



The Performance-Boosting Power of Effective Recognition



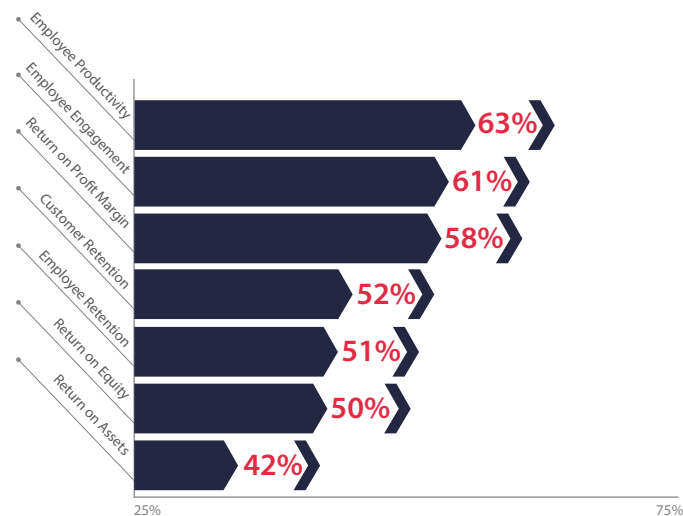
Even though employee recognition is often discounted as a “warm and fuzzy” program with no discernible return on investment, nationwide surveys find that 55 percent of employees agree or strongly agree that recognition efforts impact their job performance.¹ compared to those unsatisfied with their company’s recognition programs, recognition-satisfied employees are:

- Eleven times more likely to be satisfied with their jobs.
- Seven times more likely to spend their entire careers with their employers.
- Much more likely to recommend their company to others as a great place to work.²

Additional research shows that high quality recognition programs are essential to improve key business metrics. A study by Bersin & Associates indicates that organizations with effective employee recognition programs have rates of voluntary turnover 31 percent lower than companies with poor recognition programs. Proper recognition programs also boost employee engagement, workforce productivity, and customer service by 14 percent on average, compared to organizations without recognition programs.³

Research from Aon Hewitt finds that recognition is the second most important driver of employee engagement, ranking only behind growth and advancement opportunities.⁴ Put simply, recognizing the hard work and dedication of employees ultimately promotes organizational success.

Figure 1: The effect of the Implementation of an employee recognition program: increase in business metrics



SOURCE: SHRM/GloboForce⁵

Recognition Programs Deliver Exceptional Return on Investment

Implementing effective recognition programs can directly increase employee engagement and performance. But what kind of return on investment can a company expect from implementing or improving an employee recognition program? While recognition programs often lack the hard data that makes calculating ROI straightforward for other business sectors, case studies from the Human Capital Institute illustrate how effective recognition programs provide great ROI in both conventional and unconventional ways:

- ScotiaBank’s 2005 analysis of its recognition program found high positive correlation between high levels of participation in the recognition system, employee satisfaction scores, and long-term customer loyalty.
- Delta’s My Delta Rewards required the expertise of a recognition and rewards specialist before it began providing real ROI for the company. Delta tracked the effectiveness of the recognition system by combining web data and survey feedback, and reported a ROI of 564 percent in a 2007 white paper
- MGM enhanced its employee recognition program after major expansion onto new properties. By aligning its program goals with those of the company and focusing on multiple types of recognition, MGM experienced an increase in employee satisfaction from 87.5 percent in 2004 to 90.3 percent in 2005, an industry-low turnover rate of 11.4 percent in 2006, and an increase in annual revenue to more than \$1 billion in 2005.⁶

1 Godar, P. “Recognition: Are You Using this Powerful Tool to Connect People and Performance?” Maritz Motivation Solutions. http://www.3cheers.com/docs/Article_Reprint_HRM_Ask_the_Expert_Recognition,_Are_you_using_this_powerful_tool_to_connect_people_and_performance.pdf

2 Ibid.

3 “WhatWorks Market Brief: Turning Thank You into Performance.” Bersin & Associates, 2012, p. 1. http://marketing.bersin.com/rs/bersin/images/060812_MB_RecognitionBenchmarking_SSG_Final.pdf

4 “2012 Trends in Global Employee Engagement.” Aon Hewitt, 2012, p. 20. http://www.aon.com/attachments/human-capitalconsulting/2012_TrendsInGlobalEngagement_Final_v11.pdf

5 “SHRM/GloboForce Employee Recognition Survey: Winter 2012 Report. The Impact on Employee Engagement and ROI.” Society for Human Resource Management and GloboForce, 2012, p. 8. <http://go.globoforce.com/rs/globoforce/images/SHRMWinter2012Report.PDF>

6 “The Value of ROI in Employee Recognition: Linking Recognition to Improved Job Performance and Increased Business Value - The Current State and Future Needs.” The Human Capital Institute, FORUM, and Incentive Research Foundation, 2009, p. 25. <http://their.org/direct/user/file/pdf/Value-and-ROI-in-Employee-Recognition.pdf>. Neither the data nor methodology used to calculate Delta’s ROI is reported in the 2007 white paper.

