

Recognizing Employee Tenure Through Service Awards

Industry trends, employee preferences
and best practices in the U.S.



Engage²Excel™

Introduction

The book RESPECT, authored by Dr. Jack Wiley, illustrates what employees want most from their employer, which is summarized by the acronym RESPECT – Recognition, Exciting Work, Security, Pay, Education & Career Growth, Conditions, and Truth. After fair pay, which accounts for 25% of what employees want most, recognition is the next most critical item for employees, accounting for 20% of the pie. Today's recognition programs can include service awards, performance-based recognition, social recognition, and more. As social recognition technology continues to evolve, one might ask, "Are service awards still relevant? Do employees still see the value in service awards?" The answer is a resounding "Yes" based on groundbreaking research recently conducted by Engage2Excel to understand industry trends and employee preferences toward recognition for length of service. The results send a clear message to HR departments and senior management: Service awards are an important component to your overall recognition and engagement strategy to drive enterprise success.



Jack Wiley is an author, consultant, researcher and instructor. For almost three decades, he has focused on two big research questions: what employees most want and what organizational factors best promote employee engagement, performance confidence and business success.

Companies have been recognizing employees for their length of service since the late 1800s. In fact, a majority of companies in the United States (90% of Best Practices Organizations and 76% of Non-Best Practices companies) have a formal length of service program in place today. Recognition for length of service includes not only recognition for service anniversaries, but also successful onboarding, retirement, and other career milestones. The following page shows some key highlights.

The 2016 Trendicators Report is the outcome of a research collaboration between Dr. Jack Wiley and Engage2Excel, and our third-party survey vendor, Toluna. Using survey questions developed by Dr. Jack Wiley, Toluna conducted the survey, and the responses were analyzed by Dr. Jack Wiley and his team. The results published in this report provide readers an unbiased view of recognition in today's workforce.

LENGTH OF SERVICE SURVEY RESULTS AT A GLANCE

LENGTH OF SERVICE AWARDS AND EMPLOYEE ENGAGEMENT



Organizations with formal length of service programs enjoy **engagement scores that are 25 points higher.**

EMPLOYEES OVERWHELMINGLY FAVOR LENGTH OF SERVICE AWARDS

74% of all employees believe service awards help employees feel valued and improve engagement



80% of 25-34 year olds believe service awards are effective and make people feel valued



85% of employees with professional degrees perceive service awards to be effective



The most favorable* ratings of service programs are reported by employees with **less than 10 years' tenure.**



PREVALENCE OF LENGTH OF SERVICE AWARD PROGRAMS



78% of all companies have formal length of service recognition programs



90% of Best Practice Organizations recognize length of service

* The percentage of favorable ratings is based on the percentage of employees who agree or strongly agree with each dimension or index item.

2016 SURVEY DEMOGRAPHICS

- Number of Respondents: 5,000
- Countries Represented: United States
- Industries Represented: All major industries
- Respondent Demographics: U.S. adult workers in all job types with equal representation of gender, age group, and racial/ethnic origin
- Margin of Error: 95% confidence level +/- 1.5 percent

RESEARCH SUMMARY

- Organizations with a formal length of service recognition program enjoy an employee engagement index score that is 25 points higher than that of organizations that do not.
- The vast majority of employees believe in the value of length of service recognition programs; a very small minority do not, as only 6% or less disagreed with statements concerning these programs. Conversely, upwards of 74% of employees agree that length of service recognition programs help people feel valued and appreciated, improve employee engagement, and result in more committed employees.
- Younger workers, particularly Millennials between the ages of 25 and 34, perceive length of service recognition programs more favorably than their older counterparts. More than 73% of all workers between the ages of 18 and 44 perceive such programs as effective and feel valued by them.
- Employees who believe their formal recognition program is effective feel significantly more valued than those who perceive their program as ineffective. Of those who believe their program is effective, 91% report feeling valued by their company compared to only 18% who report feeling valued when working for a company whose recognition program they regard as ineffective – a 73-point difference.
- Employees with higher levels of managerial status are more likely to report higher favorability toward length of service recognition. For example, 94% of executive/senior managers view these programs as effective, and 92% feel valued by such programs, compared to 59% and 57% for individual contributors, respectively.
- Higher salaries are linked to higher favorability scores. For example, 87% of the highest paid employees (\$200,000 +) feel their recognition programs are effective; only 59% of the lowest paid employees (\$15,000 – \$24,999) feel the same way—a 28-point difference.
- A higher level of education is associated with higher favorability scores. For example, 85% of employees with professional degrees perceive their recognition programs to be effective, whereas only 65% of employees with less than a high school education perceive these programs as effective—a 20-point difference.
- 77% of men feel these programs are effective, while only 64% of women agree—a 13-point difference. Similarly, 77% of men feel valued by these programs, while only 63% of women feel valued—a 14-point difference.
- Employees with moderate tenure (1-2, 3-5, and 6-10 years) report the most favorable ratings of their recognition programs—on average, 74% of these employees perceive these programs to be effective and feel valued by the programs.

Table of Contents

SECTION 1	6
How commonplace are length of service recognition programs?	
SECTION 2	9
From the employee's perspective, how effective are formal recognition programs?	
SECTION 3	16
What is the relationship between having a formal recognition program and RESPECT survey dimensions and index scores?	
SECTION 4	18
Do employees believe in the value of length of service recognition programs?	

SECTION 1

How commonplace
are length of service
recognition programs?



The following figures (1-3) represent the percentage of U.S.-based employees by industry who said YES to having a formal length of service recognition program.

