# VANTAGECIRCLE

# Quantifying R&R Programs

## For Measurable Results

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# Foreword

In the ever-shifting landscape of the American job market, we find ourselves at yet another interesting juncture. Since 2020, the labor market has transformed. The pandemic made us re-evaluate professional values regarding how, where, and what we work. What started as the Great Resignation has become a situation where resignations, side hustles, and gigs are now common, reflecting that the restless workforce is seeking more from professional life. This challenges traditional notions of loyalty and, at a larger level, how employees behave in the workplace. An interesting dichotomy is also where employees are demanding greater flexibility viz. Remote working, even as workplace isolation/ loneliness is at a high. Meanwhile, companies are divided over the effectiveness of remote working itself. While many companies have brought their employees back to physical offices, most companies are providing flexibility/hybrid work arrangements for job roles where this is feasible.

At the same time, companies face another critical challenge -the economy. While predictions around an imminent recession have fortunately been tempered, a definite downturn predicates the need for frugality. Therefore, HR teams must focus on driving employee engagement, aligning employee behaviors to organizational objectives/needs, and ensuring that costs remain controlled if not going down. The good news is that HR teams have an age-old tool in their repository that can be leveraged across all three asks - Employee Recognition Programs!

**Vantage Circle's POV is a well-designed and well-executed Recognition Programs.**

- Makes employees aware of behaviors that align with organizational priorities and the context in which those behaviors were demonstrated.
- Encourages them to demonstrate those behaviors by showing a line of sight to monetary, social, and emotional value.
- While amping up that value drastically by appealing to employees' feelings.
- Thereby also creating a culture and environment where employees feel valued and included.

It is, therefore, time for companies to start seeing their Recognition Programs as a strategic investment and not just one of the many elements of their employee engagement initiatives.

Recognition has the power to make people feel valued and included, thereby enhancing their emotional wellness. It has the power to bring people and teams together. And most importantly, recognition can facilitate habit formation, which can be directly correlated with critical organizational outcomes. Leveraging Recognition Programs effectively is now a necessity, not a choice. However, being in this industry for a decade has shown that most companies remain reluctant to see Recognition Programs as a strategic investment. Our experience shows that a major shortcoming was the lack of a structured, quantifiable, and measurable approach to the design and execution of Recognition Programs. Acting on this gap, we pioneered the AIR$^e$ framework. Building upon globally accepted theories of human motivation and behavior, this framework is Vantage Circle's proprietary methodology for designing and assessing Recognition Programs. We have used this framework to enhance our product offerings and work with clients to re-engineer/refine their existing programs. We also created an online assessment through which companies can quantitatively benchmark their programs.

Within a few months of launching the AIR$^e$ assessment tool, over 300 companies globally had taken the AIR$^e$ assessment. We then unveiled our first inaugural Global AIR$^e$ benchmarking report in 2022- 'Measuring What Matters: Quantitatively Assessing Recognition Programs for the New World of Work. The key goal was to help companies understand why their recognition efforts might not be designed to deliver the desired results. The positive response to the report highlighted the increasing interest in recognition and the desire for deeper insights. This motivated us to investigate further and analyze R&R programs in prominent markets.

*Earlier this year, we partnered with SHRM India to publish the AIR[e] Benchmarking Report for India (2023-24) - 'Quantifying Rewards & Recognition Programs for Measurable Outcomes.'*

*We followed this up with the AIR[e] Benchmarking Report for the UK in September 2023. The report received an overwhelming response when we presented some key insights at the Gartner ReimagineHR Conference in London that month. We're excited to introduce our next ambitious endeavor. Our dedicated team at Vantage Circle's CoE-People and Culture has diligently crafted a comparable AIR[e] Benchmarking Report for the US (2023-24)'. Through this venture, we aim to unravel the multifaceted dimensions of recognition practices within the US' dynamic work environment, ensuring that our insights are comprehensive and impactful.*

*My vision is rooted in the belief that by prioritizing employee recognition and engagement, businesses can achieve sustained growth and resilience in today's global marketplace. I believe in the idea of companies having the power of data-driven decision-making and valuable insights through the AIR[e] Benchmarking Reports.*

# Partha Neog

Co-founder & CEO,
Vantage Circle

# Dave Ulrich

Author (Future of HR), Speaker, Management Coach,
University Professor, and Management Consultant

*In today's dynamic business landscape, the relationship between compensation and company values has never been more crucial to understand. My thought leader advisor on R&R (Charlie Tharp) constantly reminds me (and others) that compensation is communication. R&R signals what matters most in a company by what is measured and rewarded. We have found that this signal reinforces behaviors and outcomes that matter most. When the R&R programs are aligned with the value that stakeholders get from a company, they drive the right behaviors.*

*In contemplating the American employee R&R landscape, my perspective has consistently emphasized the integral relationship between performance management and rewards.*

**We have suggested that performance management has four steps:**

| 01 | 02 | 03 | 04 |
|---|---|---|---|
| **Set Clear Goals** | **Identify Measures** | **Ensure Consequences** | **Provide Feedback** |
| *Where are we going?* | *How do we know if we are getting there?* | *What happens if we hit or miss standards?* | *How do we follow up ?* |

*The R&R work is in 3rd step, but without the other three steps, it won't work well. It means while the R&R aspect of performance management is crucial, it cannot achieve its intended impact without the foundation of the preceding three steps.*

**We have used the following framework to guide companies doing performance management**

| Steps | Overall diagnostic question (How well does my company …) |
|---|---|
| Create and clarify a rewards philosophy | Have a clear and communicated philosophy about rewards that guides appropriate actions? |

| | |
|---|---|
| Set clear goals that indicate where we are going | Turn aspirational purpose (mission, vision) into strategic choices and into specific goals and objectives. |
| Identify measures that define expectations and standards | Have a set of measures that help each employee know what is expected in terms of long and short-term, individual and collective behaviors and outcomes |
| Ensure consequences that follow meeting or missing standards | Have financial and non-financial, positive and negative consequences that align with meeting or missing expectations |
| Provide feedback by having a positive and productive conversation | Hold managers accountable to have positive and productive conversations with employees about their performance. |

*Based on work by Steve Kerr, an R&R should meet the following criteria;*

| Characteristics of good R&R system | |
|---|---|
| Availability | Extent to which a particular reward is available |
| Eligibility | Extent to which classes of employees are eligible to receive the reward |
| Visibility | Extent to which reward is visible to recipient and other organization memebers |
| Performance Contingency | Extent to which the receipt of the reward and size of the reward are based on recipient's performance |
| Timeliness | Extent to which reward is timely |
| Durability | Extent to which reward has impact over time |

*And having said that, the performance management system should ensure a positive conversation focusing on understanding, data, and improvement.*

- *Help me understand*
- *The data*
- *To solve the problem*

*4 Key PM Actions*

Clarify Expectations

Engage in Conversation

Allocate & Ensure
Consequences

Establish Metrics &
Standards
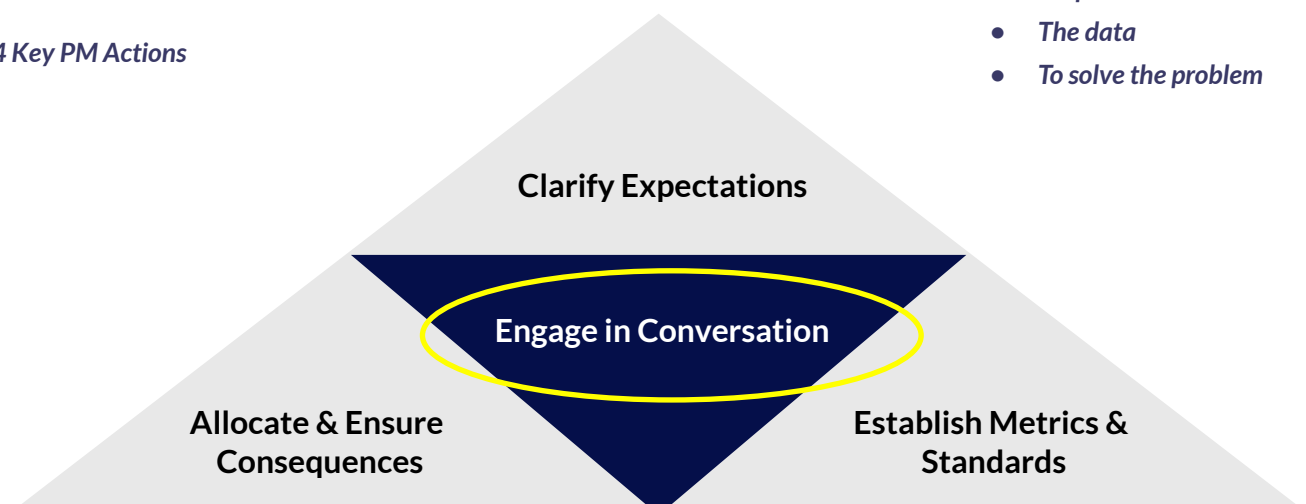
*When considering the need for authentic and impactful recognition, we can see below the 11 trends in R&R that companies should follow to have a real impact.*

| Trends | Overall diagnostic question (How well does my company …) |
|---|---|
| Increasing transparency and disclosure | Manage multiple stakeholders in an age of high transparency and required disclosure of executive compensation issues. |
| Emerging legislation and regulation | Anticipate, influence, understand, and adapt to emerging legislation and regulation issues related to executive compensation. |
| Requiring a say on pay | Communicate with and gain confidence from investors (or proxy advisors) on our pay policies. |
| Disclosing pay ratios | Manage and communicate the gap between total CEO and average employee pay. |
| Seeing the impact of CEO pay on performance | Recognize, partition out, and communicate the unique contribution of the CEO (and other executives) on firm performance. |
| Attending to diversity (gender, age, race, etc.) | Appreciate the social and economic value of a diverse workforce and build processes that encourage a more diverse workforce at all levels of the company. |
| Considering tax and accounting consequences for compensation | Pay attention to the evolving tax and accounting requirements for reporting and managing executive compensation. |
| Evolving governance for compensation | Govern executive compensation decisions through the overall board and specific compensation committee assignments. |
| Comparing pay versus whom | Determine who to benchmark for compensation equity so that employees are paid the right amount. |
| Determining pay for what | Set metrics about standards and expectations (both financial and non-financial, e.g., ESG and leadership capital) that drive the right executive thoughts and actions. |
| Allocating pay in what form | Allocate compensation in base, annual incentive, and long-term incentives in forms that matter to executives |

To be effective, any R&R system needs to adapt the above ideas.  The AIR$^e$ framework is an example of designing R&R systems aligning with overall HR strategy to increase employee and culture improvement, leading to business, customer, investor, and community value.

# Introduction

As organizations evolve in today's tech-driven landscape with changing workforce demographics, recognizing employees has become hugely impactful. Nevertheless, many organizations find it challenging to harness the potential of recognition because they often fail to quantify its impact, largely due to the misconception that it is solely a qualitative measure.

Adopting thoughtful and systematic approaches enables organizations to measure and evaluate recognition effectively, enhancing Rewards and Recognition (R&R) Programs. Prioritizing the quantifiable aspects of recognition justifies expenses, optimizes initiatives, and fosters organizational success. Employers can ultimately harness its potential value in the dynamic modern workplace by dispelling the misconception that recognition is purely qualitative. This value spans from improving employee experiences and methodically gauging effectiveness to uncovering new areas for development.

The program assessments presented in this report utilize the AIR$^e$ Framework, a proprietary methodology developed by Vantage Circle for designing and assessing employee Recognition Programs. This framework was created in response to the increasing global focus on recognition and seeks to answer the critical question of how organizations can fully leverage the potential of their Recognition Programs. It does so by emphasizing key themes, namely Appreciation, Incentivization, and Reinforcement, all complemented by eMotional Connect.

Examining AIR<sup>e</sup> assessment responses offers an in-depth exploration of Recognition Programs, drawing insights from a meticulous review of over 100 assessments. This report, showcases curated data from prominent US-based companies, while providing a comprehensive overview of the recognition landscape within the US.

This groundbreaking report, conducted in collaboration with a select group of Senior HR professionals and CXOs from pivotal industry segments across the US, presents an exclusive viewpoint on recognition initiatives spanning various sectors. It highlights best practices and pivotal insights into the effectiveness of these programs, marking a significant milestone in the management of recognition initiatives. This underscores the vital importance of data-driven decision-making in pursuing organizational excellence.

# Defining the Measures

# The AIRᵉ Framework

The workforce has profoundly transformed due to the pandemic and the subsequent Great Resignation. As organizations strive to retain their valuable yet disheartened employees, Employee Recognition Programs have emerged as a pivotal strategy, garnering heightened attention and investment.

Recognition Programs have undergone a significant transformation, shifting from mere loyalty rewards to becoming essential instruments for motivating, engaging, and retaining employees. Companies now invest strategically in these programs instead of relying on them to spur performance. This transition is evident in the staggering $46 billion spent annually worldwide on employee recognition. As competition for talent intensifies, organizations are leveraging recognition to connect with employees in deeper, more meaningful ways.

Nonetheless, the Vantage Circle's Global AIRᵉ Benchmarking Report reveals that nearly 70% of surveyed companies reported that the effectiveness of their Recognition Programs falls within the range of 'Moderate' to 'Very low.' This issue is predominantly attributed to a crucial element many organizations are missing: program measurability. Organizations must embrace a systematic framework that can guide program design and evaluation, complete with clearly defined global and local benchmarks.

According to the framework, successful Recognition Programs should incorporate all four themes by utilizing elements that contribute to either the genuineness of recognition or the influence of recognition. Elements fostering genuineness promote fairness, transparency, and openness in program design, while those enhancing influence boost the program's capacity to accomplish organizational goals.

Appreciation

Incentivization

Reinforcement

eMotional
Connect

11

**The AIR<sup>e</sup> framework defines and quantifies Recognition along 4 core themes:**

## Appreciation

Acknowledging the inherent worth/value of an employee or the behavior

## Incentivization

Making recognition attractive enough for employees so they aspire to achieve it

## Reinforcement

Guiding employees toward desired behaviors or result through recognition

## eMotional Connect

Enhance recognition by leveraging strong emotional connections

As per the framework, effective Recognition Programs must leverage all 4 themes through factors that either drive the Authenticity of recognition or the Impact of recognition. Drivers of Authenticity enable fairness, openness, and transparency of the program design, whereas Drivers of Impact enhance the ability of the program design to achieve organizational objectives.

# Hence, the 4 themes of Recognition translate into 8 distinct dimensions that guide the design and assessment of Recognition Programs

**DIMENSIONS OF RECOGNITION UNDER AIRᵉ**

|  | Appreciation | Incentivization | Reinforcement | eMotional Connect |
|---|---|---|---|---|
| **Drivers of Authenticity** | Coverage | Clarity | Specificity | Personalization |
| **Drivers of Impact** | Frequency | Impetus | Alignment | Delivery |

|  | **Appreciation** | **Incentivization** | **Reinforcement** | **eMotional Connect** |
|---|---|---|---|---|
| **Drivers of Authenticity** | **Coverage:** What portion of the workforce is covered by the programs | **Clarity:** How well do employees understand how awardees are determined | **Specificity:** How well defined are the Behaviors that merit recognition | **Personalization:** To what extent are the awards and messaging customized for each awardee |
| **Drivers of Impact** | **Frequency:** How often do employees get Recognized | **Impetus:** How meaningful is the value of awards | **Alignment:** How do the behaviors create business impact | **Delivery:** In what manner is the recognition shared |

For a more detailed understanding of the AIRᵉ framework, please refer to our comprehensive white paper:
https://www.vantagecircle.com/hr-academy/whitepapers/aire-framework/

# The AIRᵉ Assessment

The AIRᵉ Assessment aims to enable a greater focus on driving the effectiveness of Recognition Programs by providing a quantitative assessment of program design against the AIRᵉ framework. It is the only globally available tool to quantitatively assess the design of Recognition Programs. The assessment is conducted through an online questionnaire with just 10 multiple-choice questions. Users can complete this assessment in under 15 minutes and receive a report on completion. The report provides an overall score for the Recognition Programs design and a breakdown of scores for every dimension.

- Give a single numerical score for the design of the Recognition Programs and enable comparison with market practices

- Provide a starting point to revisit the design of the program by identifying the dimensions where it can be enhanced

Question 1/10

Q1. What are the key objectives of your organization's recognition program?
(Select all that apply)

- No - no defined objective
- Drive employee engagement
- Increase loyalty/retention
- Enhance performance/productibity
- Others

Write a comment here to explain why you gave this score

← Previous                                    Next →

The assessment questions correspond to one or more of the AIRᵉ dimensions.
Each response has points allotted to them, thereby enabling the calculation of the AIRᵉ score based on the responses selected. The overall score is calculated by adding the scores from each dimension of the AIRᵉ framework, with a minimum possible score of 20% and a maximum possible score of 100%.

To understand how your company can benefit from the AIRᵉ assessment, please refer to
Appendix 2: Getting your AIRᵉ quality assessed.

# Shift from Qualification to Quantification

# Trends from the US AIR[e] Benchmarking Study

*The AIR[e]-Assessment is a free online tool that is available on the Vantage Circle website. Anyone can use it to run a quick, quantitative assessment of their Recognition Programs or even test out a new program design. Since the launch of the AIR[e] Assessment tool in 2022, over 1,000 assessments have been run on the tool. The global results of these assessments are published annually in Vantage Circle's Global AIR[e] Benchmarking Report.*

*Given the demand for more detailed local insights, we conducted a closed user-group assessment with a select group of Senior HR leaders and CXOs from key industry segments across the US.*

*The assessment received an overwhelming response, with over 100 submissions as part of the exercise. In this section, we have provided highlights of AIR[e] score analysis across industries, company sizes, and specific insights based on identified trends. Given the select nature of participants, the analysis reflects leading employers in the United States.*

**1**

# The average AIR$^e$ score across Recognition Programs in the US is 60%, which shows substantial room for improvement in program design.

AIR$^e$ scores indicate the effectiveness of the Recognition Programs design, with a minimum potential score of 20% and a maximum possible score of 100%. Even if we don't consider absolute outliers, the actual results varied widely between companies, from 34% to 84%. This demonstrates that there are significant disparities in recognition programs' design across companies. However, most programs scored between 51% to 70%.

**Pan-US AIR$^e$ Benchmarks**

| | |
|---|---|
| High (95th %ile) | 84% |
| 3rd Quartile (75th %ile) | 70% |
| Average (Mean) | 60% |
| Median (50th %ile) | 60% |
| 1st Quartile (25th %ile) | 51% |
| Low (5th %ile) | 34% |
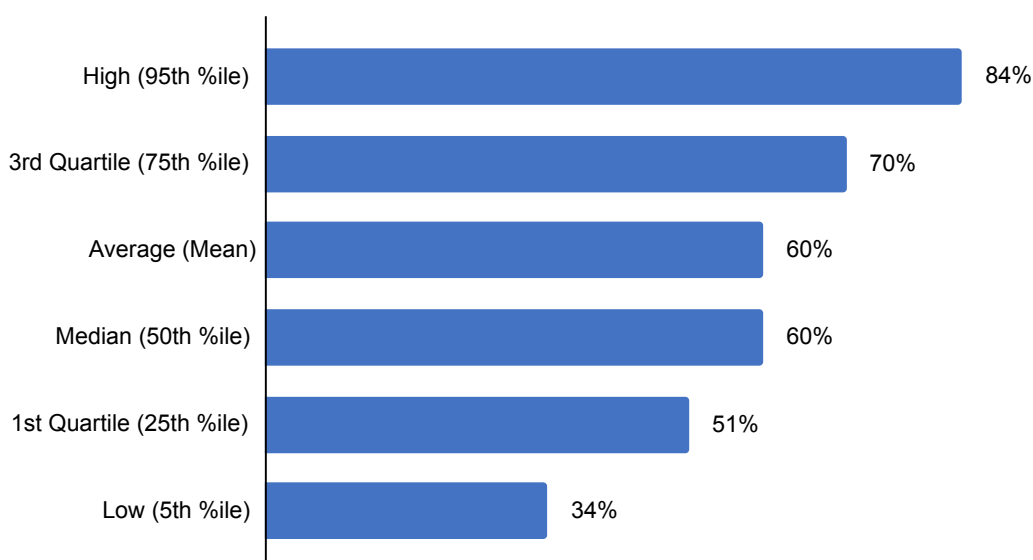
*The average score for the survey participants is aligned with the global average of 60% and the North American average of 58%, reported in the Global AIR$^e$ Benchmarking Report in 2022. These scores did not change over the last year despite the increased focus on Recognition Programs. This points towards the possibility that companies in the US need to take a fresh look at how they look at workplace recognition and how they design their programs.*

# Less than 20% of companies perceive their Recognition Programs to be highly effective; program design is a critical factor.