Bolstering the evidence provided by specific case studies, multiple scientific studies have found a high level of correlation between employer/employee engagement and financial results. A survey of 90,000 workers in 18 countries reports “that companies with high employee engagement had a 19% increase in operating income and a 28% increase in earnings per share. In contrast, companies with poor employee engagement scores had declining operating income and an 11% drop in earnings per share.”⁷ The increased employee engagement created by implementing or improving an existing recognition program provides a real quantifiable addition to a business’ bottom line.

Gift Cards — What Your Employees

Matching rewards to recipients is vitally important to any successful recognition program. For a recognition program to be effective, employers must take the different desires of their workers into account. While cash might seem like the best answer to satisfy the diversity of desires in the workplace, not everyone makes the same value connections. Employees view cash as “part of the paycheck” and use it to pay bills or credit card debt. Cash does not create the “lasting connection between performance and reward, and between your company and your employees” that other options can, according to researcher Paula Godar. Studies have shown that “the use of tangible [non-cash] rewards are linked to increased employee commitment to the organization because they create a vivid and lasting memory and goodwill.”⁸

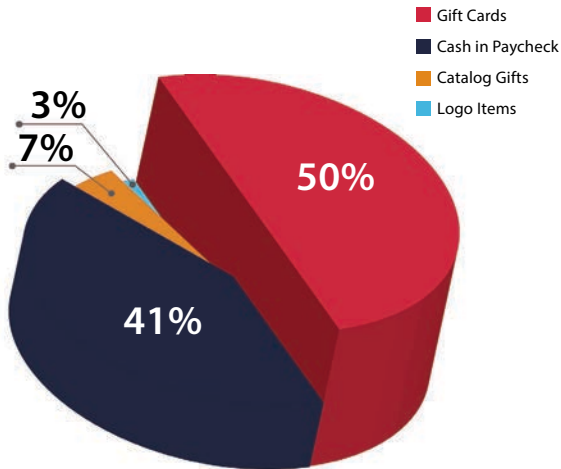
Table 1: What Employees Want

SEGMENT PROFILE	THEY MORE OFTEN WANT:	THEY MORE OFTEN DON'T CARE ABOUT
Award Seekers 22%	Award points, travel awards, gift cards, trophies or plaques	Conferences/seminars, mentoring, choice of projects, challenging projects, work outside their area
Nesters 20%	Verbal praise, lunch/dinner with department, days off, flexible scheduling	Travel awards, conferences/seminars, trophies/plaques
Bottom Liners 19%	Cash, gift cards, points, travel awards	Formal public praise, verbal praise, written praise, recognition from peers, trophies/plaques
Freedom Yearners 17%	Choose how they achieve goals, conferences/seminars, interesting projects, challenging project, flexible scheduling	Cash, gift cards, points, trophies/plaques
Praise Cravers 16%	Written praise, verbal praise, formal public praise, recognition from peers	Lunch/dinner with department, days off, flexible scheduling
Upward Movers 8%	Lunch/dinner with management, trophies/plaques, working with people outside their area, conferences/seminars,	Cash, days off, written praise

SOURCE: Maritz Motivation Solution⁹

7 Ibid., p. 20.
 8 Godar, Op. cit
 9 Ibid.

Figure 2: Imagine you are given a \$25 reward by your manager. Which would you find most meaningful?



SOURCE: GlobalForce¹⁰

Luckily, the variety and scope of gift cards available through recognition and rewards specialists can fulfill the recognition desires of practically every employee. Gift cards are perfectly designed to meet an organization’s diverse recognition needs, from spot awards to anniversaries, in one seamless package. And holding value constant, employees actually prefer receiving gift cards over any other recognition perk.

In a recent study by Incentive Magazine, 80 percent of employees report they prefer receiving gift cards over all other incentives.¹¹ Additional studies have compared employee preferences between gift cards and specific recognition options. The results are similar, with gift cards being the most favored recognition option:

- 36 percent of employees prefer gift cards over cash.
- 58 percent of employees prefer gift cards over merchandise.
- 64 percent of employees prefer gift cards over verbal affirmation.¹²

Why Your Recognition Program Should Be Using Gift Cards

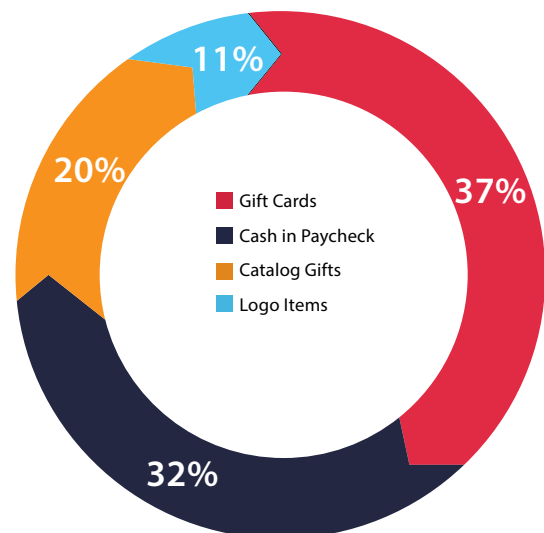
In addition to fulfilling the varied desires of their employees, businesses prefer using gift cards for their recognition programs because:

