

The Recognition Revolution

Future Workplace Calls for Creative Thinking, New Strategies and Bold Moves

An expanding global economy, rapid advances in technology, virtual teams and generational diversity have all influenced the evolution of today's workplace. Moreover, experts tell us that the trends of the last decade will continue, forming the basis for how organizations will operate in the future.

Moving forward in this brave new world, it is important to consider that strategy in business involves making decisions about where to compete, how to win, and how to maximize long-term value. Strategy takes shape in an organization's business plan that outlines its target markets, distinct value propositions, and the tactics needed to sustain and maximize this value. Essential to strategy are people. Recognition is an essential factor when it comes to influencing the behavior, the performance and the engagement of people.

- **People** create the strategy.
- **People** execute the plan.
- **People** are the key to success.

As Mark Royal points out in a 2012 Hay Group Report:

In an environment of increasing competition and a challenging global economy, where organizations are running "leaner" and forced to do more with less, tapping into the discretionary effort offered by engaged employees becomes all the more imperative for success in the marketplace. The ever-increasing pace of change in modern organizations also fosters interest in engagement. In fast-changing environments, it becomes all the more difficult to precisely specify roles and responsibilities across a diverse set of jobs. To the extent that employees at all levels are likely to be faced more frequently with unanticipated and ambiguous problem-solving and decision making situations, employers must count on them to act on their own in ways that are consistent with company objectives based on their understanding of, and alignment with, organizational standards, cultures, and values.¹



While Royal's viewpoint helps us reflect on what has happened on the work front, the new reality is that a company's workforce is no longer comprised overwhelmingly of bona fide employees. Instead, it has morphed into a network comprised of core employees,

strategic partners, outsourced functions, and independent contractors that some refer to as “just-in-time” workers. Consider:

- 20-33 percent of today’s U.S. workforce is now comprised of independent workers (freelancers, contractors and temps), up from just 6 percent in 1989.
- The U.S. Bureau of Labor Statistics predicts that employment services will be among the fastest-growing segments of the economy, adding 637,000 jobs in the next 10 years—twice the growth rate for the overall economy.
- Recent emergence of online independent contractor platforms that enable companies to access “talent in the cloud” on an as-needed basis.
- The practice in some industries, such as oil and gas, where 77 percent of the workforce now reportedly resides outside of the core organization.
- The fact that outsourcing contracts with Fortune 100 companies have more than doubled since 2000. According to some studies, about 20 percent of global companies have outsourced or off shore workers. Outsourcing is now an estimated \$6 trillion global industry and is expected to keep growing.²

As if the physical realities of today’s marketplace were not enough, changing environments and demographics have altered the expectations of the workforce:

The redefinition of the social contract surrounding the employment relationship across all industries makes engagement a more pressing concern for many individuals. As the old loyalty-for-security bargain has eroded, the connections between individuals and organizations have grown more tenuous. Whereas a career was once defined as the steady movement over a period of time through a hierarchy of jobs in a single organization, individuals today are increasingly building careers from a series of patchwork moves across organizational boundaries. In charge of their own work paths, and their own definitions of career success, more and more employees are looking for work environments where they can be engaged and feel that they are contributing in a positive way to something larger than themselves.³

Changing Nature of the Workforce

So what does it all mean? The workplace is changing in ways unforeseen just a generation ago. Given the changing characteristics of “doing work,” we may have come to a time when it is more appropriate to talk about “workforce engagement” rather than “employee engagement.” It no longer seems fitting to segregate the segments of a workforce community dedicated to a specific set of company goals since all of the elements — both inside and outside corporate boundaries — must be committed to the success of the projects regardless of who is responsible to complete them.

Looking into the near future, Human Resource leaders will, of necessity, play a more influential role than ever in creating organizational strategy, constructing answers to tomorrow’s questions, and bridging the strategy and execution that rely on human talent for success. In all likelihood, functions viewed previously as core to the HR role like payroll, benefits, and

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² Gartside, David; Silverstone, Yaarit; Farley, Catherine; Cantrell, Susan. “Trends Reshaping the Future of HR: The Rise of the Extended Workforce.” 1 March 2013. 30 July 2013.