There is a very strong correlation between the effectiveness of Recognition Programs and how well the program is designed. Companies that reported the effectiveness of their programs as being 'High' to 'Very High' had an average score of 70% versus 49% for companies that reported the effectiveness as being 'Low' to 'Very Low.'

**Perceived Effectiveness of Recognition Programs**



- Very High
- High
- Moderate
- Low
- Very Low
- No defined objectives
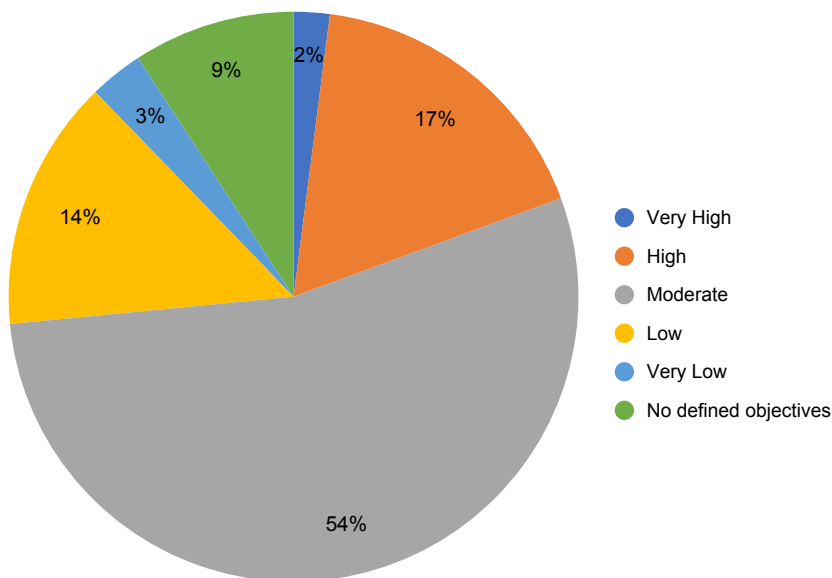
**AIR$^e$ Score viz. Perceived Effectiveness of Recognition Programs**



■ Average AIR$^e$ Score
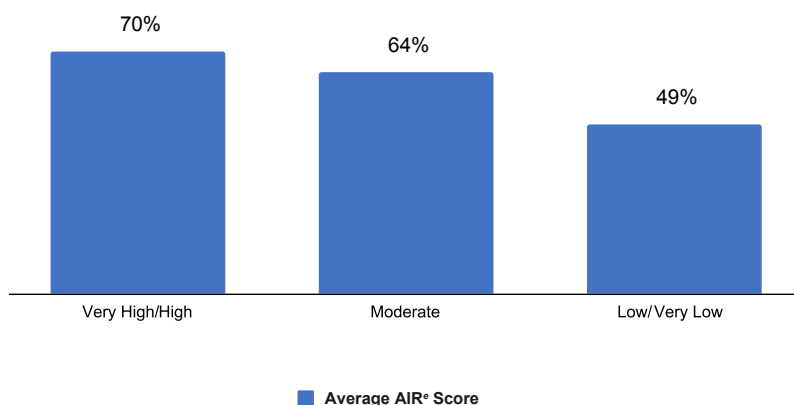
*AIR$^e$ scores of 40-70% imply that the company has invested in its Recognition Programs. Still, substantial improvements can be made to the program design, often without a commensurate increase in program costs. Focusing on improving program design could open out a whole new set of perspectives on the power of recognition and set much higher standards of expected impact.*

**3**

# Most companies are already making significant investments in their Recognition Programs, but they are not truly leveraging the full power of recognition.

AIR$^e$ scores of 80-100% reflect effectively designed Recognition Programs. Under 10% of programs assessed got a score greater than 80%. Another 14% of programs are almost there at 70-80%, needing just a few tweaks/enhancements to become truly effective. On the other hand, 13% of programs scored below 40%.

Interestingly, 63% of programs scored between 40-70%. This reflects companies that understand the potential of recognition and are making significant investments to leverage it, but the design of their programs is just not getting them there. For these companies, there is a clear opportunity to optimally leverage the existing belief and investments in recognition through a revamp of their existing programs.

### AIR$^e$ Score Distribution
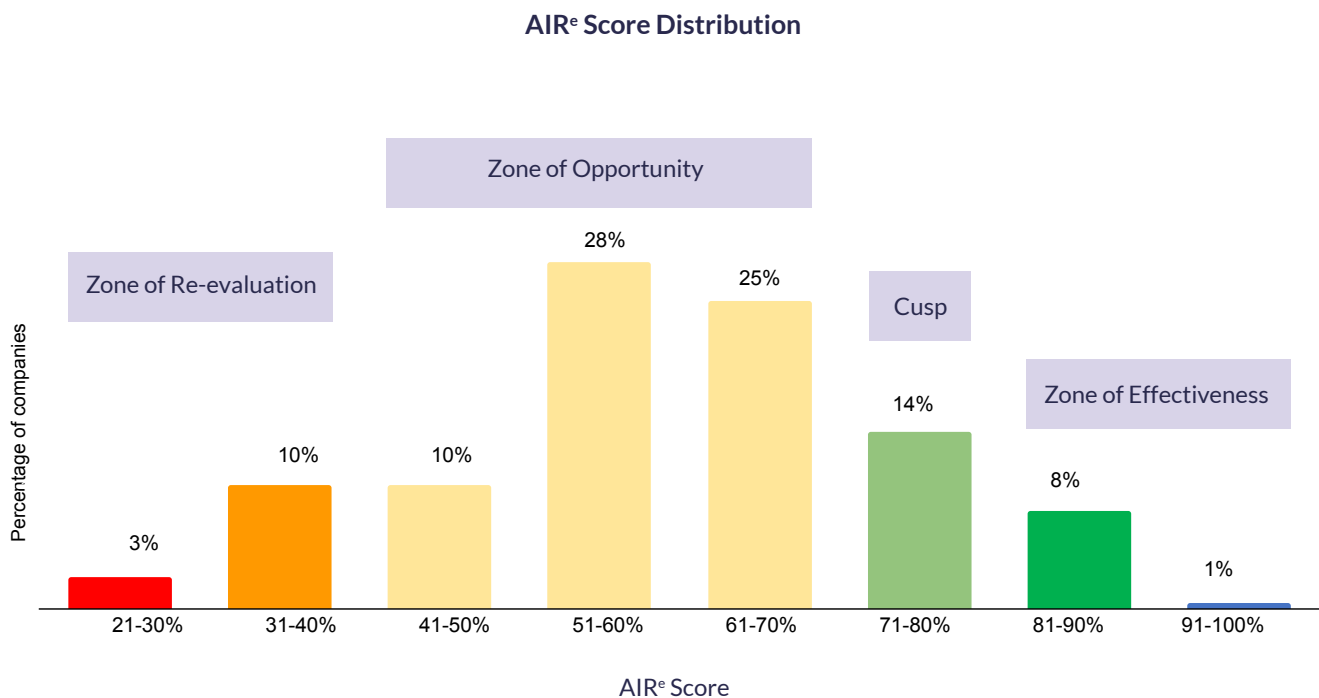


*Most companies seem to have the right focus and investment in Recognition Programs. By revamping the design, they can significantly enhance the effectiveness of their programs.*

**4**

## Companies in the FMCG and Consumer Durables sector have relatively better-designed Recognition Programs

At 69%, the average AIR$^e$ score for the FMCG and Consumer Durables sector was significantly higher than the overall average across sectors in the US, suggesting that companies in this sector have led in the adoption of modern recognition practices. At 65%, the average AIR$^e$ score for Banking & Financial Services was also slightly higher than the overall average. Apart from this, most sectors had average scores within the broad ballpark of the overall average.

That said, the top 25% of companies across Banking & Financial Services, FMCG & Consumer Durables, Professional Services and Travel, Hospitality & Retail had AIR$^e$ scores of 70% or higher. This suggests that across several sectors, there are a fair number of companies that have invested in effective program design.

**Average AIR$^e$ Score**



| | 65% | 69% | 57% | 57% | 56% | 62% | 62% | **60%** |

Banking and Financial Services | FMCG and Consumer Durables | Healthcare and Pharma | Infrastructure and Manufacturing | IT and BPM | Professional Services (e.g. Legal, Consulting and Audit) | Travel, Hospitality and Retail

■ Industry — Overall
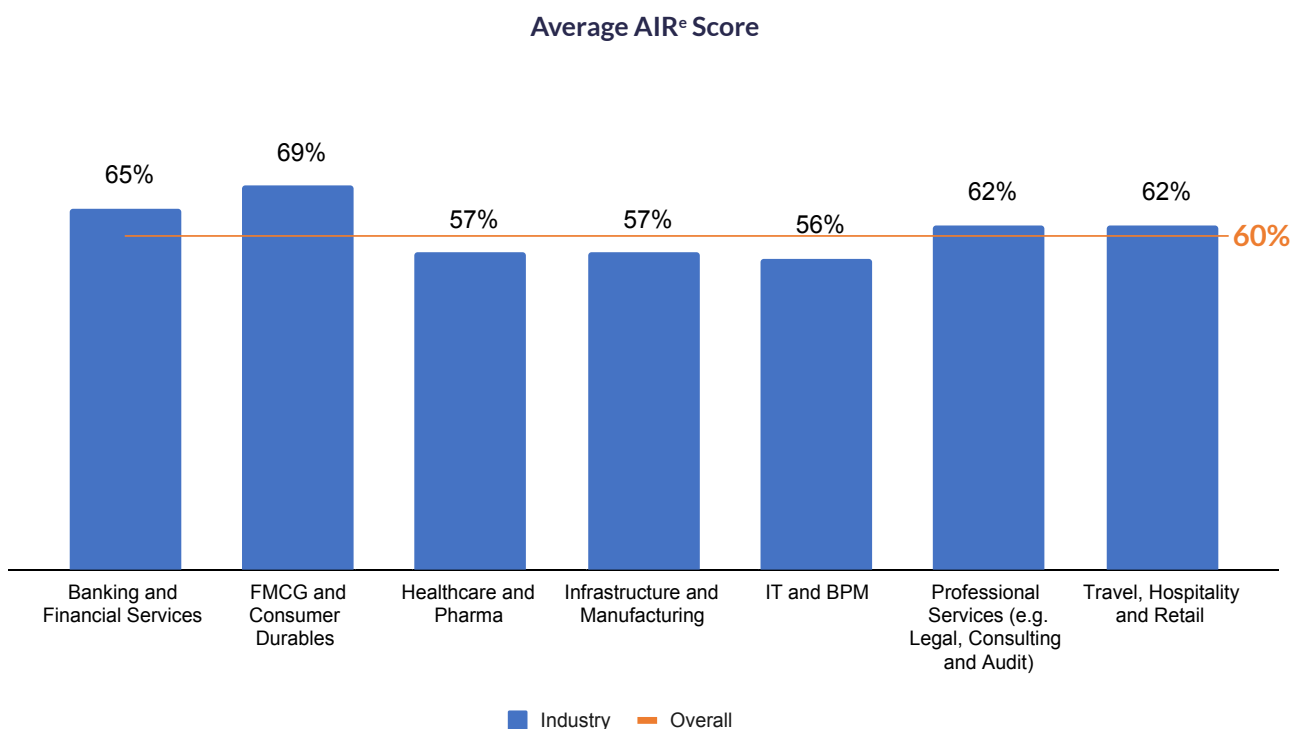
*There is a need for companies across sectors in the US to review their Recognition Programs. Rather than just focusing on the average score for the sector, companies should look at what the leaders in their sector are doing. For a significant segment of companies, they may need to re-evaluate their approach to Recognition Programs fundamentally.*

# Even Large Enterprises in the US need to catch up on the design of their Recognition Programs significantly.

Globally, Large Enterprises (>5,000 employees) have been the flagbearers of modern recognition practices. Our global report showed the average AIR$^e$ score for Large Enterprises at 73%, which was significantly higher than for Mid-Market companies (500-5,000 employees) and SMBs (<500 employees), at 62% and 58% respectively.

However, in the US, the average AIR$^e$ score for Large Enterprises was 62%, which is just slightly higher than the average AIR$^e$ score for Mid-Market companies at 60%. The average score for even SMBs was just marginally lower, at 58%. Interestingly, the top 25% of Mid-Market companies had AIR$^e$ scores of 76% or higher, which suggests that companies in this segment have led the way in adopting modern recognition practices.

**Average AIR$^e$ Score by Company Size**
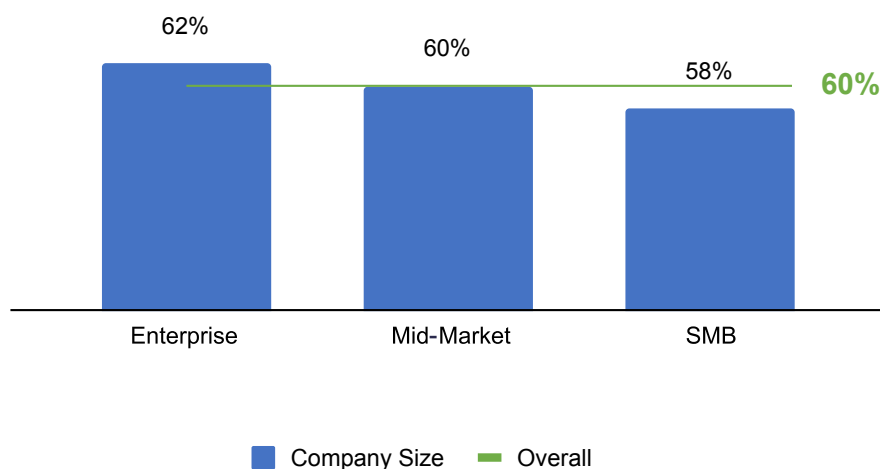


*The opportunity to leverage recognition is tremendous for companies regardless of their size. However, the need for effectively designed Recognition Programs is much higher for companies with a larger and more geographically dispersed workforce due to complexities of scale and ensuring consistency. Large enterprises must adapt their programs to meet the needs of the emerging diverse workforce.*

**6**

## Service/Tenure-based awards are the most popular award elements, even though the most common objective for Recognition Programs is to drive employee engagement.

Over 80% of companies reported driving employee engagement as a key program objective. This reflects a change in thinking from times when companies focused on leveraging their Recognition Programs to drive performance/ productivity and loyalty/retention. Most companies have yet to adapt/modify their programs to reflect this change. Service/Tenure-based awards remain the most prevalent program element, with over 75% of companies reporting this. It is interesting to see, however, that only 55% of companies reported having Monthly/Quarterly/Annual awards as a program element.

The correlation between well-designed Recognition Programs and focusing on driving employee engagement is most clearly visible in the FMCG & Consumer Durables sector case. 100% of companies in this sector reported driving employee engagement as a key program objective, and as reported earlier, this sector also had the highest average AIR[e] scores.
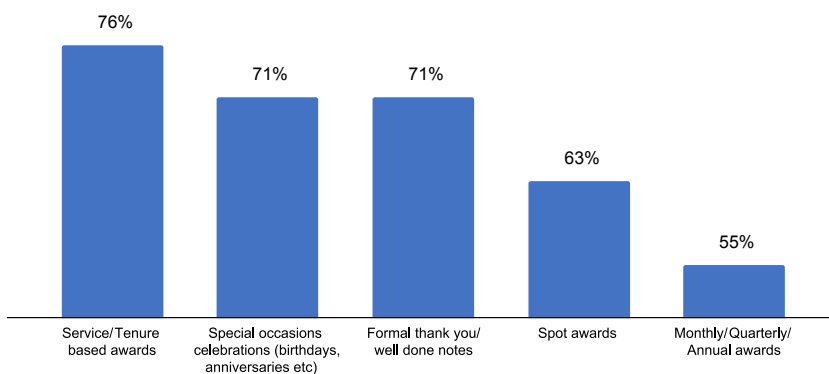
### Prevalence of Various Elements of Recognition Programs
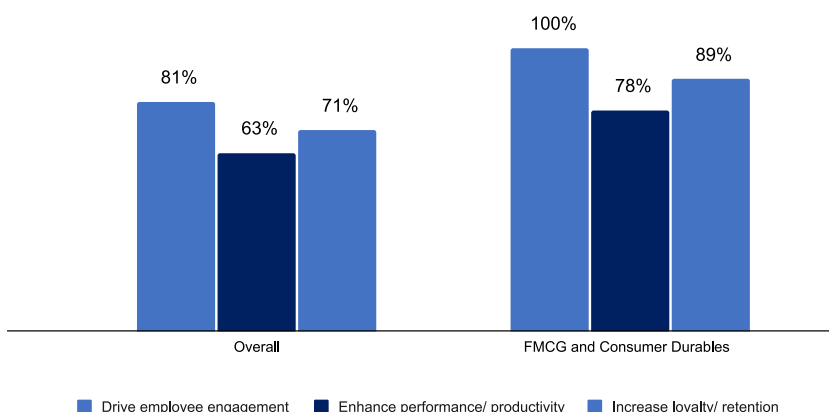


*Companies with the best-designed Recognition Programs understand that recognition can be leveraged for multiple objectives and, therefore, incorporate a strategic mix of award elements to address these goals.*

### Key Program Objectives



Drive employee engagement ■ Enhance performance/ productivity ■ Increase loyalty/ retention

# Delivering Measurable Results

# Enhancement insights from the AIR$^e$ benchmarking

*The overall AIR$^e$ score is a single quantitative assessment of the Recognition Programs. This enables easy benchmarking and comparison of Recognition Programs across regions and industries. The AIR$^e$ score is derived from a quantitative assessment of each AIR$^e$ theme – Appreciation, Incentivization, Reinforcement, and eMotional Connect – and their respective 8 dimensions. The AIR$^e$ assessment looks into specific program features. It presents the breakdown of the overall AIR$^e$ themes and dimensions, thereby providing insights into specific areas for enhancing Recognition Programs.*

*In this section, we have deep-dived into scores by AIR$^e$ themes and dimensions and reported trends on program features, thereby highlighting opportunities for enhancing the effectiveness of Recognition Programs.*

## Special Feature

### MANAGING THROUGH MEASUREMENT

### Bonus insights on program execution metrics

*The proof of the pudding is in the eating! While a good design is the starting point of creating an effective Recognition Programs, how the program is executed can significantly impact the actual effectiveness. This special feature contains blurbs providing program execution metrics and interpretation of trends based on actual programs managed through the Vantage Rewards platform.*

# The best-designed Recognition Programs balance objectives across driving employee engagement, enhancing performance/productivity, and increasing loyalty/retention.

It is almost a no-brainer that the effective design of any program – let alone for something as multi-faceted as Recognition – needs to start with having clearly defined objectives. While 80% of companies prioritize driving employee engagement as a primary objective in their Recognition Programs, those focusing on enhancing performance/productivity and employee engagement had much higher AIR$^e$ scores. Conversely, programs that lacked either of these objectives scored a lot lower. Furthermore, companies that reported a third objective of increasing loyalty/retention in their programs received the highest average AIR$^e$ score of 68%.