FIGURE 1

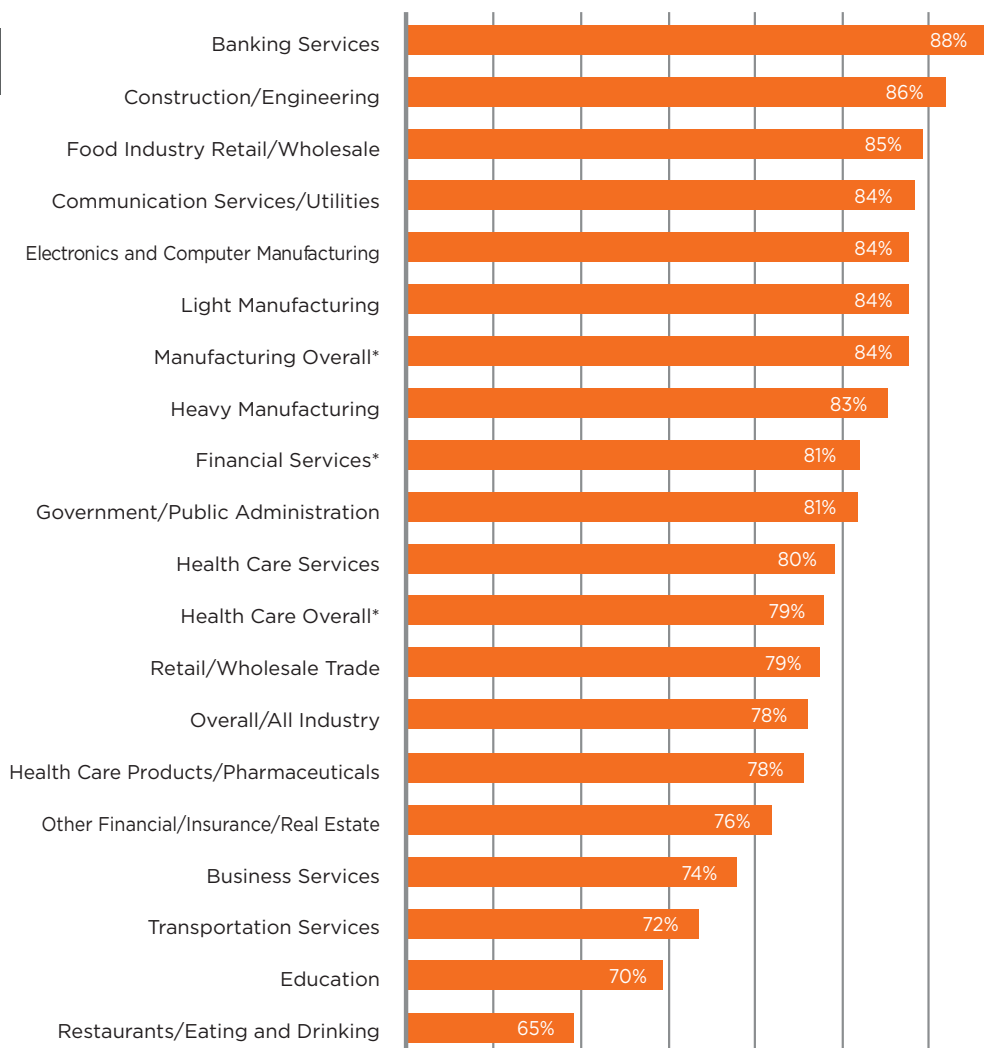


Figure 1. Prevalence of Formal Length of Service Recognition Programs by Industry

Of all those surveyed, only 65% of employees in the restaurants/eating and drinking establishment industry and 70% in the education industry reported having formal recognition programs in place—the lowest values reported. Alternatively, employees in banking services reported the highest frequency of formal recognition programs (88%). This represents a 23 percentage point difference in the prevalence of formal recognition programs between the highest and lowest scoring industries. Across all the industries, 78% percent of employees reported that their organizations have a formal recognition program in place.

*Note: Manufacturing Overall = Light and Heavy Manufacturing; Financial Services = Banking Services and Other Financial/Insurance/Real Estate; Health Care Overall = Health Care Services and Health Care Products/Pharmaceuticals.

FIGURE 2

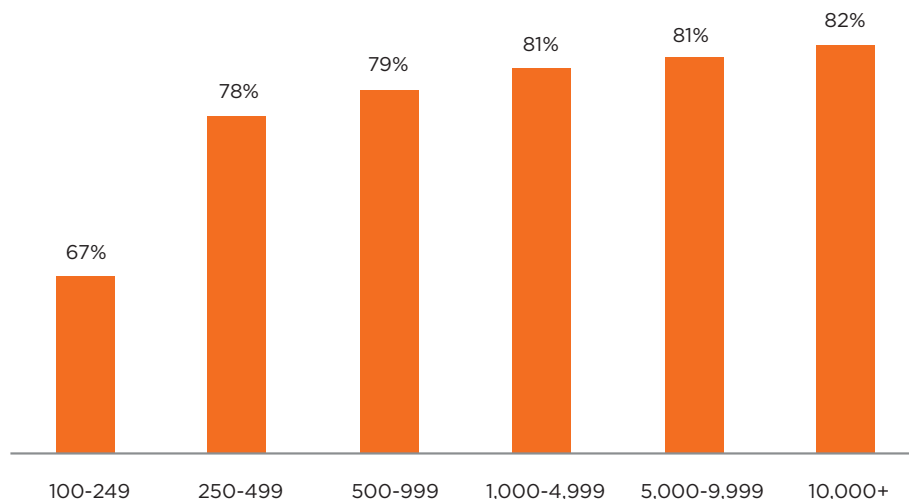


Figure 2. Prevalence of Formal Recognition Programs by Organization Size

The larger the organization (by number of employees), the more likely employees are to report having a formal recognition program in place. For example, 67% of the smallest organizations (100-249 employees) have recognition programs, whereas 82% of employees at the largest organizations (10,000 + employees) have a formal recognition program; this is a difference of 15 percentage points. However, among organizations of at least 250 employees, the prevalence of formal recognition programs was quite similar to that of the largest organizations (78-82%).