<<http://www.accenture.com/us-en/Pages/insight-future-of-hr-rise-extended-workforce.aspx>>

³ Royal, Mark. “Seven Steps to Measure and Build Employee Engagement the Right Way.” Hay Group Report 2012. Enterprise Engagement Alliance. 30 July 2013.

<<http://www.enterpriseengagement.org/articles/content/8304358/7-steps-to-measure-and-build-engagement-how-to-keep-line-managers-interested-and-involved/>>

Motivating and recognizing the desired behaviors and results of this expanded network of talent is a significant dynamic within the changing recognition landscape. The new “workforce community” will require innovative strategies and tools when it comes to recognition.

compliance will end up being outsourced and automated, allowing HR and other organizational leaders to place more emphasis on the strategic side of business, their role as change agents, and the ongoing engagement of the people that execute the business plans.

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As Maria Frank and Adam Harrell suggest in an article about “Evolving Trends in the Global Workplace:”

Historically low employee engagement levels, fluctuating global markets, and a growing generation gap make keeping up with global trends a daunting task for HR representatives. Employers increasingly focus on human capital by identifying and actively engaging the most critical employees, rapidly aligning their workforces around change, and getting the most out of every HR dollar spent. 86 percent of multinational organizations mitigate low employee engagement with a formal reward and recognition strategy – mostly traditional programs that honor years of service. Additionally, a growing number of organizations are leveraging newer, nontraditional programs that can have a more direct impact on retention and attract Gen Yers, such as peer-to-peer recognition, on-boarding programs, social media-inspired features, and custom initiatives that motivate specific workplace behaviors. As the global workforce becomes more sophisticated, the technology behind recognition programs is rapidly advancing as well, and can provide sustainable human capital strategies.⁴

Dittman Incentive Marketing’s Special Incentives Director Susan Adams believes that, “The principles of recognition remain the same, but every program must evolve in order to remain relevant and to leverage best efforts across an ever-changing blend of employees and workplaces.”

Attracting and Keeping the Best Talent

In 2013, SHRM’s survey of HR professionals revealed that 59 percent view retaining and rewarding the best employees as their biggest challenge over the next ten years.⁵ So how are HR practices and recognition strategies changing? Let’s take a look at a few issues that the shift to a “workforce community” is impacting.

- **Service Awards** — This common recognition method has long been viewed as a way to recognize employee loyalty and promote retention. Yet, in today’s world, work is often accomplished in terms of projects that require the outside expertise of specialists. While retention of core employees is still important, facilitating collaboration, innovation and the ongoing vitality of an expanded community workgroup is perhaps as important—and sometimes more critical—to the successful completion of an organization’s output. It’s not surprising then to find organizations that are rewarding service at earlier intervals (e.g., 1, 3, 5, 7 years) and seeking methods to recognize the service of both employees and key external collaborators. Service awards will likely expand to be more inclusive of the growing cast of characters.
- **Retention** — Those who have entered the workforce over the past 10 years are expected to make many job or career

⁴ Frank, Maria and Harrell, Adam. “Evolving Trends in the Global Workplace” HR.com. 31 October 2012. 30 July 2013.

<http://www.hr.com/en/app/blog/2012/10/evolving-trends-in-the-global-workplace_h8yo1zop.html#sthash.li8Lgd8i.dpuf>

⁵ “SHRM Workplace Forecast: The Top Workplace Trends According to HR Professionals” www.shrm.org. May 2013. 31 July 2013.