**Program Objectives and Average AIR$^e$ Score**



| | Average AIR$^e$ score | %age of companies |
|---|---|---|
| Drive employee engagement only | 51% | 10% |
| Enhance performance/productivity only | 54% | 1% |
| Increase loyalty/retention only | 49% | 4% |
| NA - no defined objectives | 38% | 9% |
| Drive employee engagement & Enhance performance/productivity | 62% | 7% |
| Enhance performance/productivity & Increase loyalty/retention | 52% | 4% |
| Drive employee engagement & Increase loyalty/retention | 59% | 12% |
| Drive employee engagement & Enhance performance/productivity & Increase loyalty/retention | 68% | 50% |

■ %age of companies  ▬ Average AIR$^e$ score

*Appreciation and Reinforcement are 2 critical recognition themes. Appreciation drives employee engagement, which in turn enhances productivity and retention. Reinforcement drives employee behaviors to align with organizational needs and priorities. Hence, a well-designed Recognition Programs should leverage the power of recognition across multiple objectives instead of being overly aligned to just one or two.*

# Companies in the US should prioritize 'eMotional Connect' and 'Incentivization' to amplify the effectiveness of Recognition Programs.

The average score for Appreciation is in the medium–high range, which is not surprising given that 80% of companies prioritize driving employee engagement as a primary objective in their Recognition Programs. Reinforcement is in the medium range, but eMotional Connect and Incentivization scores are much lower than for the other two themes. As such, there is significant room for improvement across all 4 AIR$^e$ themes. That said, companies in the US should look to prioritize eMotional Connect, followed by Incentivization.

This focus on eMotional Connect becomes even more important when we see 2 major trends in the workforce - changing workforce demographics (rising share of millennials and Gen Z) and changing social & workplace conditions (isolation, disconnectedness, etc.). There is a need for companies to reflect on whether their Recognition Programs are becoming too transactional. Is enough being done to make people feel connected and special?

Focusing on award messaging and choice of awards is a great starting point. Another key aspect is infusing more energy into non-monetary, peer-to-peer Recognition Programs through specific feature enhancements and targeted campaigns. This is also an area where Incentivization can play a major role by driving up recognition's social and emotional value.

## AIR$^e$ Score by Theme
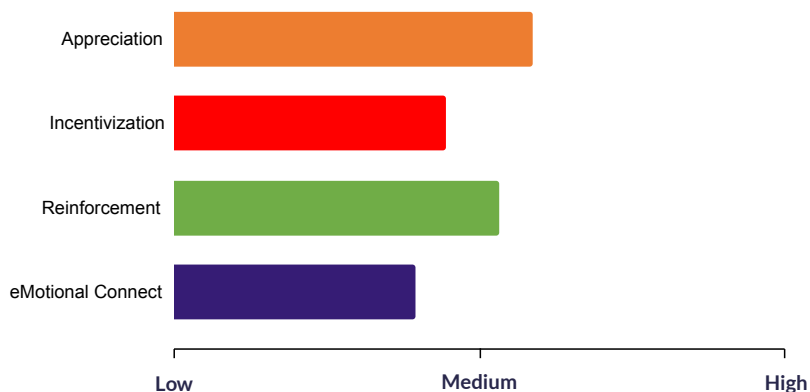


**Vantage Circle's POV is that a well-designed Recognition Programs:**

- Makes employees aware of behaviors that align with organizational priorities and the context in which those behaviors were demonstrated

- Encourages them to demonstrate those behaviors by showing a line of sight to monetary, social, and emotional value while amping up that value drastically by appealing to employees' feelings

- Creates a culture and environment where employees feel valued

*This encapsulates the 4 key themes of the AIR$^e$ framework: Appreciation, Incentivization, Reinforcement, and eMotional Connect.*

*Aspects that can help enhance the effectiveness of Recognition Programs through eMotional Connect include:*

- *Enhancing the quality of award messaging through both training and leveraging technology*
- *Adding gamification, leveraging 'status awards,' and running campaigns to infuse energy into peer-to-peer, non-monetary recognition elements*
- *Making awards meaningful for employees viz. both value and choice of awards, including experiential awards*

# AIR^e assessment trends indicate a need for focus on both Drivers of Impact and Drivers of Authenticity

Drivers of Authenticity enable fairness, openness, and transparency of the program design, whereas Drivers of Impact enhance the ability of the program design to achieve organizational objectives. Unlike trends in other markets where there is a clear need to focus more on one or the other, companies in the US need to focus on specific dimensions under both drivers. Among the Drivers of Impact, Delivery (under eMotional Connect) has the maximum scope for enhancement, whereas, among the Drivers of Authenticity, Impetus (under Incentivization) has the maximum scope.

Delivery refers to how the recognition is shared. Our PoV is that in-person delivery, with written citations, shared socially, has the maximum impact.

Impetus refers to the perceived value of awards. Our PoV is that there is a lot of scope to enhance the social and emotional value of awards. Moreover, companies should re-think how they determine the monetary value of awards; instead of a cost/budget-focused approach, they should look at what kind of experience the award should enable for the awardee.

| | DRIVERS OF AUTHENTICITY | | DRIVERS OF IMPACT |
|---|---|---|---|
| **Appreciation** | Coverage | | Frequency |
| **Incentivization** | Clarity | | Impetus |
| **Reinforcement** | Specificity | | Alignment |
| **eMotional Connect** | Personalization | | Delivery |
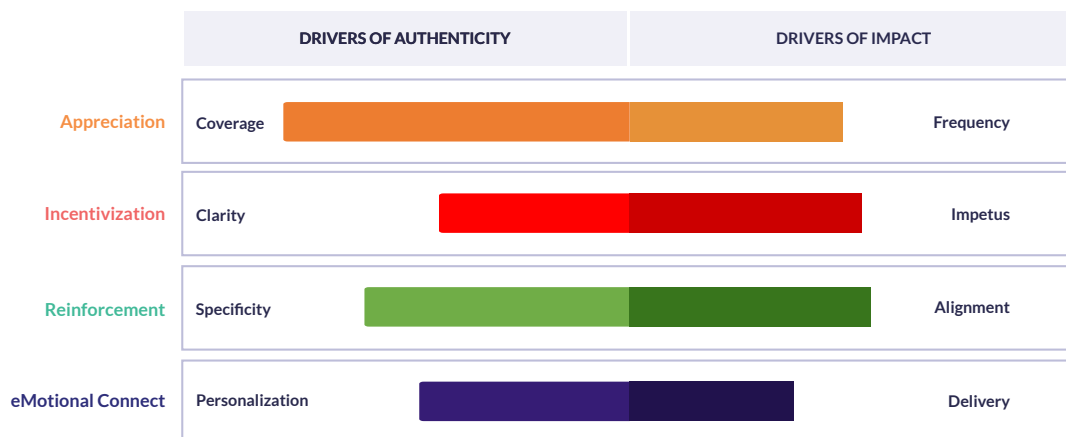
**For the Recognition Programs to be effective:**

● Employees must find the program fair, transparent, and genuine

● The programs must be geared to drive impact

*This helps break down the 4 AIR^e themes into 8 dimensions, along with Drivers of Authenticity and Drivers of Impact.*

*Aspects to consider for enhancing the effectiveness of Recognition Programs through Delivery and Impetus:*

- *Maximizing the social and emotional value of awards through gamification, social sharing, exclusivity, etc.*
- *Re-evaluating award values and program budgets*
- *Having blended programs that use both online platforms as well as physical events*

## The best-designed programs look at eligibility for all employee segments and incorporate peer-to-peer recognition and top-down recognition.

Almost all companies cover full-time employees across all levels in their Recognition Programs, except for just under 25% that do not cover blue-collar workers. That said, only 31% cover contract workers, an employee segment becoming increasingly important and prevalent. Companies must look at ways to engage and motivate this segment, as including them in the Recognition Programs could go a long way.

Many companies have year-round/anytime recognition elements, which are immensely powerful in building a larger culture of appreciation while ensuring that recognition is provided when it is most impactful.

Recognition addresses a fundamental human need; to that extent, it is relevant across all employee segments. The growing use of contract workers creates both a need and an opportunity to cover this segment in programs.

The frequency of recognition could vary across employee segments and program elements, but it must be thought through and aligned towards the needs/expectations of that segment. Year-round program elements enable greater impact, both in enabling reinforcement of desired behaviors and creating a culture of appreciation.

**Coverage & Frequency of Recognition Programs**

| Segment | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/Feet on Street | 23% | 10% | 2% | 5% | 15% | 33% |
| Junior Professionals | 7% | 14% | 4% | 18% | 10% | 45% |
| Middle Management | 5% | 20% | 7% | 18% | 8% | 39% |
| Senior Management | 16% | 27% | 3% | 13% | 3% | 36% |
| Top Management | 37% | 21% | 6% | 5% | 1% | 28% |
| Consultants/ Contractors | 69% | 10% | 3% | 1% | | 9% |
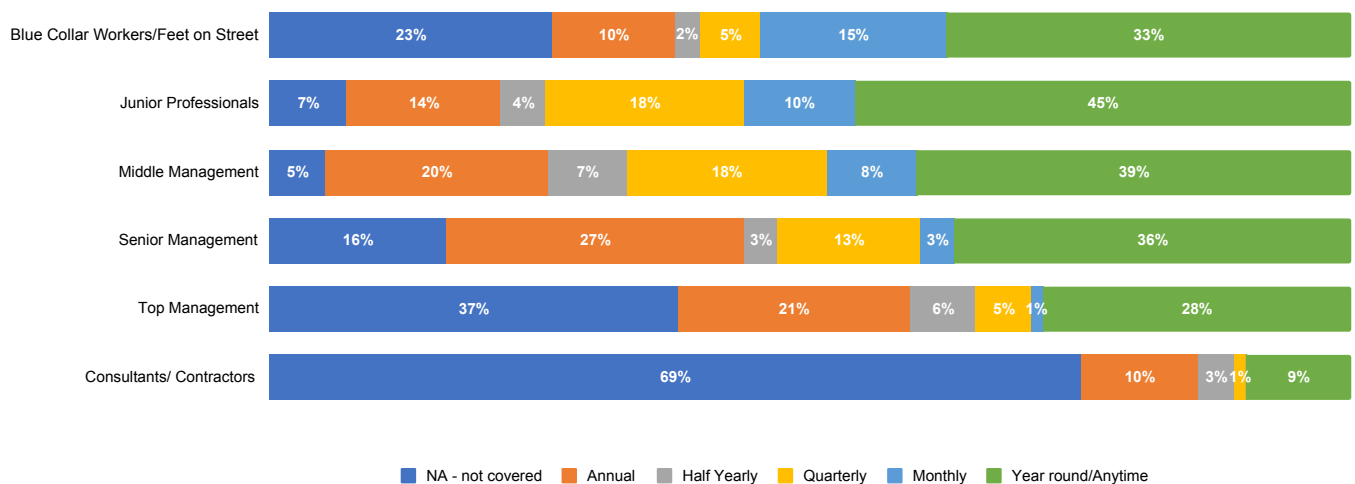
## Bonus insights on program execution metrics

**Average Quarterly %age of Eligible Employees Receiving Recognition**



| | Non-monetary Awards | Monetary Awards |
|---|---|---|
| High (95th %ile) | 42% | 53% |
| 3rd Quartile (75th %ile) | 16% | 17% |
| Average (Mean) | 15% | 17% |
| Median (50th %ile) | 11% | 9% |
| 1st Quartile (25th %ile) | 7% | 4% |
| Low (5th %ile) | 4% | 1% |
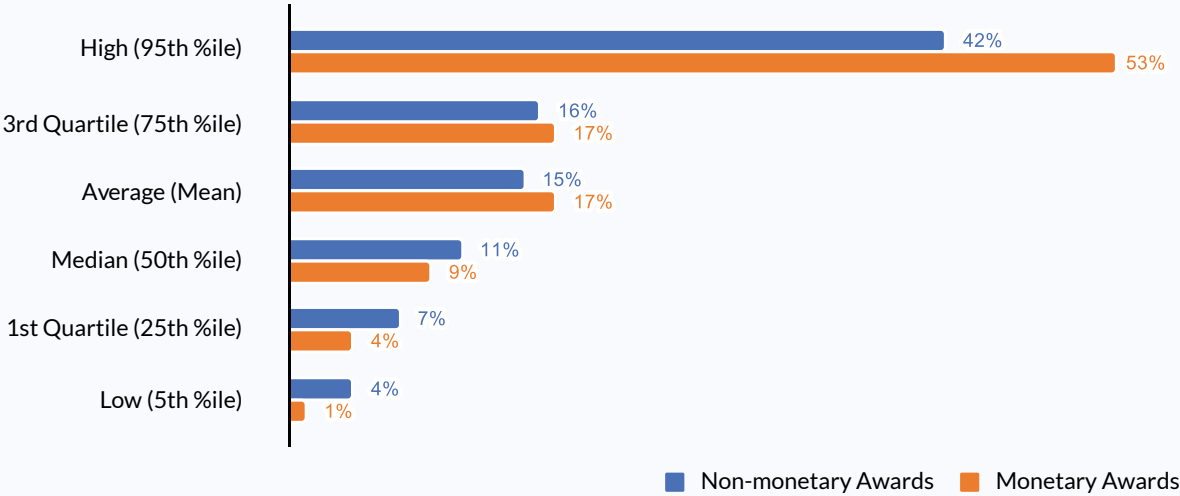
- *Execution trends indicate that <20% of employees get recognized every quarter*
- *Moreover, the utilization of non-monetary awards needs to go up significantly*

# Most companies look at recognizing results and behaviors.

Almost 60% of companies look to base recognition on results and behaviors, while under 20% look at just results alone. Almost a third of companies don't have a way to differentiate differing levels of achievement/demonstration of behaviors. There is scope for companies to look at getting more creative with award names instead of just looking at increasing monetary value to achieve this differentiation.

Most companies (54%) do not have a defined approach for recognizing consistent/repeat demonstration of behaviors/ results. This means they lose the opportunity to create role models instead of having managers resort to a more 'round-robin' approach of giving awards to team members.

**What Gets Recognized?**

| | |
|---|---|
| Recognition is based on both results and behaviors | 59% |
| NA - no specific behaviors, only high performance/results are recognized | 19% |
| Recognition is based on demonstration of identified behaviors/ values only | 13% |
| Recognition is based on results but some element of behavior are used for shortlisting/ finalization | 8% |
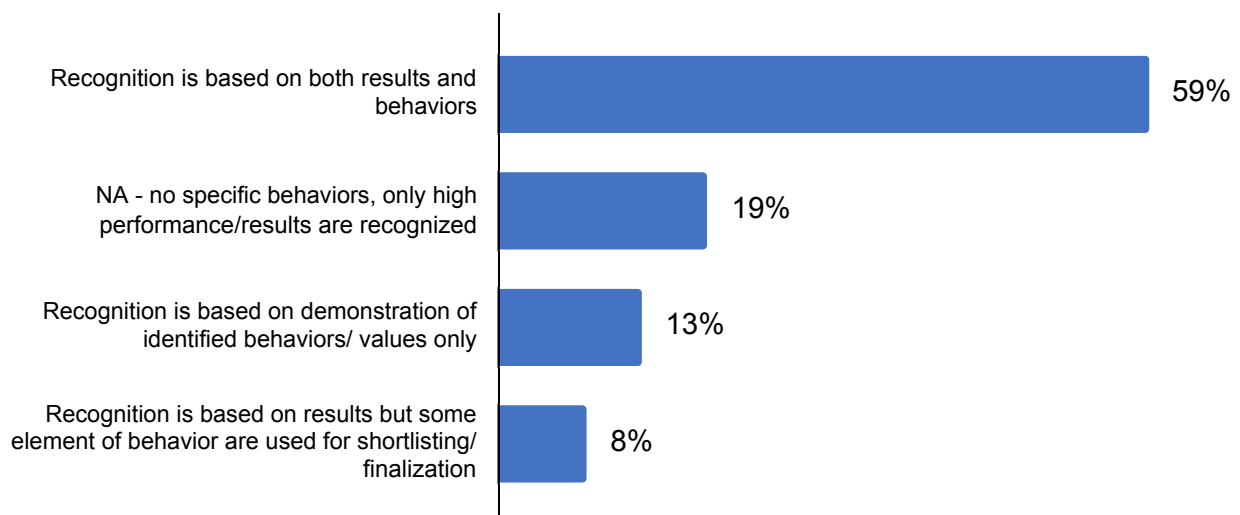
## How Does Consistent/Repeated Demonstration of Desired Behaviors/Results Get Recognized?

| Category | Percentage |
|---|---|
| NA - no defined approach | 54% |
| Through higher value awards for repeat/ consistent demonstration | 27% |
| Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards | 19% |

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

| Category | Percentage |
|---|---|
| NA - no defined approach | 32% |
| Award names clearly reflect increasing level of achievement/ demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/ demonstration of behaviors | 26% |
| Monetary value of awards clearly reflect increasing level of achievement/ demonstration of behaviors | 24% |
| Award names clearly reflect increasing level of achievement/ demonstration of behaviors | 18% |

*High Specificity of recognition is achieved by ensuring that a well-articulated set of behaviors, with clear linkage to business imperatives, are called out as part of the Recognition Programs. There is an opportunity to showcase underlying behaviors more effectively while recognizing employees. With this behavior-first approach, companies should create role models and leverage the social value of recognition.*

# Companies are using multiple measures to drive the value of awards, with monetary value and social recognition being key enablers.

While 62% of companies rely on the monetary value of awards to drive impetus, 60% also use social recognition. A key question to ask, however, is whether social recognition is being leveraged effectively enough. Award events are becoming less common, possibly driven by the shift to remote working during the pandemic. With many companies having brought employees back to the office, they should look to revitalize award events while also looking at how such events can be managed for remote workers.

While directly involving family members may be a far cry in the Western context, experiential awards could be a positive move in creating greater emotional value. Companies can also look to drive greater gamification to increase both participation and excitement about the programs.

**What Drives the Value of Awards?**

| Category | Percentage |
|---|---|
| Financial incentive that comes with the recognition | 62% |
| Social recognition | 60% |
| Awards event within team/department | 44% |
| Company-wide awards event | 44% |
| Special status/privileges for awardees | 24% |
| Involving family members of awardees | 4% |

## How Does This Value Get Complemented?

| | |
|---|---|
| Leadership communication | 68% |
| HR communication and buzz | 61% |
| Allowing employees to nominate others | 59% |
| Gamification of program | 13% |

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| | |
|---|---|
| Clearly defined in the program documentation | 50% |
| Periodic internal marketing/ communication | 48% |
| Covered as part of new employee onboarding sessions | 41% |

*Impetus creates an active desire among employees to be recognized through the program. It could even motivate them to consciously act/behave in manners that increase their recognition chances. Companies should try to enhance Impetus by increasing the social and emotional value of awards, using events, social recognition, gamification, and experiential awards. Companies should also focus more on effectively marketing and communicating their programs.*

## Bonus insights on program execution metrics

**%age of Employees Accessing the Platform**

| | |
|---|---|
| High (95th %ile) | 82% |
| 3rd Quartile (75th %ile) | 63% |
| Average (Mean) | 50% |
| Median (50th %ile) | 46% |
| 1st Quartile (25th %ile) | 35% |
| Low (5th %ile) | 25% |
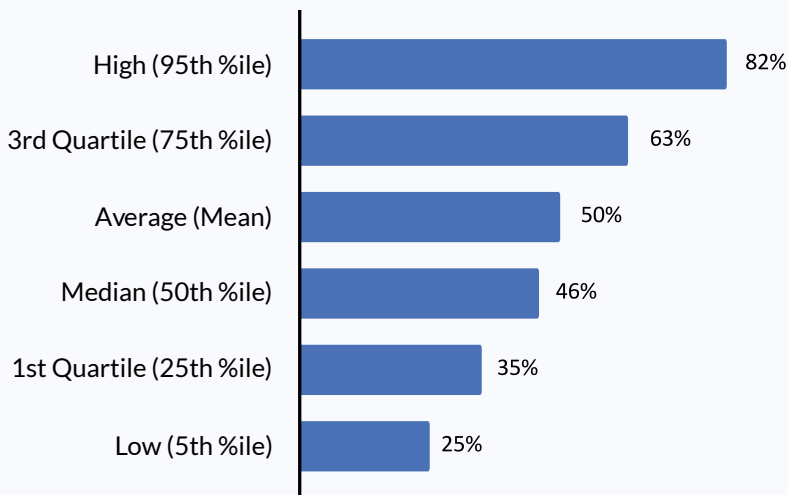
- *Recognition Platforms enable many features for an enhanced program design, execution trends indicate that most companies need to focus more on getting employees to log in to the platform*

- *The true impact of recognition will be felt when employees log in to the platform and actively engage in it through liking and commenting on recognition posts*

**Weighted Average of Likes/Comments/Replies to Recognition Posts**

| | |
|---|---|
| High (95th %ile) | 3.5 |
| 3rd Quartile (75th %ile) | 0.7 |
| Average (Mean) | 0.4 |
| Median (50th %ile) | 0.3 |
| 1st Quartile (25th %ile) | 0.1 |
| Low (5th %ile) | 0.1 |
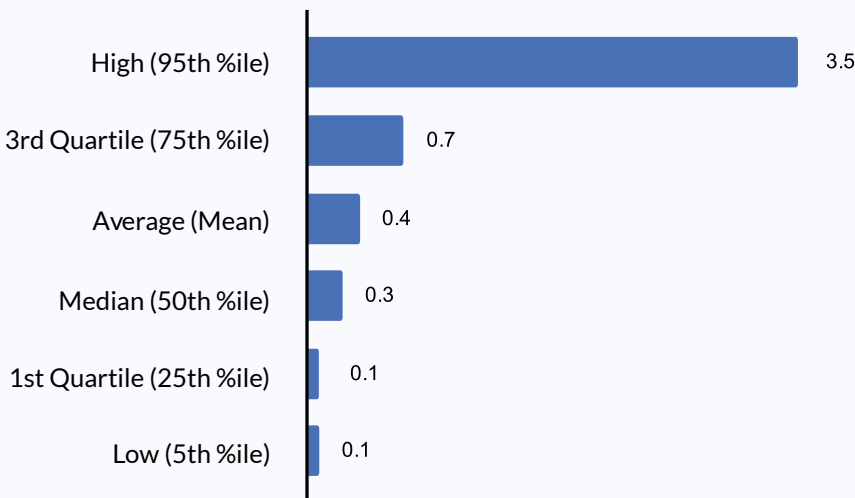
# Companies are not optimizing the type/form of awards to deliver maximum value/impact.