FIGURE 3

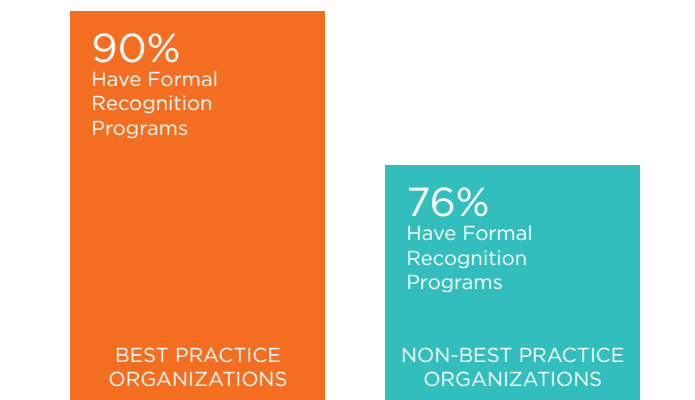


Figure 3. Prevalence of Formal Recognition Programs by Best Practices Status

The majority (90%) of Best Practices Organizations have formal recognition programs in place. Fewer (76%) non-Best Practices companies have formal recognition programs, a 14 percentage point difference.

SECTION 2

From the employee's perspective,
how effective are formal length
of service recognition programs?



For employers with formal recognition programs, Figures 4-11 depict employee favorability toward such programs by various demographic subgroups. These levels of employee favorability are based on the percentages of employees who agree or strongly agree to the following two questions:

- I consider my organization's length of service recognition program to be **effective**.
- Our length of service recognition program helps me **feel valued** as an employee of this organization.

FIGURE 4

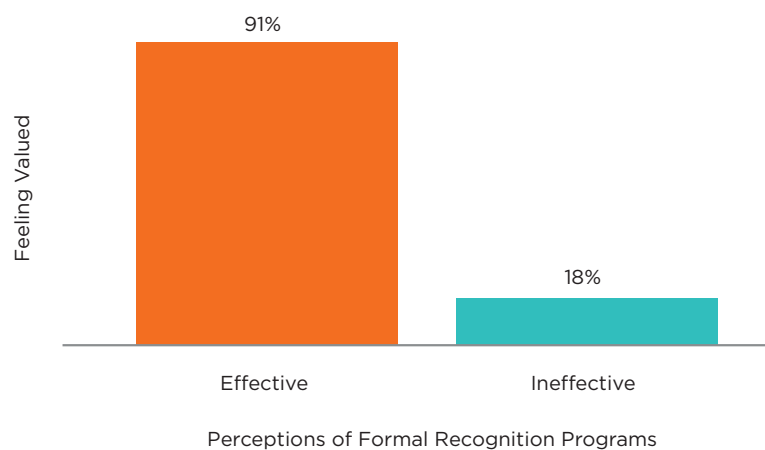


Figure 4. Perceived Effectiveness of Recognition Program and Feeling Valued

Employees who believe their formal recognition program is effective feel significantly more valued than those who perceive their program as ineffective. Of those who believe their program is effective, 91% report feeling valued by their company compared to only 18% who report feeling valued by a recognition program that, in an overall sense, they regard as ineffective. This difference of 73 points presents a strong case for companies to examine ways of improving the effectiveness of their length of service recognition programs.