<http://www.shrm.org/Research/FutureWorkplaceTrends/Documents/13-0146%20Workplace_Forecast_FULL_FNL.pdf>

moves. A 2012 Right Management survey of 760 employees in the U.S. and Canada revealed that 86 percent of the respondents said they “intend to actively seek a new position.”⁶ The Right Management results are similar to findings released in 2011 and 2010 while in 2009, only 60 percent of employees said they intended to seek a new position. At the same time, Harvard Business Review revealed that as many as 84 percent of employees planned to look for a new position because they felt overworked and underappreciated.⁷ While retention will undoubtedly be a significant challenge over the next decade and beyond, recognition is a tool that should still be considered viable to maintaining that necessary thread of consistency in the expanded workforce community.

- **Recruiting** — Strategic recognition can help build a culture and company brand that attracts talent because it demonstrates that work has a greater meaning and is appreciated. This type of culture often permeates an industry and is viewed by outsiders as a powerful competitive differentiator. Prospective talent is often drawn to this type of company.⁸
- **Referrals and On-boarding** — Identifying and successfully on-boarding talent, whether internal or external, is important now, but it may be even more critical in the future as there will likely be more and more reliance on the talent coming up to speed quickly. Rewarding people for adding value to the talent acquisition process through referrals will become more essential to the business plan. As new talent joins the workforce community, recognizing how successfully they navigate the on-boarding process and become a productive member of the workforce community is likely to be critical to an organization's strategy, and therefore a key component under the recognition umbrella.
- **Social Media, Communication and Peer-to-Peer Recognition** — With nearly one-fifth of the world now using social media (1.5 billion people), putting tools in place for a more virtual workplace community and their management to not only share ideas and strengthen collaboration, but also to recognize each other's attempts, efforts, behaviors and achievements will be critical.⁹ As reinforced by the Harvard Business Review, challenges of the virtual workforce include communicating face-to-face, communicating often, and celebrating success, even at a distance. Recognition systems that incorporate communication and expanded social recognition functions will be paramount.¹⁰



Innovation and Re-invention

As author, columnist and recognition professional Roy Saunderson puts it, “Vendors and practitioners must now learn to reinvent themselves and the way recognition will look and is managed in order to lead into the future.”¹¹ In fact, he sees the following among impending changes in the field:

- A flood of immediate mobile recognition as recognition applications become more prolific with the spread of mobile devices within the workforce.
- Social media type recognition via Facebook-like platforms is expected to race ahead of traditional portal programs.
- Recognition will become more interactive with increased capability for face-to-face video and spoken word messages of praise and acknowledgment.
- An increased focus on personalized recognition.
- A greater demand for customized gift cards from preferred places.
- Better linkage of recognition to results through technology that displays progress of both results and recognition.

6 Hastings, Rebecca. “High Morale Doesn’t Guarantee Retention” [www.shrm.org](http://www.shrm.org/hrdisciplines/employeerelations/articles/pages/employee-morale-retention.aspx). 13 December 2012. 31 August 2013. <<http://www.shrm.org/hrdisciplines/employeerelations/articles/pages/employee-morale-retention.aspx>>

7 Dandes, Rick. “Problem-Solving: Reducing Turnover and Keeping Top Performers.” Premium Incentive Products. March/April 2012.

8 Dandes, Rick. “Problem-Solving: Reducing Turnover and Keeping Top Performers.” Premium Incentive Products. March/April 2012.

9 Lumba, Jennifer. “Top 10 Benefits of Using Social Media for Your Company.” Incentive. 13 May 2013. 2 August 2013. <<http://www.incentivemag.com/>>

10 Johns, Tammy; Gratton, Lynda. “The Third Wave of Virtual Work.” Harvard Business Review. January-February 2013. <<http://hbr.org/2013/01/the-third-wave-of-virtual-work/>>

11 Saunderson, Roy. “Top 10 Trends for Employee Recognition in 2013.” Incentive. 10 December 2012.

- Better data with personalized information promoting preferred rewards that will help increase point redemption from programs.
- Increased availability and use of peer-to-peer recognition tools.¹²

Creating Change: A Game Changer

The recognition revolution calls for bold moves. Adapting to change is one thing. Creating change is the game changer. This is the role of the strategist. But where do you begin? Overcoming legacy thinking is a good starting point. While certain recognition programs and structures may seem essential to the culture, leaders must balance the necessity to retain these legacy programs with the need to make room for new programs that better support the core business goals. If a recognition program does not align with the strategic plan, leadership should be bold enough to remove or revise it in favor of initiatives that strengthen the business.