Cash awards, followed closely by company-branded merchandise and certificates/citations, are the most popular components of awards. Replacing cash awards with points that can be utilized at a storefront can add significantly to eMotional Connect through personalization. Trophies/plaques may not be meaningful for today's workforce, but over a third of companies continue to use these as awards.

More progressive companies are looking to drive up the eMotional Connect associated with awards by leveraging experiential awards, which create lasting memories and typically provide an opportunity to involve recipients' families. The popularity of company-branded merchandise may need to be re-evaluated, given the increasing desire for individuality and the fact that these could make the award options more restrictive.

**What Do Awards Comprise of?**

| | |
|---|---|
| Cash | 58% |
| Company branded merchandise | 50% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 49% |
| Points with menu of products to redeem against | 40% |
| Experiential awards - holidays, family outings etc | 36% |
| Trophy/ plaque | 34% |
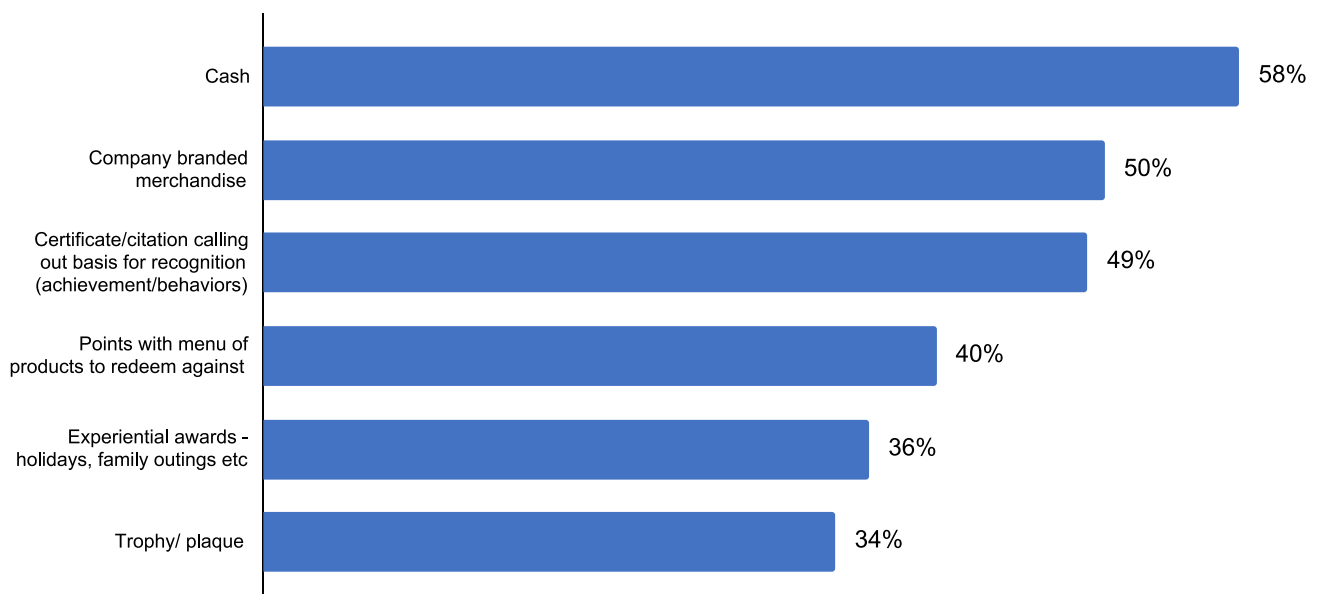
*Personalization is the extent to which the awards are customized to appeal to the recipients. Companies should emphasize the importance of effective messaging. AI can play an important role in enabling this while optimizing bandwidth, especially for managers and leaders. Recognition platforms are important in helping employees redeem award points against products/services that are most meaningful for them. They also provide many more experiential options, like meal outings, vacations, etc.*

**Bonus insights on program execution metrics**

**Average Length of Citation/Award Messages (Number of Characters)**

| Category | Value |
|---|---|
| High (95th %ile) | 86 |
| 3rd Quartile (75th %ile) | 54 |
| Average (Mean) | 42 |
| Median (50th %ile) | 35 |
| 1st Quartile (25th %ile) | 24 |
| Low (5th %ile) | 19 |
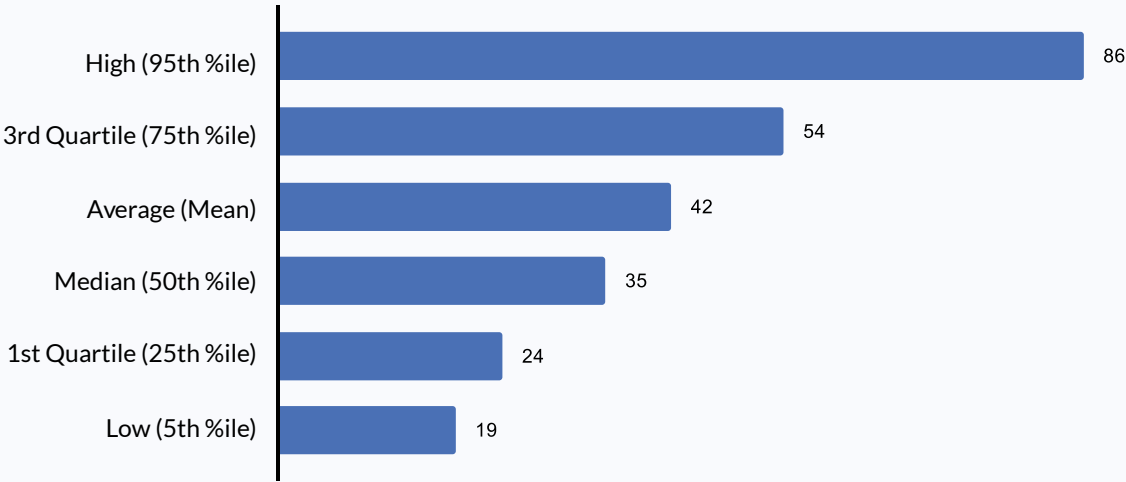
- *The length of recognition/award messages can serve as a 1st level proxy for the quality of messages*
- *As per execution trends, this is a significant opportunity for enhancement, with the average message being well under 50 characters*

# Recognition is
in the AIR<sup>e</sup>

*Uncovering best practices in employee recognition based on focused interviews with industry experts.*

*As part of the market study for the US, we also interviewed key HR leaders across companies that effectively leverage recognition. As part of these interviews, we sought to understand how to make recognition effective for these companies by understanding the power of recognition. Additionally, we explored how companies aimed to optimize their programs and what gaps still existed. The final goal was to determine how relevant and helpful the $AIR^e$ framework was to their Recognition  Programs' design and assessment.*

## Matt Burns
### Founder & CEO, BentoHR

**BENTO**HR

*I believe rewarding and recognizing employees is essential for US companies today. With more people leaving the workforce than joining, intrinsic motivation is the key. Rewards and recognition drive culture and performance. Companies undervaluing them will lose talent to competitors who embrace them, hurting customers too.*

*The US R&R landscape remains traditional - large enterprises with programs like service awards and flexible benefits. But peer-recognition and bottom-up appreciation are rising, enabling authenticity. Technology lets large, dispersed US companies collect data to optimize and scientifically improve programs and performance through recognition.*

*My advice to US HR professionals includes getting executive alignment on goals, setting outcome measures, eliciting robust employee participation, making programs mobile-accessible, and leveraging data analytics. Stakeholder alignment ensures strategic priority. Measures define desired outcomes like retention. Employee involvement makes it collaborative. Mobile accessibility enables real-time recognition. Data transforms efforts from reactive to proactive.*

*Authentic, transparent recognition is essential for US companies now. Younger employees expect it. Inauthentic programs breed cynicism and disengagement. US companies must treat people with honesty and respect.*

*The AIR[e] framework provides an excellent starting point for US Recognition Programs. Its research-based pillars of Appreciation, Incentivization, Reinforcement, and eMotional Connect give confident direction. Unique organizational elements can still be incorporated. For US companies beginning or auditing R&R, the AIR[e] evidence-based approach enables efficient success vs. trial-and-error.*

## Adrian Gostick

Author, Culture and Leadership Expert, CEO Coach,
Co-Founder and Owner of The Culture Works

*Through my research, I've found corporate Reward and Recognition Programs have remarkable benefits for US companies. Organizations most effective at recognizing excellence are up to 3 times more profitable on ROI and margin. R&R also boosts engagement and culture.*

*US R&R programs often focus on performance incentives driving sales and improvement. These programs take a more inclusive approach to ensure all employees feel valued. More flexibility in rewards is emerging, so people can choose meaningful experiences or awards. Wellbeing elements like mental health are also increasing.*

*My advice to US HR professionals includes aligning programs to corporate goals, enabling participation beyond just high achievers, keeping programs simple without complex approvals, clearly communicating recognition criteria and publicizing recipients, and training managers on using the programs properly.*

*Recognition has immense power to shape minds in the US positively. Consistent appreciation undoes skepticism of authority, resistance to change, and feeling undervalued. Recognition investments yield loyalty, dedication, and innovation.*

*Some US companies have created cultures of constant reinforcement and prospered; others must still be convinced. Culture is simply repeated behaviors – recognition reinforces the right behaviors, so it's critical to success.*

*My AIR$^e$ framework gives US companies a structured approach to R&R based on the pillars of Appreciation, Incentivization, Reinforcement, and eMotional Connect. These social sciences-based elements drive program success. US professionals need not reinvent the wheel; AIR$^e$ provides proven best practices, data analytics, and consistency for dispersed workforces to focus on more strategic initiatives. As US companies grow, manual Recognition Programs fail; AIR$^e$ offers an automated system leveraging science to create culture.*

## Chester Elton

Executive Coach, NYT Best Selling Author, Culture and Leadership Expert Partner and Founder- The Culture Works

**THE CULTUREWORKS**
Leadership. Wellness. Gratitude.

*I see acknowledgment as illuminating employees and fostering engagement, collaboration, and teamwork in the US. When American workers feel valued, they excel. The ethos of the best US companies puts recognition center stage.*

*The R&R landscape in the US is more goal-driven and ensures every employee feels recognized regardless of role. It's promising to see the concern in the US for well-being and recognition to take a holistic approach.*

*My advice to American HR professionals is to remember the human element. While aligning R&R to corporate goals is key, don't lose sight of individual stories and struggles behind each recognition. Take a moment to understand why workers perform and contribute in the US.*

*Recognition is an art, not just a tool. The simple, genuine moments of thanks or praise I've witnessed in US companies resonate most. Appreciation becomes the thread binding American teams together. It's about making memories and leaving legacies, not just tangible rewards.*

*I find the AIR$^e$ framework marvelous for guiding recognition in the US. Its balanced approach of genuine Appreciation, right Incentives, Reinforcement, and eMotional Connect impacts American lives, not just ticks boxes.*

*AIR$^e$ is like a compass for US HR professionals, guiding strategically while allowing flexibility. Frameworks are vital, but authenticity is recognition's soul. Keep it genuine; you'll see the magic unfold.*

*Overall, I urge American HR professionals to keep the human element central. Recognize every US employee's role and story. Make moments of thanks authentic and heartfelt. Use frameworks like AIR$^e$ to guide strategically, but stay flexible and genuine. Uplift others through appreciation of art and see US businesses flourish.*

# Tara Furiani

IDEA Board Member for NASA Astrophysics, Chief People Officer at Tarabull Media, and Creator of Not the HR Lady

*Corporate R&R programs are the lifeblood of a thriving company culture. These programs underpin productivity, engagement, and emotional well-being at work. My experience has taught me that a well-executed R&R program isn't a luxury; it's a necessity.*

*Now, let's talk about the R&R landscape in the United States – it's a bit of a mixed bag. It feels like Silicon Valley perks married old-school Wall Street, and their offspring are still trying to find their identity. But here's the secret: the top players recognize that R&R isn't a one-size-fits-all game. Companies are integrating it into their overarching corporate strategy to drive meaningful change.*

*The top 5 factors necessary for an R&R program's success are;*

*__Strategic Alignment:__ R&R programs must align tightly with corporate objectives; otherwise, it's like 'Pin the Tail on the Donkey' with the company as the donkey and everyone else blindfolded.*

*__Personalization:__ Let's be real—what motivates a developer in Palo Alto might not resonate with a sales rep in Atlanta. You're missing the boat if your R&R program doesn't recognize individual differences.*

*__Visibility and Transparency:__ Recognition whispered in dark corners is as good as not recognizing. Make it public, transparent, and a cause for celebration.*

*__Consistency and Fairness:__ Sporadic, erratic rewards create an atmosphere akin to a corporate Hunger Games. Set clear, equitable criteria for recognition to keep everyone on the same page.*

*__Feedback Mechanisms:__ This is your R&R program's in-built GPS. You need a mechanism to assess what's working and pivot where necessary continually. Otherwise, you're just throwing darts in the dark.*

*In today's competitive talent market, authenticity is essential. Genuine recognition speaks to our human need for value and appreciation. Get this right, and you engage hearts and minds.*

*When it comes to recognizing and motivating employees, the AIR$^e$ Framework immediately caught my attention. I thought, 'It's about time someone put this into words.' I've witnessed businesses stumble in one or more crucial pillars: Appreciation, Incentivization, Reinforcement, and eMotional Connect. The AIR$^e$ framework offers a strong foundation; you can tailor it to your organization for the perfect fit. It's the synergy of a structured approach and a deep understanding that unlocks the true potential of an R&R program.*

## Shari Simpson
Senior Manager Thought Leadership of Paylocity

**paylocity**

R&R programs are paramount in this blended work-life landscape, showing employees their value through tangible appreciation. The traditional nine-to-five has morphed into a blended world of work and life. They're our tangible tokens of gratitude in a landscape where employee experience is rapidly becoming the currency of the future.

Particularly in the US, seismic shifts like remote work, flexible hours, and mental well-being are at the forefront, demanding an evolved R&R. Employees today crave authentic, personalized and resonates with their individual values and aspirations. The future of R&R is about enriching experiences beyond rewards.

For the success of an R&R program, I feel there are 5 factors that you should consider;

**Authenticity:** Keep it real. Employees can spot a generic gesture from a mile away.

**Timeliness:** Immediate recognition often carries more weight. Celebrate the wins when they happen!

**Personalization:** Not everyone values the same rewards. A one-size-fits-all approach just doesn't cut it anymore.

**Integration:** Weave R&R into your company culture and your technology. Make it a part of the daily dialogue and routines, not just an annual event.

**Fairness and Equality:** Recognition and Rewards must be unbiased and inclusive. Ensuring that every employee, regardless of their background, role, or tenure, has an equal shot at being recognized is paramount. Fairness boosts trust and strengthens the belief that the organization truly values each individual equally.

And I believe companies need to leverage the power of authentic and impactful recognition. I've seen genuine connections strongly boost morale, loyalty, productivity, and the business overall by creating positivity ripples organization-wide.

The AIR$^e$ framework resonates, offering a structured roadmap through its 4 pillars - Appreciation, Incentivization, Reinforcement, and eMotional Connect. This structured and quantitative approach offers a clear roadmap to elevate our R&R initiatives. In my experience, the best R&R also emphasizes empowerment – enabling peer recognition for mutual respect and appreciation.

In summary, with the landscape of work changing so dramatically, there's never been a more crucial time for HR professionals to invest in innovative and authentic R&R programs.

## Joey Price

CEO of Jumpstart:HR, and Host of the While We Were Working Podcast

**Jumpstart**

Corporate R&R programs are increasingly becoming a dominant driver for retention and healthy workplace culture. Investing in rewards incentivizes performance while recognizing accomplishments. When employees can choose where they work and how they work with greater flexibility than ever before, you would be remiss not to invest in what keeps people happily engaged.

The US R&R landscape has untapped potential. We're just beginning to see rewards and recognition as strategic organizational levers. We are just beginning to recognize rewards and recognition as strategic levers for organizational success. However, several factors hinder progress.

Over the last four years, macroeconomic factors have seen us move back from an employer's market to a candidate's market. Limited manager training on incentives and recognition hinders their consistent implementation. And lastly, in a landscape where 'the great resignation' has been met with 'quiet quitting,' where the focus is to see how employees and employers can work together for organizational success.

**So, to have a successful R&R program, my advice is to:**

- Understand the importance of corporate R&R programs. Not just for the employee but how they should work to drive organizational productivity
- Understand your organization culturally. To determine which levers within R&R will impact your teams most
- See strategic goals and gather feedback. This will show you how the program impacts business objectives and employee success
- Continue to confirm buy-in from executive leadership. If R&R programming is not a value, it won't be championed
- Form a committee to speak about Corporate R&R programming. You will want wide acceptance from your staff, and having representation at all levels will be a major benefit

I have numerous thoughts on authentic and impactful recognition. The key insight is that authentic recognition is essential for an organization's longevity. Authenticity aligns actions with values and amplifies positive messaging and results. Automation can enhance authenticity by linking messaging to actions, making it easier to scale recognition efforts.

HR professionals would be wise to adopt the AIRe model because it presents a clear framework for articulating the business case for corporate R&R up, down, and across the organization. I believe it is comprehensive because it speaks to the goal and connects to the human-centric element. The AIRe framework is both a standard-bearer and a conversation starter.

As for the AIR$^e$ framework, the time is ripe for a new approach. Beyond traditional models like EVP, HERO, and SMART goals, Vantage Circle's AIR$^e$ framework is tailored for today's workforce and tomorrow's employees.