FIGURE 5

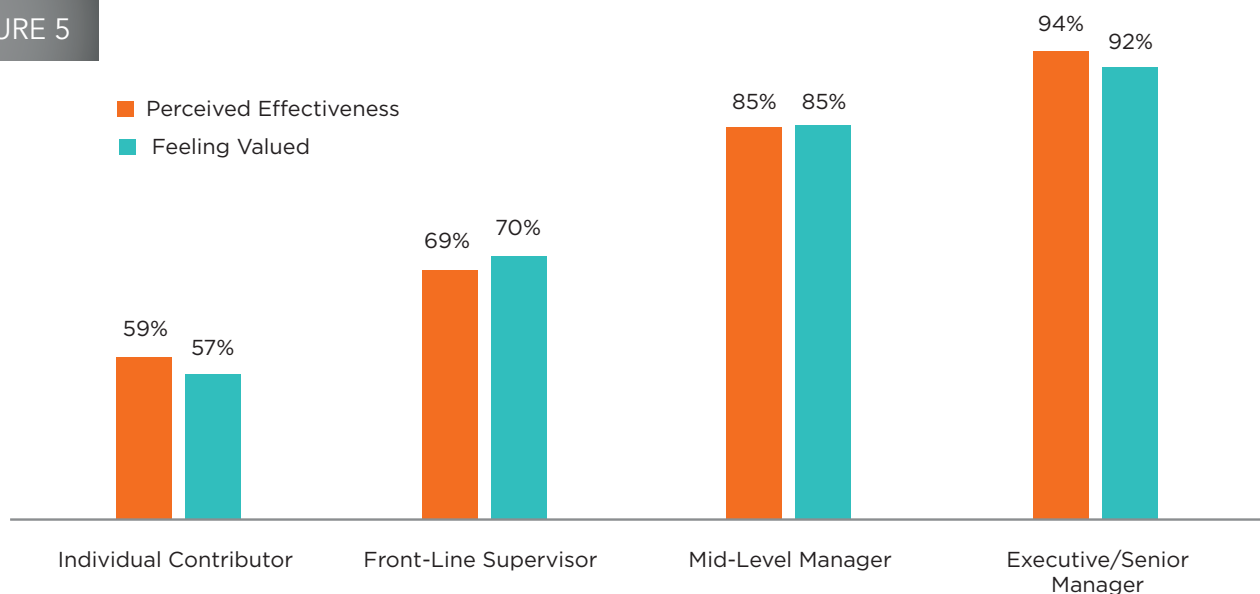


Figure 5. Favorability Toward Recognition Programs by Management Level

A clear trend exists: Employees with higher levels of managerial status are more likely to report higher favorability scores. For example, 94% of executive/senior managers view these programs as effective, and 92% feel valued by such programs; meanwhile only 59% of individual contributors perceive recognition programs to be effective, and only 57% feel valued by these programs.

FIGURE 6

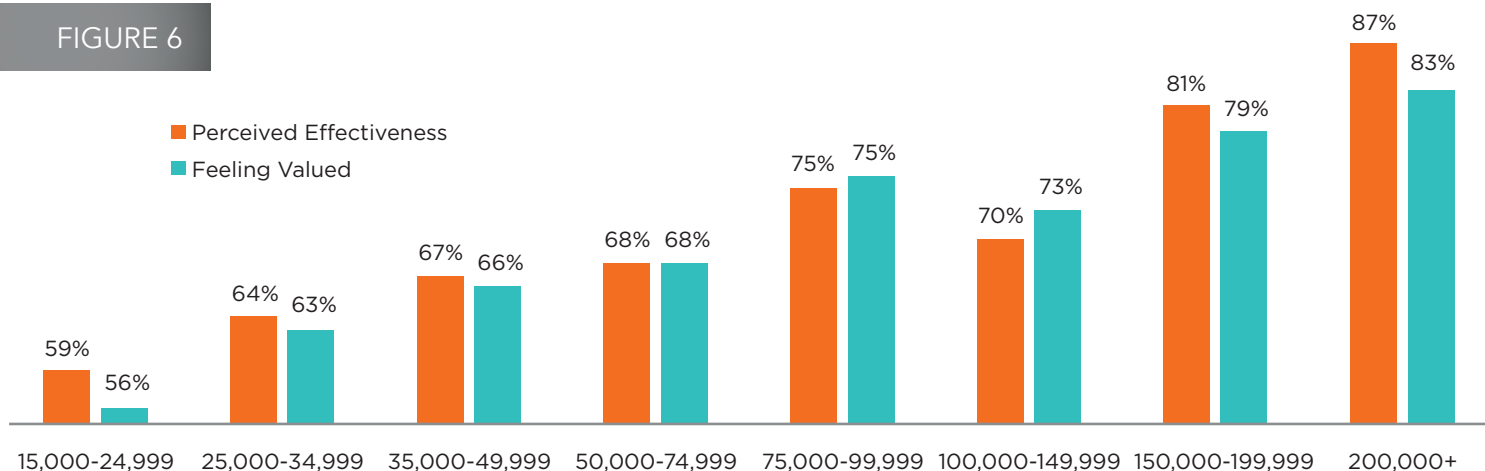


Figure 6. Favorability Toward Recognition Programs by Salary Level

Another visible general trend is the link between higher salary amounts and higher favorability scores. A large difference can be seen between the effects of high and low salaries on favorability scores, since 87% of the highest paid employees (\$200,000 +) feel their recognition programs are effective, but only 59% of the lowest paid employees (\$15,000 – \$24,999) feel the same way, representing a difference of 28 percentage points. Similarly, 83% of the highest paid employees feel valued by recognition programs, whereas only 56% of the lowest paid employees feel valued—a difference of 27 percentage points. The salary range of \$100,000 – \$149,000, however, is an outlier: Oddly enough, employees in this category tend to view their recognition programs as less effective (70%) than those in the salary range of \$75,000 – \$99,000 (75%).