If there was ever a time when it pays to tap into the skills of a seasoned recognition specialist or agency, this would be that time. Just as HR professionals have been honing their skills to better fit into their emerging strategic role, recognition professionals are plugged into industry thought leadership and required technologies and systems that enable the engagement of the new workforce community. They know how to plan and scale programs for both short and long term results. They are savvy with ROI measurement. And, perhaps most importantly, they are skilled in the design and implementation of strategic recognition programs that are tied to an organization's core values and business plan.

As a recent Employee Recognition Survey pointed out:

Organizations with strategic recognition programs connected to corporate values had 28.6 percent lower employee frustration levels than companies without these programs. Additionally, those with recognition programs were 25.4 percent more likely to have a clear understanding of their organizational objectives. Employees reported feeling 21.5 percent more enabled, and the organizations enjoyed a turnover rate 23.4 percent lower than those without recognition programs.¹³

Just imagine what this same kind of direction can do for the new multi-generational, multi-cultural, multiple employment connected workforce community.

Preparing a global workforce for the future begins with focusing on the key drivers of employee engagement. Employees want to be treated with respect, have a sense of ownership in their company's success, feel personal accomplishment in their work, and have confidence that their organization is headed in the right direction. A modern recognition program can engage your employees through a variety of methods, and establish a clear strategy for future human capital challenges.

Workforce Engagement

The term “workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organization. Organizations with high levels of workforce engagement are often characterized by high-performing work environments in which people are motivated to do their utmost for the benefit of their customers and for the success of the organization.

In general, members of the workforce feel engaged when they find personal meaning and motivation in their work and when they receive positive interpersonal and workplace support. An engaged workforce benefits from trusting relationships, a safe and cooperative environment, good communication and information flow, empowerment, and performance accountability. Key factors contributing to engagement include training and career development, effective recognition and reward systems, equal opportunity and fair treatment, and family friendliness.

Baldrige 2007

¹² Saunderson, Roy. “Top 10 Trends for Employee Recognition in 2013.” Incentive. 10 December 2012.

¹³ Palmer, Alex. “Strategic Recognition Empowers Employees, Reduces Stress, Study Says.” Incentive. 3 December 2012. 2 August 2013. <www.incentivemag.com>

Engagement is crucial to productivity, better financial performance, better employee performance, and restoring the world economy.¹⁴

Call to Action

Janet North, Senior Director of Incentives & Recognition at Staples Promotional Products, sums it up this way:

The generational and economic factors that have changed the recognition landscape over the last decade are materializing into much more than a preference for certain types of awards. Going forward, organizations that embrace this new free-agent mentality by amending their engagement and employment strategies will be best positioned to succeed.

The overarching call to action then for organizational leaders, particularly HR strategists, is to be bold, not benign when it comes to defining and reinforcing the cultural work environment that they are seeking. The future workplace is based on a paradigm shift, including a broader scope of **people** who can make or break the business plan based on their level of engagement. In this new arena, recognition is a key strategy with some new and exciting dynamics.



14 Frank, Maria and Harrell, Adam. "Evolving Trends in the Global Workplace" HR.com. 31 October 2012. 30 July 2013.
< http://www.hr.com/en/app/blog/2012/10/evolving-trends-in-the-global-workplace_h8yo1zop.html#sthash.i8Lgd8i.dpuf>



This paper was created by the Recognition Council, a strategic industry group within the Incentive Marketing Association that educates and promotes the benefits of recognition and rewards to the worldwide business community. More information is available at www.recognitioncouncil.org.

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