**Tracie Sponenberg**
Thought leader and CPO of The Granite Group.

*No one wants to work in 'Office Space' or probably not even 'The Office' (well, maybe 'The Office' - at least they tried some R&R!)*

*On a basic, human level, people want to know that their work matters. That they are not working solely for a paycheck. It is in every company's best interest to create a robust R&R program. But beyond being the right thing to do, data shows us that when companies get this area right, they will experience higher engagement, innovation, creativity, productivity, and performance of their employees and experience better retention, talent attraction, and alignment with company values.*

*While reflecting on the US landscape of employee R&R, there is significant room for improvement in the US R&R landscape. Traditionally, these programs focused on years of service awards, maybe a spot bonus here or there, and certainly employee of the month/quarter/year. As the workforce and work landscape evolves, these programs must evolve along with it, though there is still much work to be done.*

*So here are five crucial factors for a successful R&R program:*

- *Make sure that the program is aligned with your company values. Don't just create a program for the sake of creating a program*
- *Create criteria that are inclusive and equitable, and very clearly understood by all*
- *Pay attention to the timing and frequency of recognition - ideally, design the program to recognize at the moment (or shortly thereafter) and regularly*
- *Co-design the program with your employees to ensure they are designed appropriately for the people who will receive the recognition and rewards*
- *Create a system of data and insights, monitor and measure over time, and regularly re-evaluate the program*

*The value is clear - companies not recognizing and rewarding employees could face higher turnover and difficulty attracting applicants. Authentic and impactful recognition is a strategic investment in the company's and its employees' success and sustainability. These programs can help create a positive and thriving culture and are an incredibly valuable tool for company leaders to implement.*

# Lisa Nicholson

Director of Human Resources at DEX Imaging

*I believe that corporate R&R programs have become increasingly important and powerful in today's work environment. As companies struggle with talent retention, an effective company-branded program contributes to overall employee well-being and can tremendously impact helping employees feel connected and engaged. It is important, however, that the program is unique to the company, focusing on the culture and diversity of the employees they serve.*

*R&R has been a topic for some years now. Employers are seeking ways to robustly reward their employees without a program that is administratively burdensome or too costly.*

**To ensure R&R program success, I recommend five key factors for HR professionals:**

- *Gain support for the C suite for the program. Nothing succeeds without executive support*
- *Ensure the program syncs with your company culture while adding a fun twist for authenticity*
- *Craft meaningful rewards tailored to your employees*
- *Appoint a dedicated program manager*
- *Have a robust communications plan that doesn't stop at implementation but continues to reinforce the program throughout the year so you can start to embed the behavior into your culture*

*To understand the need for an R&R program, consider this: Most companies are on a quest to enhance productivity, engagement, employee satisfaction, and overall company culture. This responsibility often falls on the shoulders of HR professionals, who find themselves stretched thin. However, having support from a network dedicated to R&R can be a game-changer. It allows HR to concentrate on driving recognition initiatives on an existing platform, ultimately leading to significant improvements in the workplace.*

*The development of the AIR$^e$ framework has been instrumental in shaping the R&R program's success. It allowed us to pinpoint areas requiring more attention, ensuring our R&R efforts were precise and impactful. And quite frankly, it allowed us to see where we were already doing activities within our branches that we were not highly aware of.*

## Ana White
### Chief People Officer of Lumen Technologies

LUMEN®

*Rewards and recognition (R&R) are key business imperatives that shape culture and foster employees' with a sense of belonging. Recognized employees feel more connected and committed, with higher motivation, inspiration, and retention. Metrics like survey results, performance and attrition showcase the tangible impact versus unrecognized peers.*

*Our robust program, Lumen Stars, has over 90% utilization. Data reveals that recognized employees are nearly twice as likely to stay and have higher engagement. We've strategically revamped it to align with our evolved culture, continually reinforcing our desired daily behaviors.*

*With remote, hybrid, and in-person work, formal programs are integral for unifying employees. They enable leaders to connect with teams and empower peer celebration of achievements, reinforcing bonds.*

*For success, I advise focusing on the following factors, which I think count the most in effectively designing an R&R program.*

- *Have a clear and thoughtful strategy for your program: Ensure it connects to the business strategy, corporate priorities, and your overall culture and behaviors*
- *Ensure there is leadership buy-in: Leaders must know their role in the program's success and play a role in celebrating their employees meaningfully*
- *Set goals and a measurement strategy: Be purposeful yet flexible and agile to drive the R&R programs to the corporate priorities*
- *Have a communication plan: On-going communication in the organization will be key to engraining the R&R program into the culture. The R&R program should clearly reinforce and reward the culture you aspire to*
- *Make recognition public and visible: Allow peers to celebrate each other's achievements, big and small. Encourage leaders to recognize winners in meaningful ways as well*

*Corporate R&R programs are becoming a dominant driver for retention and healthy workplace culture. When companies invest in rewards, they incentivize performance. When companies invest in recognition, they incentivize accomplishment and belonging. When an organization wants to become the best workplace, R&R programs must be strategically integrated into those goals. When employees can choose where they work and how they work with greater flexibility than ever before, you would be remiss to not invest in what keeps people happily engaged.*

Appendix 1

# Recognition Benchmarks by Company Size and Industry

**This section provides the key charts used in this report, broken down by company size and sector.**

1. **Company size is classified as follows:**

   a) Enterprise: >5,000 employees
   b) Mid-market: 500 – 5,000 employees
   c) SMB: <500 employees

2. **The sectors covered include the following:**

   a) Banking & Financial Services
   b) FMCG & Consumer Durables
   c) Healthcare & Pharma
   d) Infrastructure & Manufacturing
   e) IT & BPM
   f) Professional Services
   g) Travel, Hospitality and Retail

# Enterprise

## Key Takeaways

**Overall Trend:** Globally, large enterprises have invested more in leveraging Recognition Programs. However, this trend is not uniformly apparent in the US. At 62%, the average AIR$^e$ scores for large enterprises in the US are marginally ahead of those for mid-market companies (60%) and SMBs (58%). Interestingly, the top 25% of mid-market companies had 76% or more scores, as opposed to 68% or more for the top 25% of large enterprises. This indicates that leading mid-market companies have invested in better-designed Recognition Programs than leading large enterprises. Not surprisingly, less than 25% of large enterprises reported that the effectiveness of their current Recognition Programs was 'High'and none reported it as being ,'Very High'.

**Best Practices:** Almost 60% of companies focus on year-round recognition and have holistically designed programs that balance objectives (loyalty, performance/productivity, and employee engagement). Almost 90% have a significant focus on the demonstration of behaviors in their programs instead of looking only at performance/results.

**Recommendations:** While companies have tried to adopt modern recognition practices, there is a need to enhance program design, especially viz. driving greater eMotional Connect and Incentivization in programs. Some specific areas to explore include improving award messaging, enhancing the social and emotional value of recognition through status/privilege awards, experiential awards, and program gamification.

## Pan-US AIRᵉ Benchmarks

| | |
|---|---|
| High (95th %ile) | 84% |
| 3rd Quartile (75th %ile) | 68% |
| Average (Mean) | 62% |
| Median (50th %ile) | 64% |
| 1st Quartile (25th %ile) | 54% |
| Low (5th %ile) | 42% |

## Perceived Effectiveness of Recognition Programs

- Low — 17%
- Moderate — 56%
- High — 22%
- NA - no defined objectives — 6%

## Prevalence of Various Elements of Recognition Programs

| Spot awards | Service/Tenure -based awards | Formal thank you/ well done notes | Special occasions celebrations (birthdays, anniversaries etc.) | Monthly/Quarterly/ Annual awards |
|---|---|---|---|---|
| 81% | 78% | 78% | 69% | 47% |

# Enterprise

## Key Program Objectives

| Objective | |
|---|---|
| Drive employee engagement | 92% |
| Increase loyalty/retention | 72% |
| Enhance performance/productivity | 67% |

## AIR^e Score by theme

| Theme | |
|---|---|
| Appreciation | |
| Incentivization | |
| Reinforcement | |
| eMotional Connect | |

Low — Medium — High

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| Appreciation | Coverage | Frequency |
| Incentivization | Clarity | Impetus |
| Reinforcement | Specificity | Alignment |
| eMotional Connect | Personalization | Delivery |

# Enterprise

## Coverage & Frequency of Recognition Programs

| | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | 28% | 11% | 3% | 3% | 6% | 50% |
| Junior Professionals | 3% | 14% | 6% | 8% | 11% | 58% |
| Middle Management | 6% | 17% | 3% | 11% | 8% | 56% |
| Senior Management | 14% | 22% | | 8% | 3% | 53% |
| Top Management | 39% | 19% | 6% | 3% | 3% | 31% |
| Consultants/Contractors | 89% | 8% | | | | 3% |

Legend: NA - not covered, Annual, Half Yearly, Quarterly, Monthly, Year round/Anytime

## What Gets Recognized ?

- Recognition is based on both results and behaviors — 75%
- NA - no specific behaviors, only high performance/results are recognized — 11%
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — 8%
- Recognition is based on demonstration of identified behaviors/values only — 6%

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA - no defined approach — 56%
- Through higher value awards for repeat/consistent demonstration — 22%
- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — 22%

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

- Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — **33%**
- Award names clearly reflect increasing level of achievement/demonstration of behaviors — **28%**
- Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — **25%**
- NA - no defined approach — **14%**

## What Drives the Value of Awards?

- Financial incentive that comes with the recognition — **67%**
- Social recognition — **56%**
- Awards event within team/department — **47%**
- Company-wide awards event — **33%**
- Special status/privileges for awardees — **22%**
- Involving family members of awardees — **0%**

## How Does This Value Get Complemented?

- HR communication and buzz — **72%**
- Allowing employees to nominate others — **72%**
- Leadership communication — **69%**
- Gamification of program — **19%**

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Clearly defined in the program documentation | 61% |
| Periodic internal marketing/ communication | 56% |
| Covered as part of new employee onboarding sessions | 36% |

## What Do Awards Comprise of?

| Category | Percentage |
|---|---|
| Points with menu of products to redeem against | 58% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 56% |
| Cash | 50% |
| Company branded merchandise | 50% |
| Experiential awards - holidays, family outings etc. | 28% |
| Trophy/plaque | 25% |

# Mid-Market

## Key Takeaways

**Overall Trend:** At 60%, the average US AIR$^e$ scores for mid-market companies are at par with large enterprises and just marginally higher than for SMBs. Interestingly, however, the top 25% of mid-market companies had scores of 76% or more, as opposed to 68% or more for the top 25% of large enterprises, indicating that leading mid-market companies have invested in better-designed Recognition Programs than even leading large enterprises. That said, the bottom 25% of companies had scores below 50%. Not surprisingly, while 20% of mid-market companies reported that the effectiveness of their current Recognition Programs was 'High' to 'Very High', an equal number reported the effectiveness as being 'Low'.

**Best Practices:** Over 50% of mid-market companies have holistically designed programs that balance objectives (loyalty, performance/productivity, and employee engagement). Almost 90% have a significant focus on the demonstration of behaviors in their programs instead of looking only at performance/results.

**Recommendations:** Companies should look to adopt modern recognition practices such as broad-based, year-round recognition. Given the complexity of administering such programs, mid-market companies will benefit significantly from deploying 3rd party online Recognition platforms for program administration. These platforms will also enable additional features like gamification, expanding award choices, etc., enhancing programs' Incentivization and eMotional Connect aspects.

## Pan-US AIR$^e$ Benchmarks

| Benchmark | Value |
|---|---|
| High (95th %ile) | 82% |
| 3rd Quartile (75th %ile) | 76% |
| Average (Mean) | 60% |
| Median (50th %ile) | 59% |
| 1st Quartile (25th %ile) | 48% |
| Low (5th %ile) | 27% |

## Perceived Effectiveness of Recognition Programs

- Low — 20%
- Moderate — 47%
- High — 13%
- Very High — 7%
- NA - no defined objectives — 13%

## Prevalence of Various Elements of Recognition Programs

| Element | Value |
|---|---|
| Service/Tenure-based awards | 80% |
| Special occasions celebrations (birthdays, anniversaries etc.) | 73% |
| Formal thank you/ well done notes | 73% |
| Monthly/Quarterly/Annual awards | 70% |
| Spot awards | 63% |

# Mid-Market

## Key Programs Objectives

| Objective | Value |
|-----------|-------|
| Drive employee engagement | 77% |
| Increase loyalty/ retention | 73% |
| Enhance performance/ productivity | 60% |

## AIRᵉ Score by theme

| Theme | Level |
|-------|-------|
| Appreciation | (Low–Medium) |
| Incentivization | (Low–Medium) |
| Reinforcement | (Medium) |
| eMotional Connect | (Low–Medium) |

Low — Medium — High

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| **Appreciation** | Coverage | Frequency |
| **Incentivization** | Clarity | Impetus |
| **Reinforcement** | Specificity | Alignment |
| **eMotional Connect** | Personalization | Delivery |

# Mid-Market

## Coverage and Frequency of Recognition Programs

| | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | 23% | 17% | | 7% | 30% | 20% |
| Junior Professionals | 10% | 17% | 3% | 27% | 13% | 27% |
| Middle Management | 3% | 27% | 10% | 33% | 7% | 17% |
| Senior Management | 27% | 23% | 3% | 23% | 3% | 17% |
| Top Management | 57% | 17% | | 3% | | 20% |
| Consultants/Contractors | 80% | 7% | | 3% | 3% | |

Legend: NA - not covered, Annual, Half Yearly, Quarterly, Monthly, Year round/Anytime

## What Gets Recognized?

- Recognition is based on both results and behaviors — 57%
- NA – no specific behaviors, only high performance/results are recognized — 23%
- Recognition is based on demonstration of identified behaviors/values only — 17%
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — 3%

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA - no defined approach — 47%
- Through higher value awards for repeat/consistent demonstration — 30%
- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — 23%

# Mid-Market

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

- NA - no defined approach — 40%
- Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 30%
- Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 20%
- Award names clearly reflect increasing level of achievement/demonstration of behaviors — 10%

## What Drives the Value of Awards?

- Social recognition — 67%
- Awards event within team/department — 57%
- Company-wide awards event — 53%
- Financial incentive that comes with the recognition — 50%
- Special status/privileges for awardees — 27%
- Involving family members of awardees — 3%

## How Does This Value Get Complemented?

- Leadership communication — 70%
- HR communication and buzz — 60%
- Allowing employees to nominate others — 50%
- Gamification of program — 17%

# Mid-Market

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Periodic internal marketing/ communication | 50% |
| Clearly defined in the program documentation | 47% |
| Covered as part of new employee onboarding sessions | 37% |

## What Do Awards Comprise of?

| Category | Percentage |
|---|---|
| Company branded merchandise | 63% |
| Cash | 53% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 53% |
| Experiential awards - holidays, family outings etc. | 47% |
| Points with menu of products to redeem against | 37% |
| Trophy/plaque | 37% |

# SMB

## Key Takeaways

**Overall Trend:** At 58%, the average AIR$^e$ scores for SMBs in the US are just marginally lower than those for large enterprises and mid-market companies. Interestingly, however, the top 25% of mid-market companies had scores of 70% or more, indicating that leading SMBs have definitely invested in better-designed Recognition Programs. That said, the bottom 25% of companies had scores below 50%. Not surprisingly, while almost 75% of SMBs reported that the effectiveness of their current Recognition Programs was 'Moderate' to 'Very Low,' 16% reported the effectiveness as being High.

**Best Practices:** Over 40% of companies focus on year-round recognition, and 75% focus on demonstrating behaviors in their programs instead of looking only at performance/results.

**Recommendations:** While it may not make immediate business sense for SMBs to invest in best-in-class recognition platforms, they should look to adopt features that drive up the Incentivization aspect of programs, especially through social and emotional value. Given the smaller team sizes, SMBs should also consider their inherent advantage in potentially driving greater eMotional Connect in their programs.

## Pan-US AIRᵉ Benchmarks

| Benchmark | Value |
|---|---|
| High (95th %ile) | 85% |
| 3rd Quartile (75th %ile) | 70% |
| Average (Mean) | 58% |
| Median (50th %ile) | 57% |
| 1st Quartile (25th %ile) | 49% |
| Low (5th %ile) | 36% |

## Perceived Effectiveness of Recognition Programs

- Very Low: 9%
- Low: 6%
- Moderate: 59%
- High: 16%
- NA - no defined objectives: 9%

## Prevalence of Various Elements of Recognition Programs

| Element | Value |
|---|---|
| Special occasions celebrations (birthdays, anniversaries etc.) | 72% |
| Service/Tenure based awards | 69% |
| Formal thank you/well done notes | 63% |
| Monthly/Quarterly/Annual awards | 50% |
| Spot awards | 44% |

## Key Program Objectives

| Objective | Value |
|-----------|-------|
| Drive employee engagement | 72% |
| Increase loyalty/retention | 69% |
| Enhance performance/productivity | 63% |

## AIR<sup>e</sup> Score by theme

| Theme | Level |
|-------|-------|
| Appreciation | Medium |
| Incentivization | Low–Medium |
| Reinforcement | Medium |
| eMotional Connect | Low–Medium |

(Scale: Low — Medium — High)

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| **Appreciation** | Coverage | Frequency |
| **Incentivization** | Clarity | Impetus |
| **Reinforcement** | Specificity | Alignment |
| **eMotional Connect** | Personalization | Delivery |

## Coverage and Frequency of Recognition Programs

| | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | 19% | 3% | 3% | 6% | 13% | 25% |
| Junior Professionals | 9% | 13% | 3% | 22% | 6% | 47% |
| Middle Management | 6% | 19% | 9% | 13% | 9% | 41% |
| Senior Management | 9% | 34% | 6% | 9% | 3% | 34% |
| Top Management | 16% | 28% | 13% | 9% | | 31% |
| Consultants/Contractors | 38% | 16% | 9% | | | 22% |

## What Gets Recognized?

- Recognition is based on both results and behaviors — 44%
- NA - no specific behaviors, only high performance/results are recognized — 25%
- Recognition is based on demonstration of identified behaviors/values only — 19%
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — 13%

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA - no defined approach — 59%
- Through higher value awards for repeat/consistent demonstration — 28%
- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — 13%

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

| | |
|---|---|
| NA - no defined approach | 44% |
| Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors | 22% |
| Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors | 19% |
| Award names clearly reflect increasing level of achievement/demonstration of behaviors | 16% |

## What Drives the Value of Awards?

| | |
|---|---|
| Financial incentive that comes with the recognition | 69% |
| Social recognition | 59% |
| Company-wide awards event | 47% |
| Awards event within team/ department | 28% |
| Special status/privileges for awardees | 25% |
| Involving family members of awardees | 9% |

## How Does This Value Get Complemented?

| | |
|---|---|
| Leadership communication | 66% |
| Allowing employees to nominate others | 53% |
| HR communication and buzz | 50% |
| Gamification of program | 3% |

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Covered as part of new employee onboarding sessions | 50% |
| Clearly defined in the program documentation | 41% |
| Periodic internal marketing/ communication | 38% |

## What Do Awards Comprise of?

| Category | Percentage |
|---|---|
| Cash | 72% |
| Trophy/plaque | 41% |
| Company branded merchandise | 38% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 38% |
| Experiential awards - holidays, family outings etc. | 34% |
| Points with menu of products to redeem against | 22% |

# Banking & Financial Services

## Key Takeaways

**Overall Trend:** At 65%, the average AIR$^e$ score for companies in this sector is ahead of the Pan-US average. However, there is a significant variation in scores, with the top 25% of companies scoring 74% or higher and the bottom 25% scoring 54% or lower. As a result, while almost 30% of companies perceive their programs as being 'High', over 40% perceive them to be 'Moderate', and almost 30% either consider it to be 'Low' or don't have any defined objectives against which to assess their programs.

**Best Practices:** All companies in the sector significantly focus on demonstrating behaviors in their programs instead of looking only at performance/results. Another significant differentiator is that all companies have programs wherein employees can nominate others for awards. Almost 60% of companies in the sector allow employees to redeem points against available options, and an equal number leverage experiential awards, thereby increasing personalization.

**Recommendations:** While a significant number of companies have tried to adopt modern recognition practices, the majority still have a lot of catching up, especially with regard to introducing some elements of year-round recognition. Moreover, there is a need to enhance program design, especially viz. the Drivers of Impact. Some specific areas to explore include improving award messaging, enhancing the social and emotional value of recognition through status/privilege awards, and program gamification.

