at work and 86 percent at home.

PERCEPTION OF CARING INFLUENCES HAPPINESS



Q. My company cares about me as a person. Filtered by: *Q.* Overall, do you consider yourself to be a happy, positive person at work? Yes *Q.* Overall, do you consider yourself to be a happy, positive person at home? Yes

And finally, happiness at work is affected by whether or not workers believe leaders care about creating a human workplace. When workers don't believe leaders care about creating a human workplace, happiness drops to 82 percent at work and 87 percent at home.

HUMAN WORKPLACE INFLUENCES HAPPINESS



Q. Do your company leaders care about and actively try to create a more human workplace, focused on employee well-being? Filtered by: Q. Overall, do you consider yourself to be a happy, positive person at work? Yes Q. Overall, do you consider yourself to be a happy, positive person at home? Yes



CONCLUSION

In this employee survey, we examined the impact of a human workplace on employee feelings and behavior. We also considered the impact of programs and practices—in particular values-based recognition—on creating a more human workplace. Though much work remains to be done in this important area, it is clear that a human workplace has a strong impact on employee well-being and important metrics such as engagement and intent to stay.

We asked workers to share their feelings about human workplace practices. We also asked workers to identify for us how they define a human workplace. We asked, "Tell us, what do you think a more 'human workplace' is?" We received answers that ranged from "great teamwork" to "more comfortable," from "a place where people care more about others than materialistic things," to "free food and drink," from "great work-life balance," to "all are recognized and appreciated." A few people even expressed cynicism about the ability of companies to be human. But the three elements that we noticed most often are best summed up in these three responses:

- "Respect for people as individuals."
- "They care about the employees' well-being."
- "All are recognized and appreciated."

The findings in this report make it clear that recognition is the strongest foundation for building a human workplace focused on well-being and caring. When organizations focus on frequent, values-based recognition, they make a direct impact on engagement, positivity, motivation, and happiness. The result is a unified, human work culture that gives organizations the competitive edge to be successful in today's evolving business climate.



NEXT STEPS

Learn more about social recognition and how it can help you create a more human workplace



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