FIGURE 7

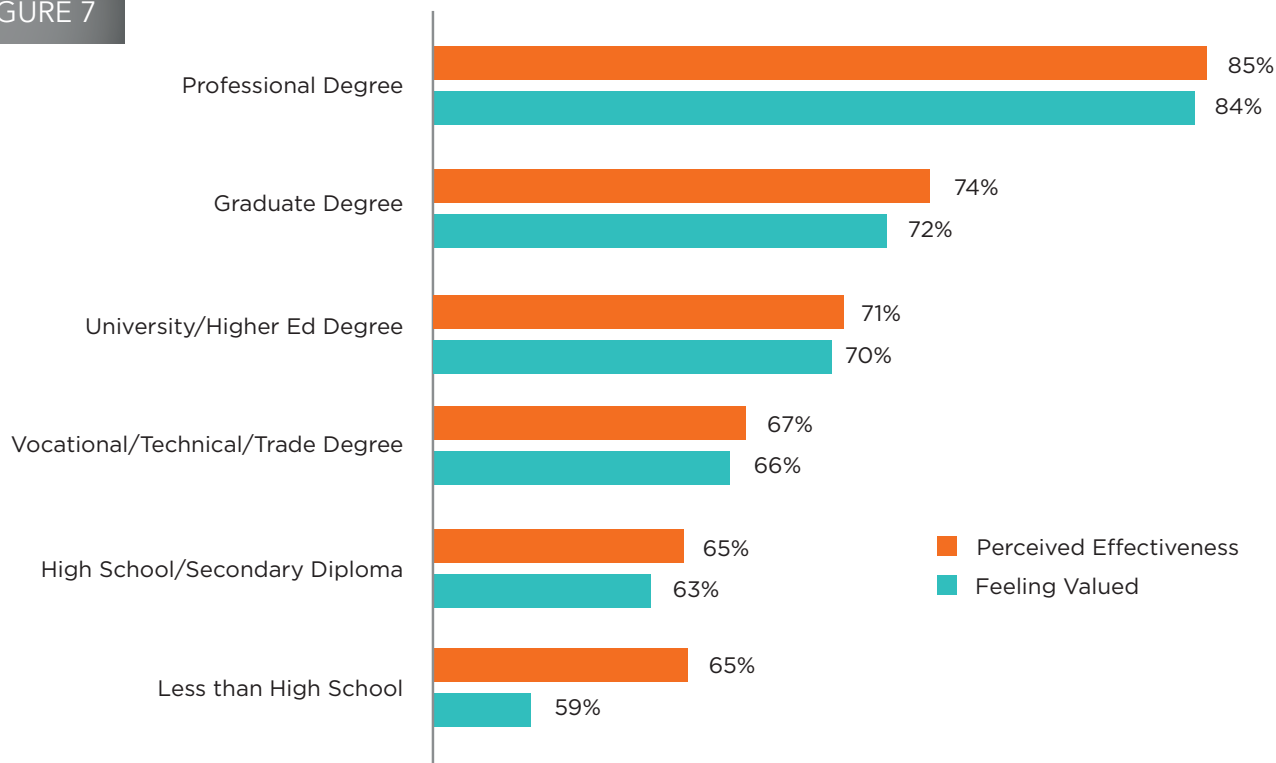


Figure 7. Favorability Toward Recognition Programs by Education Level

Among those with formal recognition programs in place, a trend is evident when examining the education levels of employees. Generally speaking, each increasing level of education is associated with higher favorability scores. For example, 85% of employees with professional degrees perceive their recognition programs to be effective, whereas only 65% of employees with less than a high school education perceive these programs as effective—a difference of 20 percentage points. Similarly, 84% of employees with professional degrees feel valued by their recognition programs, while only 59% of those with less than a high school education feel valued—a difference of 25 percentage points.

FIGURE 8

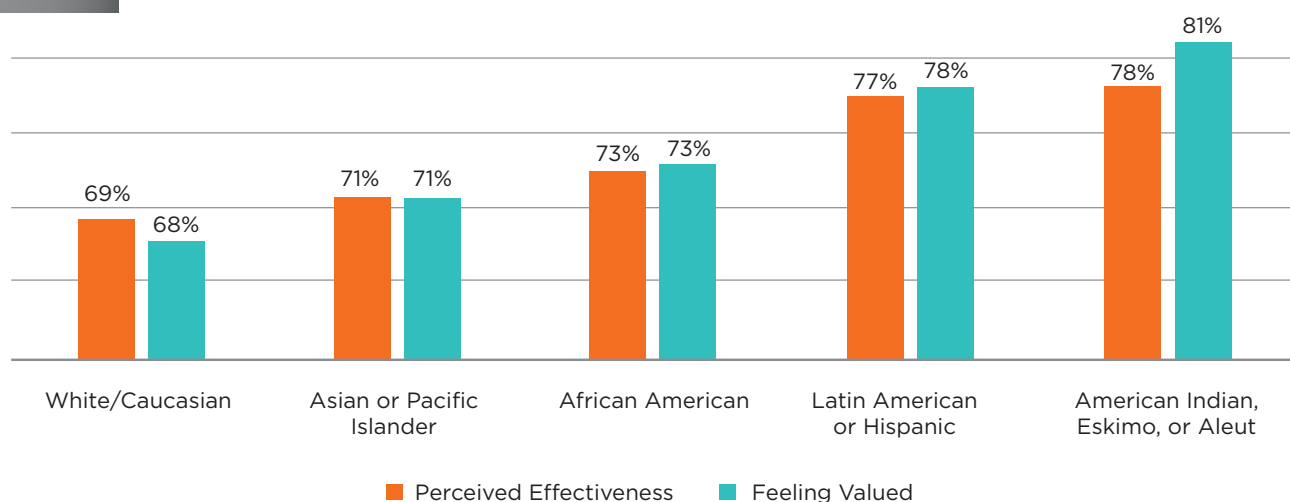


Figure 8. Favorability Toward Recognition Programs by Racial/Ethnic Group Origin

Latin American/Hispanic and American Indian/Eskimo/Aleut groups perceive recognition programs to be the most effective (77% and 78%, respectively) and feel the most valued by these programs (78% and 81%, respectively). Notably, Caucasians reported the lowest favorability scores for both perceived effectiveness and feeling valued (69% and 68%, respectively), an average of 11 percentage points lower than the American Indian/Eskimo/Aleut group.