# Banking & Financial Services

## Pan-US AIR$^e$ Benchmarks

| | |
|---|---|
| High (95th %ile) | 83% |
| 3rd Quartile (75th %ile) | 74% |
| Average (Mean) | 65% |
| Median (50th %ile) | 68% |
| 1st Quartile (25th %ile) | 54% |
| Low (5th %ile) | 50% |

## Perceived Effectiveness of Recognition Programs



- High — 29%
- Moderate — 43%
- Low — 14%
- NA - No defined objectives — 14%

## Prevalence of Various Elements of Recognition Programs

| Formal thank you/ well done notes | Service/Tenure -based awards | Special occasions celebrations (birthdays, anniversaries etc.) | Spot awards | Monthly/Quarterly/ Annual awards |
|---|---|---|---|---|
| 86% | 71% | 71% | 57% | 57% |

# Banking & Financial Services

## Key Program Objectives

| Objective | Percentage |
|-----------|-----------|
| Drive employee engagement | 86% |
| Enhance performance/productivity | 57% |
| Increase loyalty/retention | 57% |

## AIRᵉ Score by theme

| Theme | Score |
|-------|-------|
| Appreciation | Medium |
| Incentivization | Medium |
| Reinforcement | Medium |
| eMotional Connect | Low-Medium |

(Scale: Low — Medium — High)

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| Appreciation | Coverage | Frequency |
| Incentivization | Clarity | Impetus |
| Reinforcement | Specificity | Alignment |
| eMotional Connect | Personalization | Delivery |

# Banking & Financial Services

## Coverage & Frequency of Recognition Programs

| | |
|---|---|
| Blue Collar Workers/ Feet on Street | 43% / 14% / 14% / 14% |
| Junior Professionals | 14% / 43% / 14% / 29% |
| Middle Management | 14% / 29% / 29% / 29% |
| Senior Management | 29% / 14% / 29% / 29% |
| Top Management | 57% / 14% / 14% / 14% |
| Consultants/Contractors | 86% / 14% |

Legend: ■ NA - not covered  ■ Annual  ■ Half Yearly  ■ Quarterly  ■ Monthly  ■ Year round/Anytime

## What Gets Recognized?

- Recognition is based on both results and behaviors — 71%
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — 14%
- Recognition is based on demonstration of identified behaviors/values only — 14%
- NA – no specific behaviors, only high performance/results are recognized — 0%

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — 43%
- NA - no defined approach — 29%
- Through higher value awards for repeat/consistent demonstration — 29%

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 43%

NA - no defined approach — 29%

Award names clearly reflect increasing level of achievement/demonstration of behaviors — 14%

Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 14%

## What Drives the Value of Awards?

Financial incentive that comes with the recognition — 57%

Company-wide awards event — 43%

Special status/privileges for awardees — 43%

Social recognition — 43%

Awards event within team/department — 29%

Involving family members of awardees — 0%

## How Does This Value Get Complemented?

Allowing employees to nominate others — 100%

Leadership communication — 71%

HR communication and buzz — 57%

Gamification of program — 29%

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Periodic internal marketing/ communication | 86% |
| Clearly defined in the program documentation | 71% |
| Covered as part of new employee onboarding sessions | 71% |

## What Do Awards Comprise of?

| Category | Percentage |
|---|---|
| Points with menu of products to redeem against | 57% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 57% |
| Experiential awards - holidays, family outings etc. | 57% |
| Cash | 43% |
| Company branded merchandise | 43% |
| Trophy/plaque | 29% |

# FMCG & Consumer Durables

## Key Takeaways

**Overall Trend:** At 69%, the average AIR$^e$ score for FMCG & Consumer Durables companies is significantly ahead of the Pan-US average. Moreover, even on the lower end, companies in this sector have scores beyond 60%, indicating that this sector generally has better-designed Recognition Programs than other sectors. That said, only 20% of companies perceive the effectiveness of their programs to be 'High', and almost 60% perceive it to be only 'Moderate'. This could indicate that companies in this sector are also expecting greater impact from their programs by having invested more in the design of programs.

**Best Practices:** Almost 60% of companies focus on year-round recognition, covering all employee levels, and have holistically designed programs that look at a balance of objectives (loyalty, performance/productivity, and employee engagement). Almost 90% have a significant focus on the demonstration of behaviors in their programs instead of looking only at performance/results. All companies have mechanisms to differentiate higher levels of behavioral impact/results. They strongly leverage communication from both Leadership and HR teams to drive program adoption and participation while investing significantly in program documentation and clarification.

**Recommendations:** The biggest opportunity for FMCG & Consumer Durables sector companies is to amp up the eMotional Connect aspect of their programs, followed by Incentivization. Some specific areas to explore include improving award messaging, enhancing the social and emotional value of recognition through status/privilege awards, experiential awards, and program gamification.
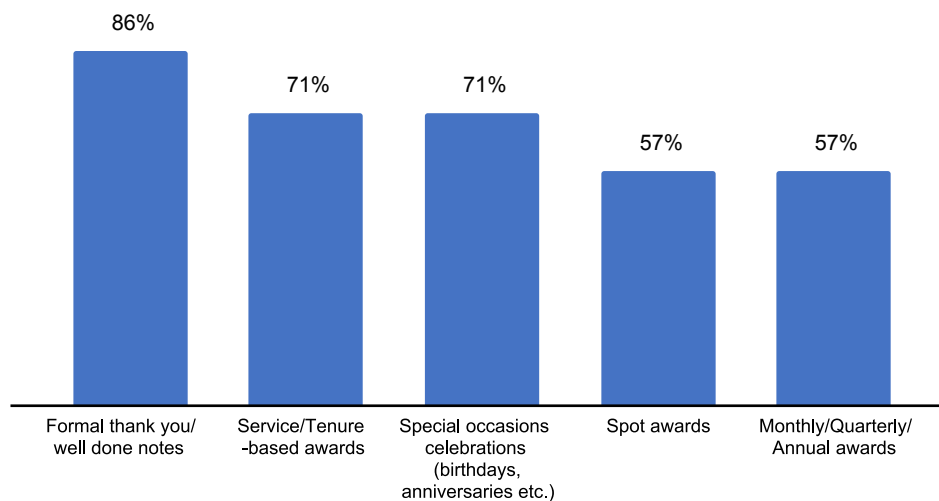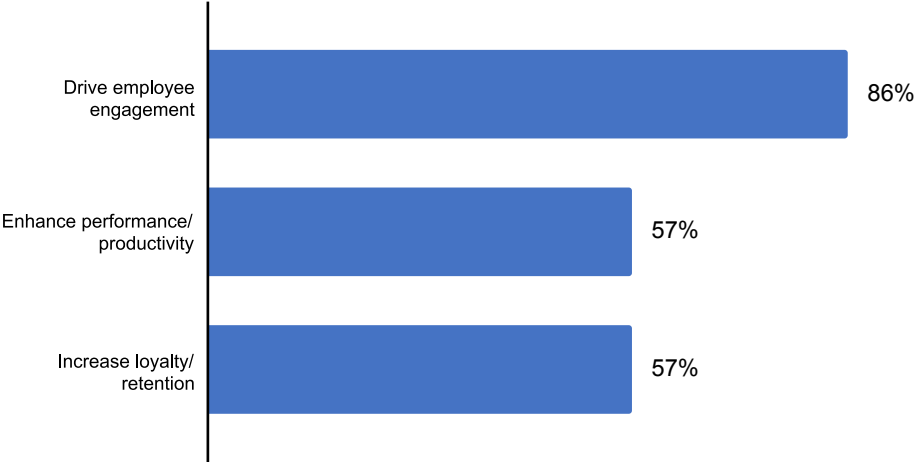
# FMCG & Consumer Durables

## Pan-US AIR^e Benchmarks

| Category | Value |
|---|---|
| High (95th %ile) | 83% |
| 3rd Quartile (75th %ile) | 78% |
| Average (Mean) | 69% |
| Median (50th %ile) | 70% |
| 1st Quartile (25th %ile) | 65% |
| Low (5th %ile) | 52% |

## Perceived Effectiveness of Recognition Programs

- Very High: 11%
- High: 11%
- Moderate: 56%
- Low: 22%

## Prevalence of Various Elements of Recognition Programs

| Element | Value |
|---|---|
| Service/Tenure-based awards | 67% |
| Special occasions celebrations (birthdays, anniversaries etc.) | 67% |
| Formal thank you/well done notes | 67% |
| Spot awards | 67% |
| Monthly/Quarterly/Annual awards | 67% |

# FMCG & Consumer Durables

## Key Program Objectives

| Objective | Percentage |
|-----------|-----------|
| Drive employee engagement | 100% |
| Increase loyalty/ retention | 89% |
| Enhance performance/ productivity | 78% |

## AIR$^e$ Score by theme

| Theme | Level |
|-------|-------|
| Appreciation | (between Low and Medium–High) |
| Incentivization | (Medium) |
| Reinforcement | (Medium) |
| eMotional Connect | (Low–Medium) |

Low     Medium     High

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| **Appreciation** | Coverage | Frequency |
| **Incentivization** | Clarity | Impetus |
| **Reinforcement** | Specificity | Alignment |
| **eMotional Connect** | Personalization | Delivery |

# FMCG & Consumer Durables

## Coverage & Frequency of Recognition Programs

| | | | |
|---|---|---|---|
| Blue Collar Workers/ Feet on Street | 11% | 22% | 67% |
| Junior Professionals | 11% | 33% | 56% |
| Middle Management | 22% | 22% | 56% |
| Senior Management | 11% / 11% / 22% | 11% | 44% |
| Top Management | 33% | 33% | 33% |
| Consultants/Contractors | 100% | | |

**Legend:** ■ NA - not covered ■ Annual ■ Half Yearly ■ Quarterly ■ Monthly ■ Year round/Anytime

## What Gets Recognized?

- Recognition is based on both results and behaviors — **67%**
- NA – no specific behaviors, only high performance/results are recognized — **11%**
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — **11%**
- Recognition is based on demonstration of identified behaviors/values only — **11%**

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA – no defined approach — **44%**
- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — **44%**
- Through higher value awards for repeat/consistent demonstration — **11%**

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 56%

Award names clearly reflect increasing level of achievement/demonstration of behaviors — 33%

Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 11%

NA - no defined approach — 0%

## What Drives the Value of Awards?

Financial incentive that comes with the recognition — 78%

Awards event within team/department — 67%

Social recognition — 56%

Company-wide awards event — 22%

Special status/privileges for awardees — 11%

Involving family members of awardees — 11%

## How Does This Value Get Complemented?

HR communication and buzz — 100%

Leadership communication — 89%

Allowing employees to nominate others — 78%

Gamification of program — 22%

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Clearly defined in the program documentation | 89% |
| Periodic internal marketing/ communication | 44% |
| Covered as part of new employee onboarding sessions | 22% |

## What Do Awards Comprise of?

| Category | Percentage |
|---|---|
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 78% |
| Points with menu of products to redeem against | 56% |
| Cash | 44% |
| Company branded merchandise | 44% |
| Experiential awards - holidays, family outings etc. | 44% |
| Trophy/plaque | 33% |

80

# Healthcare & Pharma

## Key Takeaways

**Overall Trend:** At 57%, the average AIR$^e$ score for companies in this sector is slightly behind the Pan-US average. However, there is a huge variation in scores, with the top 25% of companies scoring 68% or higher and the bottom 25% scoring 40% or lower. The latter indicates that a significantly large number of companies in this sector need to re-evaluate their approach to Recognition Programs completely. Not surprisingly, 30% of companies either perceive the effectiveness of their programs as 'Low' or haven't defined any objectives for the program at all. Moreover, only 5% of companies perceive the effectiveness as 'High', indicating that the sector as such has significant enhancements to make in the way Recognition Programs are designed and managed.

**Best Practices:** One distinguishing feature of Recognition Programs in this sector is that almost 60% of companies have some elements of year-round recognition, and over 85% of companies cover all employee segments (excluding contract workers). Also, 75% have a significant focus on the demonstration of behaviors in their programs instead of looking only at performance/results.

**Recommendations:** The most critical recommendation for companies in Healthcare and Pharma is to relook at their objectives and expectations from their Recognition Programs by understanding the underleveraged potential of recognition. They should actively look at employee engagement as a key objective of their Recognition Programs while also harnessing recognition to drive behaviors that contribute to better performance. Post this, companies can start looking at how to enhance the design of their programs based on these objectives.

## Pan-US AIRᵉ Benchmarks

| Benchmark | Value |
|-----------|-------|
| High (95th %ile) | 82% |
| 3rd Quartile (75th %ile) | 68% |
| Average (Mean) | 57% |
| Median (50th %ile) | 59% |
| 1st Quartile (25th %ile) | 40% |
| Low (5th %ile) | 29% |

## Perceived Effectiveness of Recognition Programs

- High: 5%
- Moderate: 65%
- Low: 15%
- NA - No defined objectives: 15%

## Prevalence of Various Elements of Recognition Programs

| Element | Value |
|---------|-------|
| Formal thank you/well done notes | 85% |
| Service/Tenure-based awards | 80% |
| Spot awards | 65% |
| Special occasions celebrations (birthdays, anniversaries etc.) | 55% |
| Monthly/Quarterly/Annual awards | 45% |

# Healthcare & Pharma

## Key Program Objectives

| Objective | Value |
|---|---|
| Drive employee engagement | 65% |
| Enhance performance/productivity | 50% |
| Increase loyalty/retention | 75% |

## AIR$^e$ Score by theme

| Theme | Score |
|---|---|
| Appreciation | Medium |
| Incentivization | Low–Medium |
| Reinforcement | Medium |
| eMotional Connect | Low |

Low — Medium — High

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| Appreciation | Coverage | Frequency |
| Incentivization | Clarity | Impetus |
| Reinforcement | Specificity | Alignment |
| eMotional Connect | Personalization | Delivery |

## Coverage & Frequency of Recognition Programs

| | | | | | |
|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | 15% | 15% | 15% | | 45% |
| Junior Professionals | 15% | 15% | 5% 5% | | 60% |
| Middle Management | 10% | 30% | 10% | | 45% |
| Senior Management | 35% | 20% | 5% | | 35% |
| Top Management | 45% | 15% | 5% | | 30% |
| Consultants/Contractors | 80% | | | 10% | 5% |

Legend: ■ NA - not covered  ■ Annual  ■ Half Yearly  ■ Quarterly  ■ Monthly  ■ Year round/Anytime

## What Gets Recognized?

- Recognition is based on both results and behaviors — 50%
- NA - no specific behaviors, only high performance/results are recognized — 25%
- Recognition is based on demonstration of identified behaviors/values only — 20%
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — 5%

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA - no defined approach — 55%
- Through higher value awards for repeat/consistent demonstration — 30%
- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — 15%

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

| Category | Percentage |
|---|---|
| NA - no defined approach | 45% |
| Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors | 35% |
| Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors | 15% |
| Award names clearly reflect increasing level of achievement/demonstration of behaviors | 5% |

## What Drives the Value of Awards?

| Category | Percentage |
|---|---|
| Social recognition | 60% |
| Financial incentive that comes with the recognition | 55% |
| Company-wide awards event | 45% |
| Awards event within team/department | 40% |
| Special status/privileges for awardees | 20% |
| Involving family members of awardees | 0% |

## How Does This Value Get Complemented?

| Category | Percentage |
|---|---|
| Leadership communication | 80% |
| HR communication and buzz | 55% |
| Allowing employees to nominate others | 40% |
| Gamification of program | 5% |

# Healthcare & Pharma

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|----------|-----------|
| Periodic internal marketing/ communication | 40% |
| Clearly defined in the program documentation | 35% |
| Covered as part of new employee onboarding sessions | 30% |

## What Do Awards Comprise of?

| Category | Percentage |
|----------|-----------|
| Cash | 50% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 50% |
| Points with menu of products to redeem against | 45% |
| Company branded merchandise | 45% |
| Experiential awards - holidays, family outings etc. | 25% |
| Trophy/plaque | 20% |

# Infrastructure and Manufacturing

## Key Takeaways

**Overall Trend:** At 57%, the average AIR$^e$ score for companies in this sector is slightly behind the Pan-US average. Scores were relatively lower across all companies, with even the top 25% having scores of 64% or more. This indicates that almost all companies in the sector must completely re-evaluate their approach to Recognition Programs. Surprisingly, however, almost 30% of companies perceive the effectiveness of their programs as 'High', and only 9% perceive it to be 'Low' to 'Very Low'. That said, almost 20% haven't defined any objectives for the program at all. This seems to underscore that companies in this sector may not even look at the true potential of recognition.

**Best Practices:** One distinguishing feature of Recognition Programs in this sector is that almost 60% of companies have some elements of year-round recognition, and 100% of companies cover all employee segments. 36% of companies even cover contract workers.

**Recommendations:** The most critical recommendation for companies in Infrastructure and Manufacturing is to relook at their objectives and expectations from their Recognition Programs by understanding the under leveraged potential of recognition. They should actively look at employee engagement as a key objective of their Recognition Programs while also harnessing recognition to drive behaviors that contribute to better performance. Post this, companies can start looking at how to enhance the design of their programs based on these objectives.
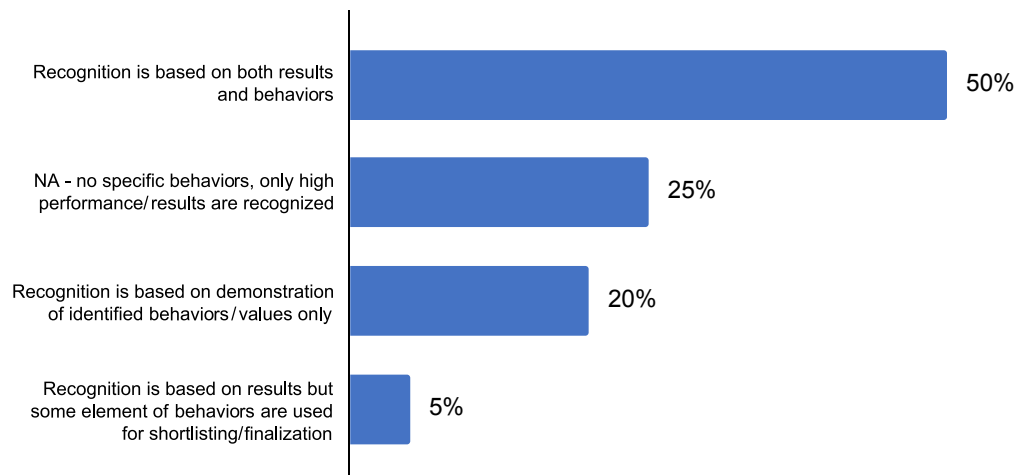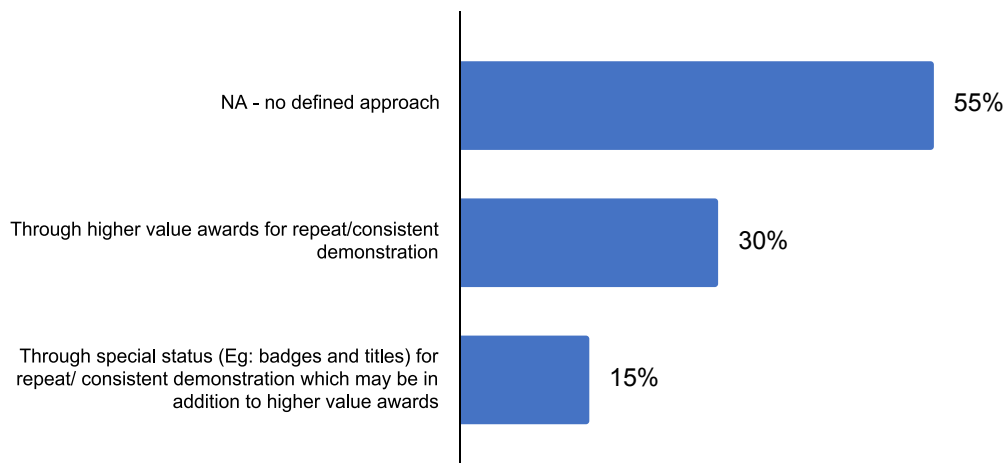
# Infrastructure & Manufacturing