- Gift cards are easy to administer: respondents to a recent survey on recognition awards repeatedly mention that they prefer offering their employees gift cards because they are efficient and easy to use.¹³

- Gift cards have greater impact and effectiveness: incentive program planners know gift cards have more impact on employees than cash. In a recent survey, 96 percent of HR professionals indicate that gift cards are an effective way to increase employee engagement at work, scoring higher than peer-to-peer recognition, employee awards, and year-of-service awards.¹⁴
- Gift cards present branding and personalization opportunities: Unlike cash, businesses can personalize gift cards, and they also offer great branding opportunities. Every time an employee uses a company-branded gift card, the card is acting as an advertisement for the company and the way it treats its employees. Studies show that gift cards are most cost-effective, desirable, and better motivators than company-branded-merchandise.¹⁵

Figure 3: Why do you use gift cards in your recognition program as opposed to other options?

SOURCE: Incentive Research Foundation/Incentive Gift Card Council¹⁶



10 Recognition Blueprint: An Expert’s Guide to Building Culture & Engagement through Recognition.” GloboForce, 2013, p. 8. http://go.globoforce.com/rs/globoforce/images/Blueprint_Recognition_web.pdf

11 “Use Gift Card Incentives to Drive Employee Engagement.” Ceridian. <http://www.ceridian.com/resources/newsletters/2010/Jul/using-gift-card-incentives-to-drive-employee-engagement.html>

12 Schweyer, A. “It’s in the Cards: An In-Depth Look at PrePaid Cards in Incentive, Rewards & Recognition Programs.” Incentive Research Foundation and Incentive Gift Card Council, 2012, p. 18-19. <http://theirf.org/direct/user/site/0/files/Its%20in%20the%20Cards%20ver%20April%2020.pdf>

13 Jeffrey, S., Dickinson, A., and Einarsson, Y. “The Use of Reward and Recognition Awards in Organizations.” Incentive Research Foundation, 2011, p.8 <http://theirf.org/direct/user/site/0/files/2011-PhaseIStateofNonCashAwardUseinUS%20-&20Final.pdf>

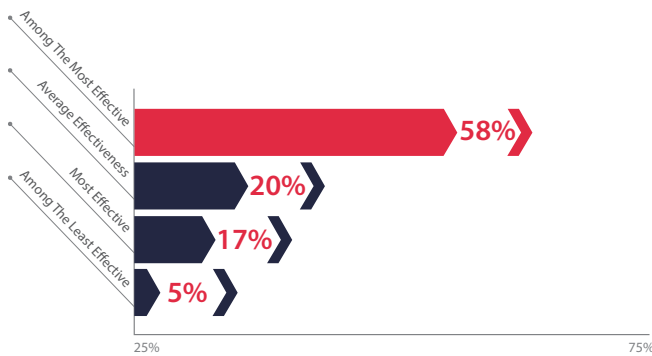
14 “SHRM/GloboForce Employee Recognition Survey: Spring 2013 Report. Driving Stronger Performance through Employee Recognition.” Society for Human Research Management and GloboForce, 2013, p. 8

15 Whitney, M. “Employee Recognition Programs.” Morgan, Brown, & Joy, LLP, p. 8.

16 Schweyer, Op. cit., p. 8

The variety of gift cards available makes them an attractive option for a business looking to provide effective recognition for all of its employees. As opposed to buying gift cards at a local retailer, a recognition and reward specialist provides client support, budget control, cardholder support, quantity discounts, and much more.¹⁸ The bottom line: working with recognition and reward specialists to provide gift cards gives you the ability to boost performance, increase ROI, and satisfy the diverse recognition desires of your employees.

Figure 4: How do you rate the impact/effectiveness of gift cards compared to other forms of recognition in your program?



SOURCE: Incentive Research Foundation/Incentive Gift Card Council¹⁷

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Choice is a Powerful Motivator

We know everyone likes choices. At GC Incentives™, our approach to incentives and rewards is defined by creating a memorable experience. Our products prove that choice is a powerful motivator to support your corporate culture, reward performance, increase sales, celebrate milestones, show appreciation and more. SuperCertificate® REWARDS appeal to everyone in a diverse workforce. Your employees can redeem their SuperCertificate® REWARD for one gift card or a combination of gift cards of their choice from our list of more than 200 nationwide merchants, including popular stores, airlines, hotels, theaters and restaurants.

¹⁷ Schweyer, Op. cit., p. 18

¹⁸ Nolan, P. "Incentive is in the Cards." Training Mag, August 2012.
<http://www.trainingmag.com/content/incentive-cards?page=7>

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