FIGURE 9

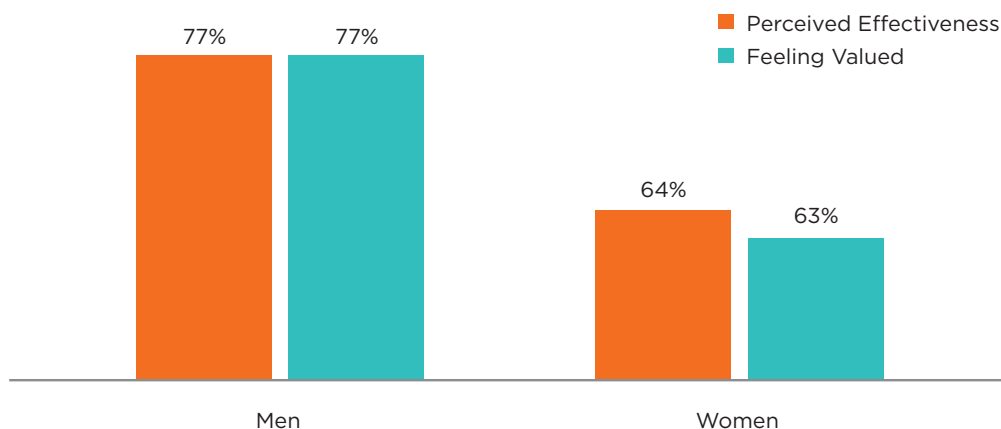


Figure 9. Favorability Toward Recognition Programs by Gender

Of those who reported having a formal recognition program in place, 77% of men feel these programs are effective, while only 64% of women agree—a difference of 13 percentage points. Similarly, 77% of men feel valued by these programs, while only 63% of women feel valued—a 14 percentage point difference.

FIGURE 10

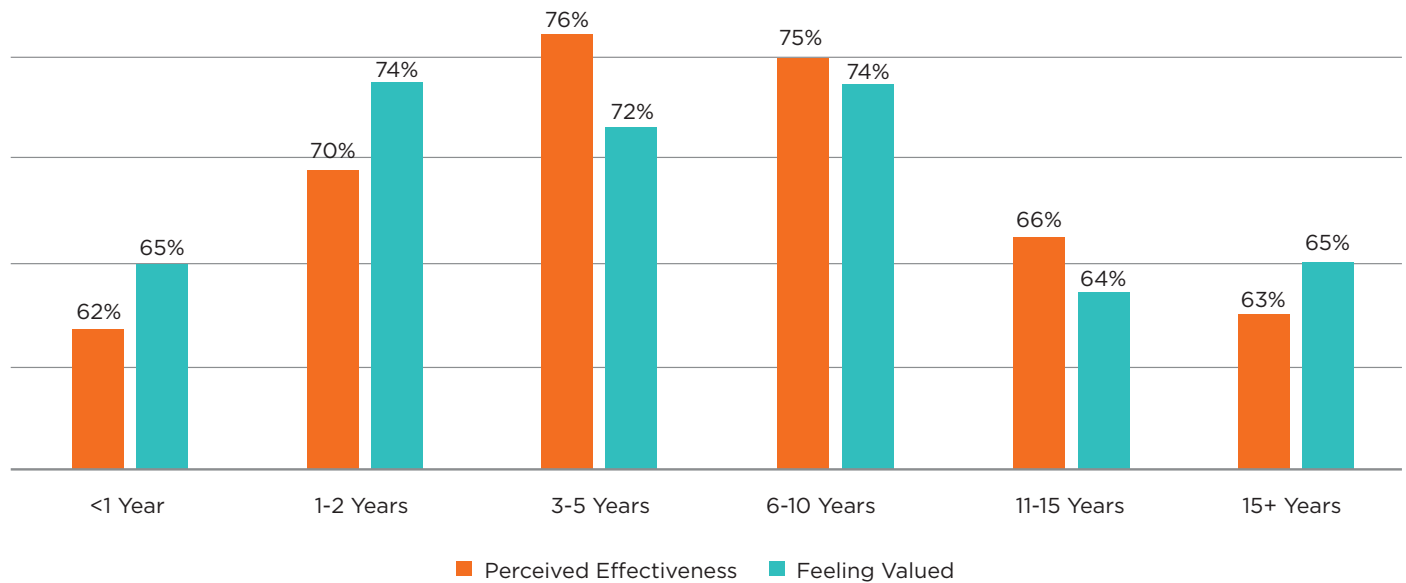


Figure 10. Favorability Toward Recognition Programs by Tenure

Employees with moderate tenure (1-2, 3-5, and 6-10 years) report the most favorable ratings of their recognition programs; on average, 74% of these employees perceive these programs to be effective and feel valued by the programs. Conversely, employees who have been with their organizations a relatively short (< 1 year) or long period of time (11-15 and 15+ years) view their recognition programs the least favorably. On average, 64% of these employees view their programs as effective and feel valued by these programs—10 percentage points lower than those with moderate tenure.