## Pan-US AIRᵉ Benchmarks

| | |
|---|---|
| High (95th %ile) | 80% |
| 3rd Quartile (75th %ile) | 64% |
| Average (Mean) | 57% |
| Median (50th %ile) | 57% |
| 1st Quartile (25th %ile) | 42% |
| Low (5th %ile) | 39% |

## Perceived Effectiveness of Recognition Programs



- High — 27%
- Moderate — 45%
- Very Low — 9%
- NA - No defined objectives — 18%

## Prevalence of Various Elements of Recognition Programs

| Service/Tenure-based awards | Special occasions celebrations (birthdays, anniversaries etc.) | Monthly/Quarterly/Annual awards | Formal thank you/well done notes | Spot awards |
|---|---|---|---|---|
| 91% | 91% | 64% | 55% | 55% |

# Infrastructure & Manufacturing

## Key Program Objectives

| Objective | Value |
|---|---|
| Increase loyalty/ retention | 91% |
| Drive employee engagement | 73% |
| Enhance performance/ productivity | 73% |

## AIR<sup>e</sup> Score by theme

| Theme | Level |
|---|---|
| Appreciation | |
| Incentivization | |
| Reinforcement | |
| eMotional Connect | |

Low — Medium — High

| DRIVERS OF AUTHENTICITY | | DRIVERS OF IMPACT |
|---|---|---|
| **Appreciation** | Coverage | Frequency |
| **Incentivization** | Clarity | Impetus |
| **Reinforcement** | Specificity | Alignment |
| **eMotional Connect** | Personalization | Delivery |

# Infrastructure & Manufacturing

## Coverage & Frequency of Recognition Programs

| Category | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | | 18% | | 9% | | 55% |
| Junior Professionals | | 27% | | 9% | | 55% |
| Middle Management | | 27% | | 9% | | 55% |
| Senior Management | | 18% | | 18% | | 55% |
| Top Management | 9% | 9% | | 18% | | 55% |
| Consultants/Contractors | 45% | | | | | 36% |

**Legend:** NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime

## What Gets Recognized?

- NA - no specific behaviors, only high performance/ results are recognized — **45%**
- Recognition is based on both results and behaviors — **36%**
- Recognition is based on demonstration of identified behaviors / values only — **18%**
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — **0%**

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA - no defined approach — **73%**
- Through higher value awards for repeat/consistent demonstration — **18%**
- Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards — **9%**

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

| Category | Percentage |
|---|---|
| NA - no defined approach | 45% |
| Award names clearly reflect increasing level of achievement/demonstration of behaviors | 18% |
| Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors | 18% |
| Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors | 18% |

## What Drives the Value of Awards?

| Category | Percentage |
|---|---|
| Financial incentive that comes with the recognition | 73% |
| Social recognition | 55% |
| Awards event within team/department | 45% |
| Company-wide awards event | 45% |
| Special status/privileges for awardees | 9% |
| Involving family members of awardees | 9% |

## How Does This Value Get Complemented?

| Category | Percentage |
|---|---|
| Leadership communication | 45% |
| Allowing employees to nominate others | 45% |
| HR communication and buzz | 27% |
| Gamification of program | 0% |

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| | |
|---|---|
| Periodic internal marketing/ communication | 45% |
| Covered as part of new employee onboarding sessions | 27% |
| Clearly defined in the program documentation | 18% |

## What Do Awards Comprise of?

| | |
|---|---|
| Trophy/plaque | 64% |
| Cash | 55% |
| Company branded merchandise | 45% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 36% |
| Points with menu of products to redeem against | 27% |
| Experiential awards - holidays, family outings etc. | 27% |

# IT & BPM

## Key Takeaways

**Overall Trend:** At 57%, the average AIR$^e$ score for companies in this sector is slightly behind the Pan-US average. Scores were relatively lower across all companies, with even the top 25% having scores of 64% or more. This indicates that almost all companies in the sector must completely re-evaluate their approach to Recognition Programs. Surprisingly, however, almost 30% of companies perceive the effectiveness of their programs as 'High', and only 9% perceive it to be 'Low' to 'Very Low'. That said, almost 20% haven't defined any objectives for the program at all. This seems to underscore that companies in this sector may not even look at the true potential of recognition.

**Best Practices:** One distinguishing feature of Recognition Programs in this sector is that almost 60% of companies have some elements of year-round recognition, and 100% of companies cover all employee segments. 36% of companies even cover contract workers.

**Recommendations:** The most critical recommendation for companies in IT and BPM is to relook at their objectives and expectations from their Recognition Programs by understanding the underleveraged potential of recognition. They should actively look at employee engagement as a key objective of their Recognition Programs while also harnessing recognition to drive behaviors that contribute to better performance. Post this, companies can start looking at how to enhance the design of their programs based on these objectives.

## Pan-US AIR^e Benchmarks

| | |
|---|---|
| High (95th %ile) | 72% |
| 3rd Quartile (75th %ile) | 64% |
| Average (Mean) | 56% |
| Median (50th %ile) | 56% |
| 1st Quartile (25th %ile) | 50% |
| Low (5th %ile) | 33% |

## Perceived Effectiveness of Recognition Programs

- Moderate
- Low
- NA - No defined objectives

11%
17%
72%

## Prevalence of Various Elements of Recognition Programs

| Service/Tenure -based awards | Special occasions celebrations (birthdays, anniversaries etc.) | Monthly/Quarterly/ Annual awards | Spot awards | Formal thank you/ well done notes |
|---|---|---|---|---|
| 72% | 72% | 67% | 56% | 50% |

## Key Program Objectives

| Objective | Value |
|-----------|-------|
| Drive employee engagement | 94% |
| Increase loyalty/ retention | 78% |
| Enhance performance/ productivity | 72% |

## AIRᵉ Score by theme

| Theme | Level |
|-------|-------|
| Appreciation | (Medium) |
| Incentivization | (Low) |
| Reinforcement | (Medium) |
| eMotional Connect | (Low) |

Low — Medium — High

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| Appreciation | Coverage | Frequency |
| Incentivization | Clarity | Impetus |
| Reinforcement | Specificity | Alignment |
| eMotional Connect | Personalization | Delivery |

# IT & BPM

## Coverage & Frequency of Recognition Programs

| | | |
|---|---|---|
| Blue Collar Workers/ Feet on Street | 50% | 6% | 22% |
| Junior Professionals | 17% | 22% | 6% | 56% |
| Middle Management | 17% | 11% | 17% | 6% | 50% |
| Senior Management | 6% | 39% | 11% | 44% |
| Top Management | 39% | 28% | 6% | 28% |
| Consultants/Contractors | 67% | 6% | 6% | 11% |

Legend: ■ NA - not covered ■ Annual ■ Half Yearly ■ Quarterly ■ Monthly ■ Year round/Anytime

## What Gets Recognized?

| | |
|---|---|
| Recognition is based on both results and behaviors | 56% |
| Recognition is based on demonstration of identified behaviors / values only | 22% |
| NA - no specific behaviors, only high performance/ results are recognized | 17% |
| Recognition is based on results but some element of behaviors are used for shortlisting/finalization | 6% |

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

| | |
|---|---|
| NA - no defined approach | 72% |
| Through higher value awards for repeat/consistent demonstration | 17% |
| Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards | 11% |

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

- NA - no defined approach — 39%
- Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 28%
- Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 22%
- Award names clearly reflect increasing level of achievement/demonstration of behaviors — 11%

## What Drives the Value of Awards?

- Social recognition — 72%
- Financial incentive that comes with the recognition — 56%
- Awards event within team/department — 33%
- Company-wide awards event — 33%
- Special status/privileges for awardees — 0%
- Involving family members of awardees — 0%

## How Does This Value Get Complemented?

- Allowing employees to nominate others — 67%
- HR communication and buzz — 56%
- Leadership communication — 39%
- Gamification of program — 0%

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| | |
|---|---|
| Clearly defined in the program documentation | 44% |
| Covered as part of new employee onboarding sessions | 33% |
| Periodic internal marketing/ communication | 33% |

## What Do Awards Comprise of?

| | |
|---|---|
| Cash | 78% |
| Company branded merchandise | 39% |
| Points with menu of products to redeem against | 28% |
| Trophy/plaque | 28% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 28% |
| Experiential awards - holidays, family outings etc. | 17% |

# Professional Services

## Key Takeaways

**Overall Trend:** At 62%, the average AIR$^e$ score for companies in this sector largely aligns with the Pan-US average. However, there is a significant variation in scores, with the top 25% of companies scoring 76% or higher and the bottom 25% scoring 54% or lower. As a result, while a third of companies perceive their programs as 'Highly effective', almost half perceive them as moderate, and 20% consider them 'Low' to 'Very low'.

**Best Practices:** 85% of companies in the sector focus on demonstrating behaviors in their programs instead of looking only at performance/results. Almost all companies strongly l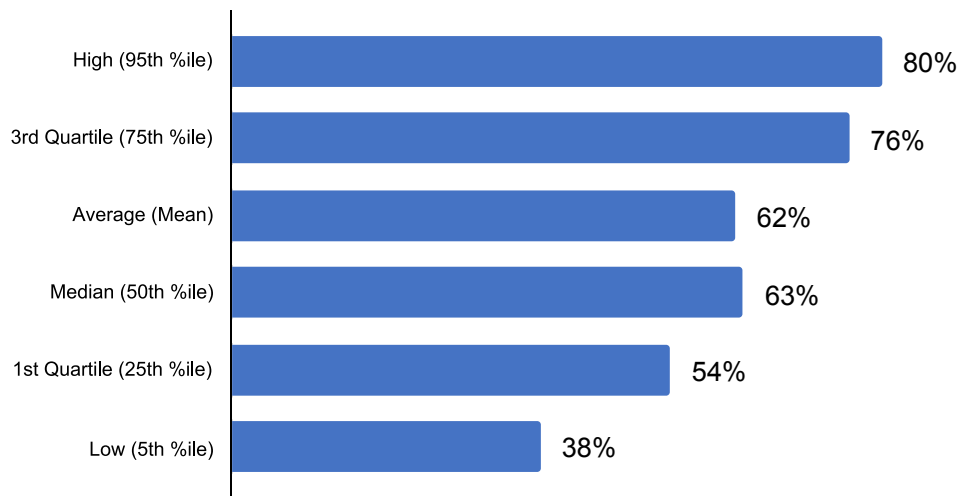everage communication from both 'Leadership and HR teams' to drive program adoption and participation while investing significantly in program documentation and clarification.

**Recommendations:** Companies in the Professional Services sector should relook at their objectives and expectations from their Recognition Programs, especially from the perspective of harnessing recognition to drive behaviors that contribute to better performance. Once companies make this shift, they should also look at building in some elements of year-round recognition. Post this, they can start looking, thus further enhancing Incentivization and eMotional Connect aspects in their programs.

## Pan-US AIR<sup>e</sup> Benchmarks



| | |
|---|---|
| High (95th %ile) | 80% |
| 3rd Quartile (75th %ile) | 76% |
| Average (Mean) | 62% |
| Median (50th %ile) | 63% |
| 1st Quartile (25th %ile) | 54% |
| Low (5th %ile) | 38% |

## Perceived Effectiveness of Recognition Programs



- High — 33%
- Moderate — 48%
- Low — 10%
- Very Low — 10%

## Prevalence of Various Elements of Recognition Programs



| Special occasions celebrations (birthdays, anniversaries etc.) | Spot awards | Service/Tenure -based awards | Formal thank you/ well done notes | Monthly/Quarterly/ Annual awards |
|---|---|---|---|---|
| 71% | 71% | 67% | 62% | 52% |

# Professional Services

## Key Program Objectives

| Objective | Percentage |
|---|---|
| Drive employee engagement | 81% |
| Enhance performance/productivity | 52% |
| Increase loyalty/retention | 52% |

## AIR$^e$ Score by theme

| Theme | Score |
|---|---|
| Appreciation | (Medium+) |
| Incentivization | (Medium) |
| Reinforcement | (Medium) |
| eMotional Connect | (Low-Medium) |

Low — Medium — High

| | DRIVERS OF AUTHENTICITY | DRIVERS OF IMPACT |
|---|---|---|
| Appreciation | Coverage | Frequency |
| Incentivization | Clarity | Impetus |
| Reinforcement | Specificity | Alignment |
| eMotional Connect | Personalization | Delivery |

# Professional Services

## Coverage & Frequency of Recognition Programs

| | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | 33% | 10% | 10% | 5% | 10% | 24% |
| Junior Professionals | 5% | 10% | 14% | 29% | 10% | 33% |
| Middle Management | 10% | 10% | 19% | 24% | 10% | 29% |
| Senior Management | 14% | 19% | 14% | 24% | | 29% |
| Top Management | 33% | 14% | 24% | 10% | | 19% |
| Consultants/Contractors | 57% | 19% | 14% | | | 5% |

Legend: NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime

## What Gets Recognized?

| | |
|---|---|
| Recognition is based on both results and behaviors | 71% |
| NA - no specific behaviors, only high performance/results are recognized | 14% |
| Recognition is based on results but some element of behaviors are used for shortlisting/finalization | 14% |
| Recognition is based on demonstration of identified behaviors/values only | 0% |

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

| | |
|---|---|
| NA - no defined approach | 48% |
| Through higher value awards for repeat/consistent demonstration | 33% |
| Through special status (Eg: badges and titles) for repeat/ consistent demonstration which may be in addition to higher value awards | 19% |

Professional Services

### How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

Award names clearly reflect increasing level of achievement/demonstration of behaviors — 29%

Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 29%

NA - no defined approach — 24%

Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 19%

### What Drives the Value of Awards?

Social recognition — 67%

Financial incentive that comes with the recognition — 62%

Awards event within team/department — 48%

Company-wide awards event — 48%

Special status/privileges for awardees — 38%

Involving family members of awardees — 5%

### How Does This Value Get Complemented?

Leadership communication — 86%

HR communication and buzz — 76%

Allowing employees to nominate others — 62%

Gamification of program — 29%

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Clearly defined in the program documentation | 57% |
| Periodic internal marketing/ communication | 57% |
| Covered as part of new employee onboarding sessions | 52% |

## What Do Awards Comprise of?

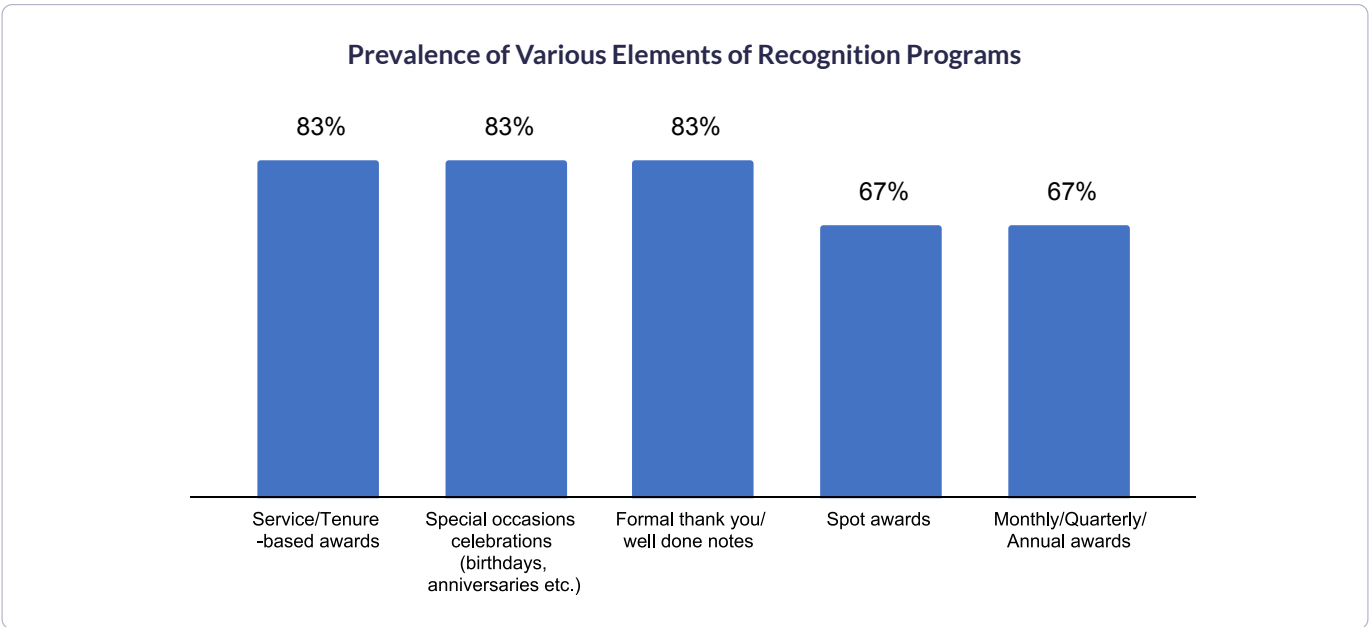| Category | Percentage |
|---|---|
| Cash | 67% |
| Company branded merchandise | 57% |
| Points with menu of products to redeem against | 48% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 48% |
| Experiential awards - holidays, family outings etc. | 38% |
| Trophy/plaque | 29% |

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# Travel, Hospitality and Retail

## Key Takeaways

**Overall Trend:** At 62%, the average AIR$^e$ score for companies in this sector largely aligns with the Pan-US average. However, there is a significant variation in scores, with the top 25% of companies scoring 72% or higher and the bottom 52% scoring 54% or lower. As a result, while a third of companies perceive their programs as 'Highly effective', a third perceive them as 'Moderate', and a third consider them to be either 'Low' or not have any defined objectives at all.

