

Low-Cost Reward & Recognition

ERC Survey Briefing - July 2009

Overview

For organizations looking to show appreciation for employee contributions and accomplishments this year, rewarding and recognizing employees in low-cost ways remains a growing challenge. In July of 2009, ERC conducted a survey on organizations in Northeast Ohio to determine trends in low-cost reward and recognition practices. The survey sought to explore the types of changes local organizations in Northeast Ohio are making to reward and recognition programs and what forms of low-cost recognition are most commonly used in local workplaces.

Key findings in the survey:

- Approximately one-third of employers surveyed have reduced monetary reward and recognition, but few employers have completely eliminated reward and recognition.
- Of the types of reward and recognition, more employers have enhanced informal, peer, and non-monetary recognition than monetary, formal, and intangible recognition this year.
- Low-cost recognition practices such as praise, lunches, personal thanks, and thank you notes are common low-cost forms of recognition used by organizations.
- Intangible recognition is also commonly used, particularly asking for opinions and ideas, offering training and development opportunities, and allowing employees to pursue ideas.

Changes to Reward & Recognition

While the majority of employers have maintained formal and informal reward and recognition programs, approximately one-third of employers have reduced monetary reward and recognition and a quarter of employers have reduced formal reward and recognition. Some employers, however, report enhancing informal, peer, and non-monetary recognition programs.

Figure 1 | Has your organization made any of the following changes to the following types of reward and recognition?

| | Enhanced | Maintained | Reduced | Eliminated | N/A |
|-------------------------------------|----------|------------|---------|------------|-----|
| Formal reward and recognition | 7% | 49% | 26% | 2% | 16% |
| Informal reward and recognition | 16% | 59% | 16% | 0% | 9% |
| Monetary reward and recognition | 9% | 25% | 34% | 7% | 25% |
| Non-monetary reward and recognition | 14% | 57% | 11% | 2% | 16% |
| Intangible reward and recognition | 10% | 50% | 7% | 0% | 33% |
| Peer reward and recognition | 16% | 37% | 2% | 0% | 44% |

A common change to reward and recognition practices in 2009 is reducing the frequency by which rewards are given out, reducing the amount of rewards, postponing and eliminating larger-scale recognition events, and enhancing informal recognition.

Figure 2 | In what specific ways has your organization modified its reward and recognition practices in 2009?

| Modifications to Reward and Recognition Practices | |
|--|---|
| Changed employee of the month award to employee of the quarter | Peer and management accolades |
| Eliminated service award program | Sending emails acknowledging when someone had a particular achievement |
| Eliminated seniority banquet; had an informal celebration for milestone anniversaries only on-site | Gave all the managers note cards to pass out to their employees to tell them "good job" as it happens |
| Recognition program based on quality including recognition, prizes and monetary rewards | Eliminated family picnic at an amusement park; will now have an employee cookout during lunch at work |
| Postponed anniversary dinner | Decreased number of employees eligible to participate in attendance reward program and dollar amount awarded. |
| Rewarded employees in other ways like leaving a half hour early paid, gifts that have not been used, free t-shirts, etc. | Temporarily suspended program |
| Recognizing staff in informal ways such as a bag of M&Ms, note, or luncheon | Reduced amount of gift cards and value of service awards temporarily |

Low-Cost Approaches to Reward & Recognition

The most common forms of low-cost reward and recognition include public and email praise, lunches, personal thanks, thank you notes, and features in the company newsletter/bulletin board.

Figure 3 | Does your organization use any of the following low-cost reward and recognition?

| | Percent |
|--|---------|
| Public praise | 67% |
| Email praise | 67% |
| Lunches | 60% |
| Personal thanks | 58% |
| Thank you notes | 40% |
| Feature in company newsletter/bulletin board | 40% |
| Non-cash award | 33% |
| Certificate of appreciation | 33% |
| Employee of the month | 24% |
| Phone praise | 18% |
| Wall of fame | 16% |
| Event | 13% |

In terms of intangible methods of rewarding and recognizing employees, employers report asking for employee opinions and ideas, offering training or development opportunities, allowing employees to pursue ideas, and supporting employees on the job.

Figure 4 | Does your organization use any of the following intangible methods to reward or recognize employees for their performance?

| | Percent |
|---|---------|
| Asking for opinions and ideas | 81% |
| Offering training or development opportunities | 69% |
| Allowing employees to pursue ideas | 64% |
| Supporting employees on-the-job | 62% |
| Involving employees in decisions | 60% |
| Providing flexible work hours | 55% |
| Providing extra coaching, mentoring or support | 50% |
| Allowing employees to leave work early | 43% |
| Providing new on-the-job learning opportunities | 43% |
| Discussing or granting career options | 29% |
| Granting extra time off work | 29% |
| Increasing employees' authority | 19% |
| Giving employees choice of assignments | 12% |

Figure 5 | Please specify any other low-cost or intangible ways your organization is using to reward or recognize employees for their performance.

| Low-Cost or Intangible Forms of Recognition | |
|---|---|
| Peer to peer recognition option in the form of e-greetings | Pot-luck lunches |
| Granting additional time off during slower periods of business | Offering inexpensive \$5 gift cards |
| Occasional leave-early privileges (with regular pay) | Passing around a "Glory Football" between employees for a job well done |
| Contests between employees and supervisors where employees can nominate others for an award | Donations of sporting event / entertainment tickets by managers, owners, etc. |
| Providing thank you notes, verbal thank you's, and pats on the back | Employee suggestions system |

Figure 6 | Please explain any reward or recognition practice that has been effective in your workplace this past year.

| Effective Practices | |
|---|---|
| Organizing fun events for lunchtime or after work. | Gift cards and personal notes |
| Continuing to provide the little things like free coffee and bagel breakfast once a month | Using low-cost recognition kits from the Terryberry Company: www.recognizeme.com |
| Rewarding employees quarterly with \$200 | Cookouts put on by management |
| Company-wide emails | Management takes on expense of recognition |

Respondent Demographics

Figure 7 | Respondent demographics by industry and organizational size

| Demographic Group | Percent |
|-------------------------|---------|
| Number of Organizations | 46 |
| Manufacturing | 49% |
| Non-Manufacturing | 37% |
| Non-Profit | 15% |
| 1-50 | 22% |
| 51-200 | 42% |
| 201-500 | 15% |
| 501+ | 22% |