FIGURE 11

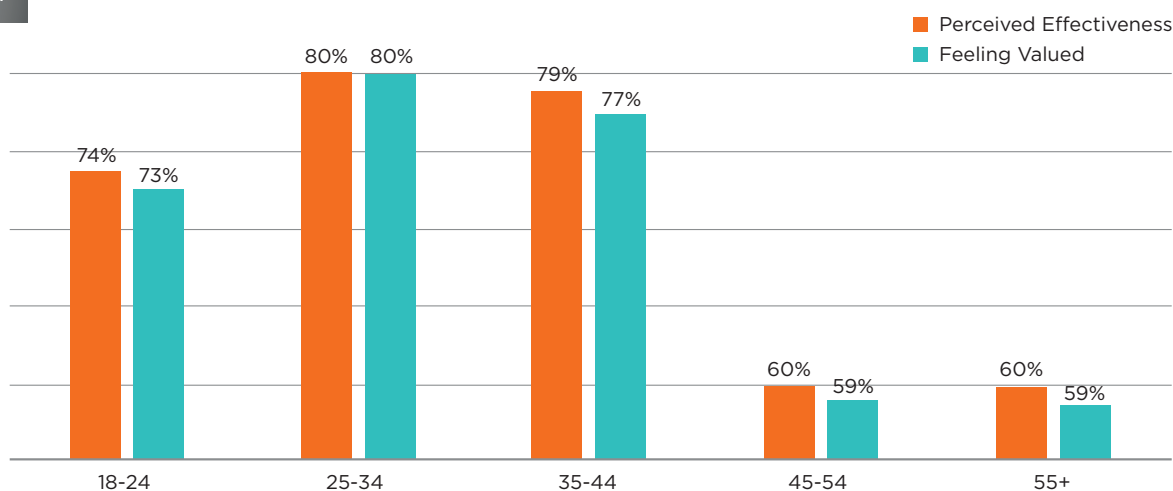


Figure 11. Favorability Toward Recognition Programs by Age Group

Older workers perceive formal recognition programs much less favorably than their younger counterparts. For example, more than 73% of all workers between the ages of 18 and 44 perceive such programs as effective and also feel valued by such programs; conversely, only around 60% of workers 45 years and older feel these programs are effective and feel valued by the programs—an average difference of 13 percentage points.

FIGURE 12

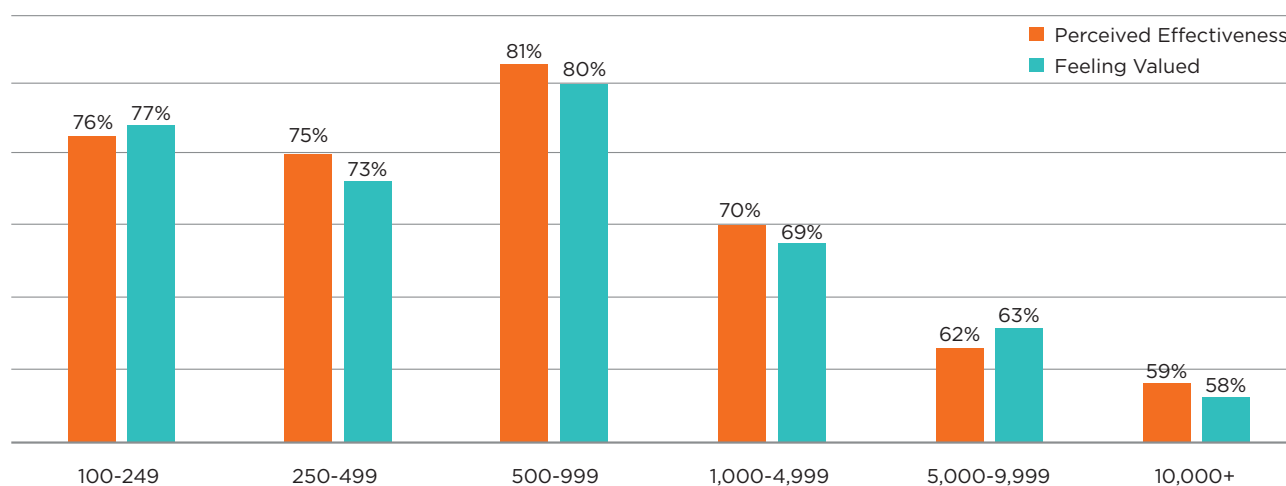


Figure 12. Favorability Toward Recognition Programs by Organization Size

In general, employees at smaller organizations tend to view recognition programs more favorably than those at larger organizations. There is one exception to this general trend: Employees at companies with 500-999 employees report the most favorable scores. Of employees in this tier, 81% perceive these programs to be effective, and 80% feel valued by such programs. Employees at the largest companies (with 10,000 or more employees) report the least favorable scores (59% perceive effectiveness and 58% feel valued)—22 percentage points lower than the category with the most favorable score (employers with 500-999 employees).

SECTION 3

What is the relationship between having a formal length of service recognition program and RESPECT survey dimensions and index scores?



Across all employees, Figure 13 depicts employee favorability toward RESPECT survey dimensions and index scores based on the presence or absence of a formal recognition program. Percent favorable is based on the percent of employees who strongly agree or agree with each dimension or index item.

FIGURE 13

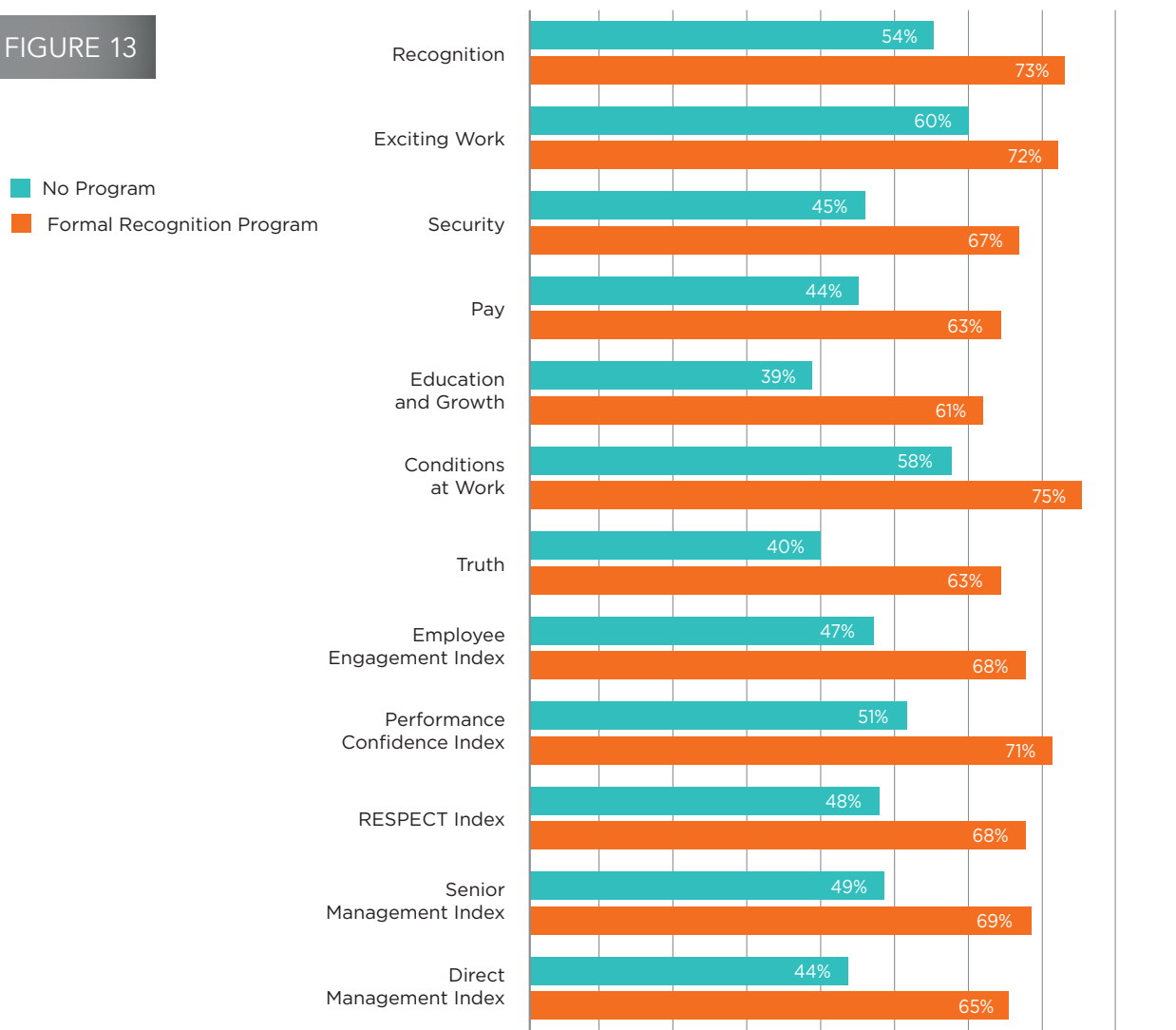


Figure 13. Favorability of Recognition Beliefs Based on Recognition Program Status and Respect Survey Dimensions and Index Scores

In Figure 13, when employees work for organizations that have a formal recognition programs, they consistently report significantly higher RESPECT survey dimension and index scores. More specifically, employees are more likely to report favorable *Recognition*, *Exciting Work*, *Security*, *Pay*, *Education and Growth*, *Conditions at Work*, *Truth*, *Employee Engagement Index*, *Performance Confidence*, *RESPECT Index*, *Senior Management Index*, and *Direct Management Index* scores than their counterparts with no formal recognition program in place. The difference in favorability scores across recognition program status is large and ranges from 12 (Exciting Work) to 22 percentage points (Education and Growth; Truth). On average, employees with formal recognition programs report RESPECT survey dimension and index scores 20 points higher than those without.

SECTION 4

Do employees believe in
the value of length of service
recognition programs?



In this section, three statements were used to assess employees' perceived value of length of service recognition programs. Respondents were asked whether they agree or disagree with each of the following statements:

Statement 1: "Recognizing employees for their length of service with an organization makes them feel more valued and appreciated."

Statement 2: "Employee engagement increases when employees are recognized for their length of service with an organization."

Statement 3: "Employees are more committed to stay with an organization that recognizes their length of service."

TABLE 1

STATEMENT	AGREE	DISAGREE
Recognizing employees for their length of service with an organization makes them feel more valued and appreciated.	81%	5%
Employee engagement increases when employees are recognized for their length of service with an organization.	75%	6%
Employees are more committed to stay with an organization that recognizes their length of service.	74%	6%

Table 1. Employee Belief in the Value of Length of Service Programs

The vast majority of employees believe in the value of length of service recognition programs; only a very small minority do not, as just 6% or less disagreed with statements concerning recognition programs. Conversely, upwards of 74% of employees agree that recognition programs help people feel valued and appreciated, improve employee engagement, and result in more committed employees.

ABOUT Engage2Excel™

Engage2Excel provides HR solutions to help organizations increase engagement and performance throughout the talent lifecycle:

Employee Recognition: Improve engagement enterprise-wide with performance, social and service recognition programs.

Talent Acquisition: Infuse highly engaged employees into your workforce and improve productivity from day one.

Employee Surveys: Discover what employees really want with industry-leading engagement surveys.

For more information, visit Engage2Excel.com

Recognition Training: Learning how to express appreciation and recognize employees is an important part of every manager's job. Engage2Excel provides clients with a wide range of training tools and resources to help HR departments and managers get the most out of their investment in employee recognition programs.

Making Recognition Meaningful is a 3-part video series that helps managers learn how to make employee recognition experiences more personal, more relevant and more meaningful.

View the video series at Engage2Excel.com/videos

For information about customer engagement, visit our sister company, Hinda Incentives

Earning and keeping the loyalty and engagement of your customers is a challenging but important part of business. In some industries, customers engaged in loyalty programs spend nearly 80 percent more than non-loyalty members. Hinda's customer loyalty solutions can help you reward that continuous support to your business while creating that coveted emotional connection between the customer and your brand that brings them back every time.

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