**Best Practices:** 83% of companies in the sector focus significantly on demonstrating behaviors in their programs instead of looking only at performance/results. 75% of companies have some mechanisms to differentiate differing levels of behavioral outcomes/results. Almost all companies strongly leverage communication from both Leadership and HR teams to drive program adoption and participation.
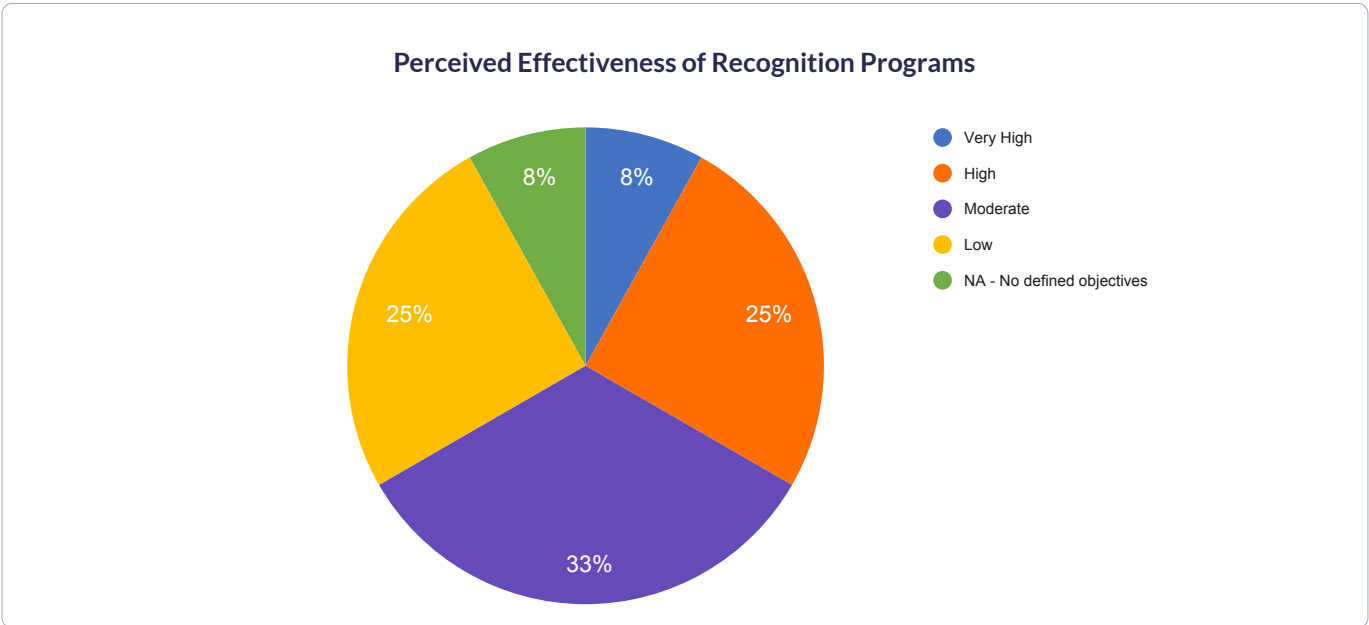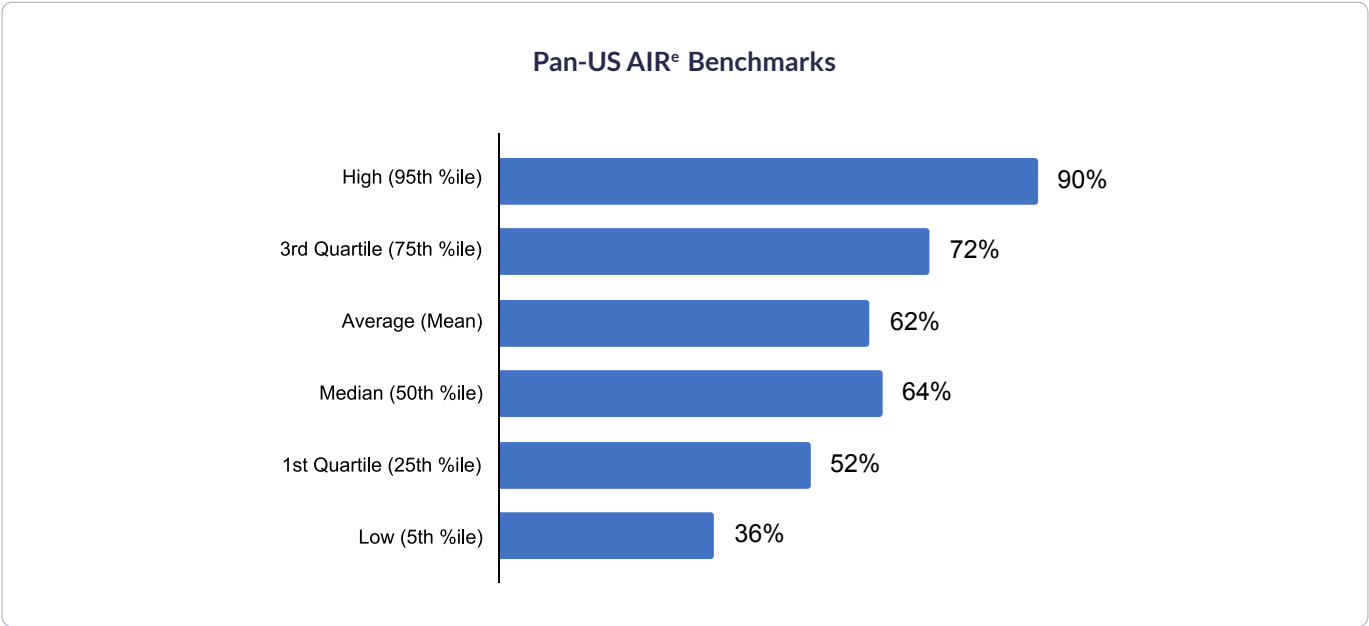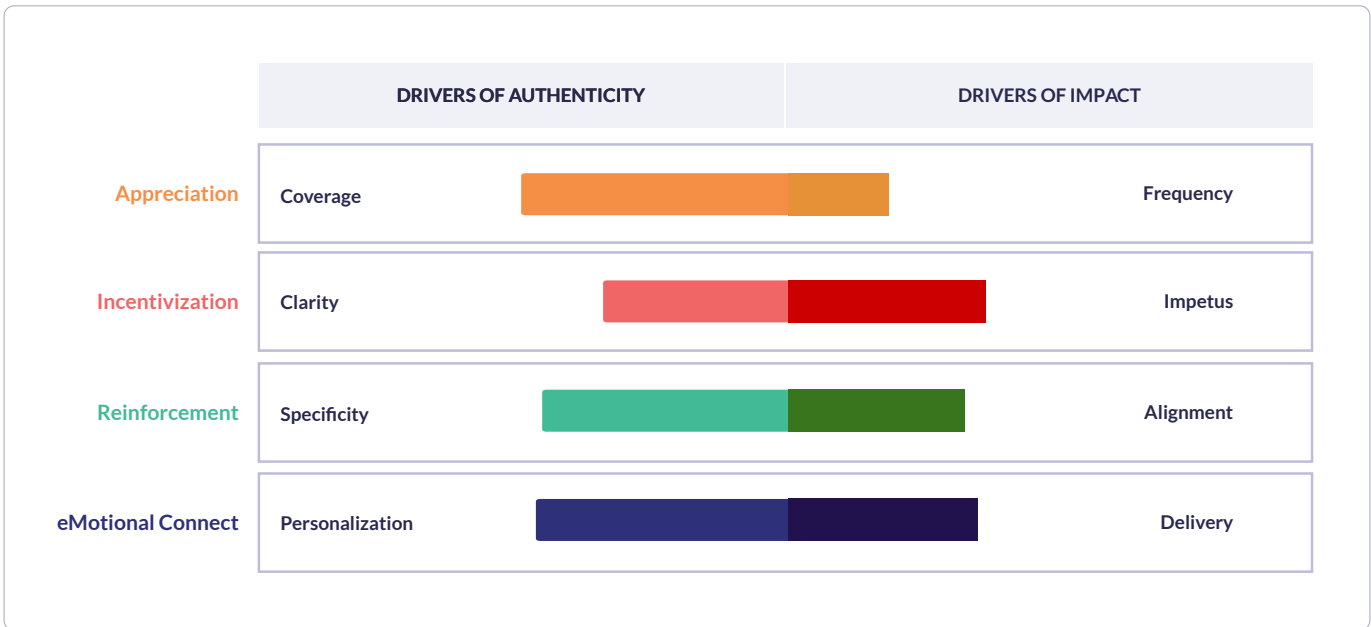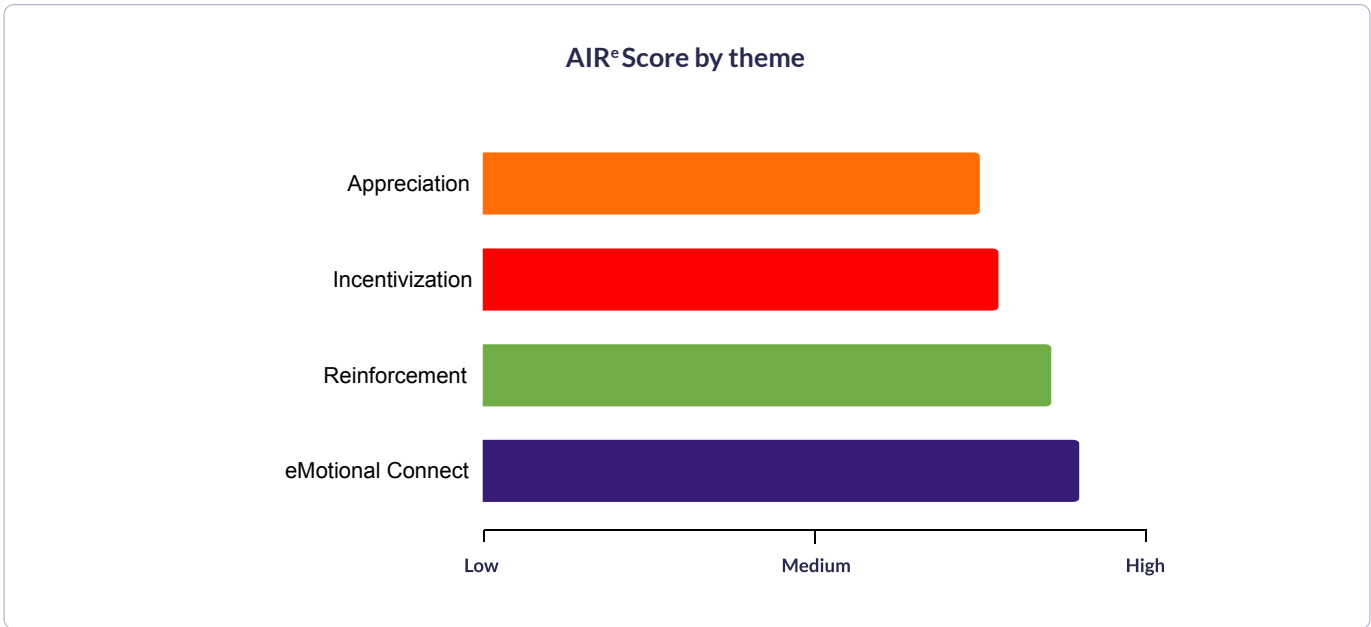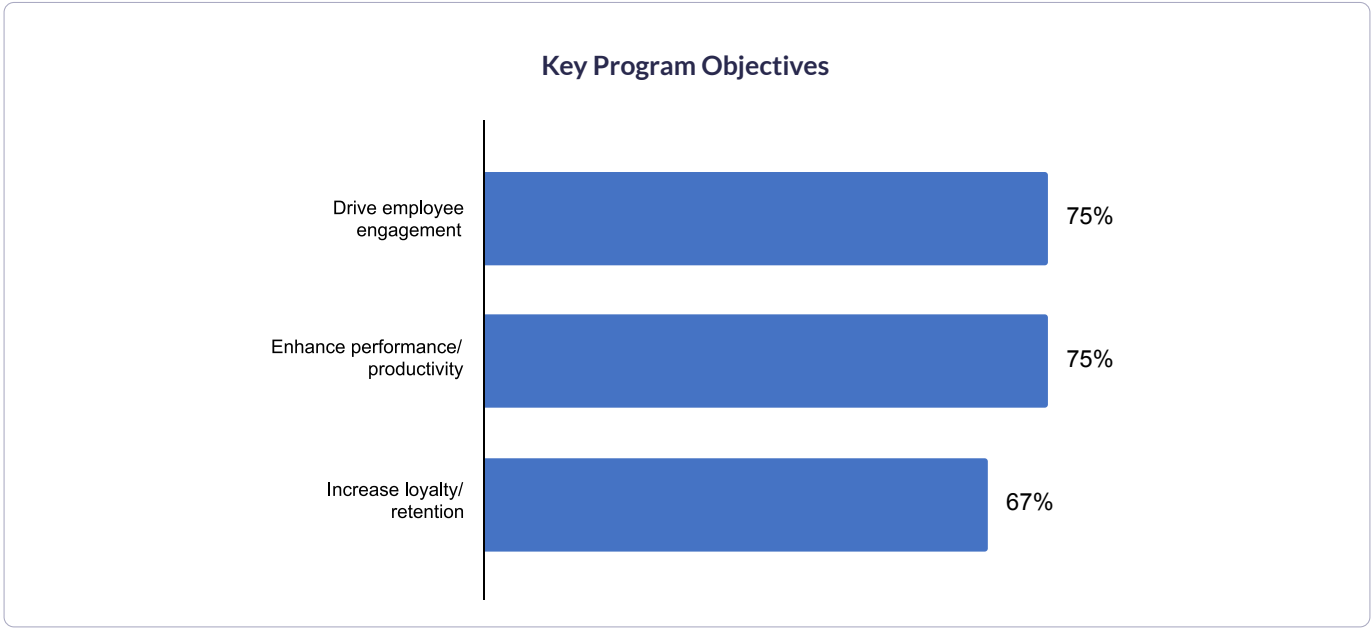
**Recommendations:** The most critical recommendation for companies in the Travel, Hospitality, and Retail sectors is to relook at their objectives and expectations from their Recognition Programs by understanding the underleveraged potential of recognition. They should actively look at employee engagement as a key objective of their Recognition Programs while also harnessing recognition to drive behaviors that contribute to better performance. Post this, companies can start looking at how to enhance the design of their programs based on these objectives.

## Pan-US AIRᵉ Benchmarks

| Benchmark | Value |
|---|---|
| High (95th %ile) | 90% |
| 3rd Quartile (75th %ile) | 72% |
| Average (Mean) | 62% |
| Median (50th %ile) | 64% |
| 1st Quartile (25th %ile) | 52% |
| Low (5th %ile) | 36% |

## Perceived Effectiveness of Recognition Programs

- Very High — 8%
- High — 25%
- Moderate — 33%
- Low — 25%
- NA - No defined objectives — 8%

## Prevalence of Various Elements of Recognition Programs

| Element | Value |
|---|---|
| Service/Tenure-based awards | 83% |
| Special occasions celebrations (birthdays, anniversaries etc.) | 83% |
| Formal thank you/well done notes | 83% |
| Spot awards | 67% |
| Monthly/Quarterly/Annual awards | 67% |

# Travel, Hospitality & Retail

## Key Program Objectives

| Objective | Value |
|---|---|
| Drive employee engagement | 75% |
| Enhance performance/ productivity | 75% |
| Increase loyalty/ retention | 67% |

## AIRᵉ Score by theme

| Theme | |
|---|---|
| Appreciation | |
| Incentivization | |
| Reinforcement | |
| eMotional Connect | |

Low — Medium — High

| | DRIVERS OF AUTHENTICITY | | DRIVERS OF IMPACT |
|---|---|---|---|
| Appreciation | Coverage | | Frequency |
| Incentivization | Clarity | | Impetus |
| Reinforcement | Specificity | | Alignment |
| eMotional Connect | Personalization | | Delivery |

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# Travel, Hospitality & Retail

## Coverage & Frequency of Recognition Programs

| | NA - not covered | Annual | Half Yearly | Quarterly | Monthly | Year round/Anytime |
|---|---|---|---|---|---|---|
| Blue Collar Workers/ Feet on Street | | 17% | | 17% | 58% | 8% |
| Junior Professionals | 25% | 17% | 8% | 17% | 17% | 17% |
| Middle Management | 8% | 42% | 8% | 25% | 8% | 8% |
| Senior Management | 33% | 50% | | | | 17% |
| Top Management | 42% | 42% | | | | 17% |
| Consultants/Contractors | 67% | 17% | | | | 8% |

Legend: ■ NA - not covered ■ Annual ■ Half Yearly ■ Quarterly ■ Monthly ■ Year round/Anytime

## What Gets Recognized?

- Recognition is based on both results and behaviors — 67%
- NA - no specific behaviors, only high performance/results are recognized — 17%
- Recognition is based on results but some element of behaviors are used for shortlisting/finalization — 8%
- Recognition is based on demonstration of identified behaviors/values only — 8%

## How Does Consistent/Repeated Demonstration of Behaviors Get Recognized?

- NA - no defined approach — 42%
- Through higher value awards for repeat/consistent demonstration — 42%
- Through special status (Eg: badges and titles) for repeat/consistent demonstration which may be in addition to higher value awards — 17%

## How Do Differing Levels of Achievement/Demonstration of Behaviors Get Differentiated?

Award names clearly reflect increasing level of achievement/demonstration of behaviors & Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 33%

NA - no defined approach — 25%

Award names clearly reflect increasing level of achievement/demonstration of behaviors — 25%

Monetary value of awards clearly reflect increasing level of achievement/demonstration of behaviors — 17%

## What Drives the Value of Awards?

Financial incentive that comes with the recognition — 67%

Company-wide awards event — 67%

Special status/privileges for awardees — 58%

Awards event within team/ department — 50%

Social recognition — 50%

Involving family members of awardees — 8%

## How Does This Value Get Complemented?

Leadership communication — 67%

HR communication and buzz — 58%

Allowing employees to nominate others — 50%

Gamification of program — 17%

## How Do Companies Ensure that Employees Understand the Recognition Criteria & Process?

| Category | Percentage |
|---|---|
| Clearly defined in the program documentation | 58% |
| Covered as part of new employee onboarding sessions | 58% |
| Periodic internal marketing/ communication | 50% |

## What Do Awards Comprise of?

| Category | Percentage |
|---|---|
| Company branded merchandise | 75% |
| Certificate/citation calling out basis for recognition (achievement/behaviors) | 67% |
| Experiential awards - holidays, family outings etc. | 67% |
| Cash | 50% |
| Trophy/plaque | 50% |
| Points with menu of products to redeem against | 25% |

Appendix 2

# Getting your AIR<sup>e</sup> Quality assessed

If you are a company that is looking to leverage the power of Recognition, the AIR^e Assessment is just the right starting point. The AIR^e Assessment is the only tool available globally that quantitively assesses the design of Recognition Programs. It aims to overcome the 'Recognition Paradox' by incorporating metrics and measurement into the program design.

## The Recognition Paradox

R&R is one of the most prevalent HR practices

But the true potential of R&R is not understood by stakeholders

Huge amount of available research and content on the power of Recognition.

Organisational investment in the design & execution of R&R programs are suboptimal

Companies continue to invest in R&R programs, but recognition is still underleveraged

The impact of R&R programs is either not measured, or if measured, benchmarks are based on suboptimal programs.

The AIR^e Assessment can be used to assess the design of your existing program and test out a program design. It is currently available free of cost and may be taken multiple times. The assessment is conducted through an online questionnaire with just 10 questions. All questions are objective/multiple-choice, requiring under 15 minutes to respond. The report is emailed to you as soon as you submit the assessment.

The AIR^e Assessment report provides you with an overall score for the Recognition Programs design and a breakdown of scores across each of the dimensions of the AIR^e framework.

The objective is to:

- Give a single numerical score rating the design of your Recognition Programs
- Provide a starting point to revisit the design of your program by identifying the dimensions where your program can be enhanced

# Understanding your AIR$^e$ Score

The overall AIR$^e$ score is calculated by adding the scores across each dimension of the AIR$^e$ Framework. The minimum possible score is 20%, and the maximum is 100%. If you want to know how your AIR$^e$ score compares to others, consult the global benchmarks provided in this report's 'Measuring Up' section.

However, our recommendation is to focus more on what your AIR$^e$ score reveals about your program, as shown below:

| AIR$^e$ Score Range | Zone | Interpretation |
|---|---|---|
| 81% - 100% | Zone of Effectiveness | Scores in this zone are indicative of a well-designed Recognition Program. While there may be opportunities to optimize the program design further, the benefit may be only marginal. If your AIR$^e$ score falls in this zone and you are still unconvinced about the program's effectiveness, it is important to review program utilization metrics. |
| 71% - 80% | Cusp | Scores in this zone suggest that your program is almost in the optimal design zone. Just a few tweaks and enhancements are required without having to revisit most of the program's design. Once you have made these changes, you should review the program utilization metrics to identify further opportunities for enhancing program effectiveness. |
| 41% - 70% | Zone of Opportunity | Scores in this zone suggest that your program has the right intentions and is possibly backed by investments in the program. However, there is significant scope for enhancing the design to drive effectiveness. This is a good place to be because the tougher part – aligning key stakeholders on the importance of Recognition – is already in place. |
| 21% - 40% | Zone of Re-Evaluation | Scores in this zone indicate a lack of conviction in the power of Recognition. There is a need to completely re-evaluate why you want to have a Recognition Program at all. We recommend that you re-design your program only after you have educated all key stakeholders on the importance of Recognition and have agreed on program objectives. |

# How can Vantage Circle help us post the AIR$^e$ Assessment?

Vantage Circle strives to help its clients get the most out of their Recognition Programs. Once you get your AIR$^e$ Assessment results, here's how Vantage Circle can help you in the next stage:

**1. Leveraging technology to infuse AIR$^e$ into your current program:**

Vantage Rewards is a powerful SaaS-based reward and recognition platform that is easy to use and makes the employee recognition process meaningful, fun, cost-effective, and globally accessible. With features like gamification, social dashboards, flexible gifting options, and powerful analytics, Vantage Rewards is designed to infuse AIR$^e$ into every aspect of your Recognition Programs.

**2. Deep diving into the AIR$^e$ Assessment insights:**

The AIR$^e$ assessment provides an overall view into the design of your Recognition Programs. Our Centre of Excellence can help you get further actionable insights by delving into each aspect of the program design and analyzing the actual utilization trends. We will also conduct additional surveys / focused group discussions with your HR team for further gap analysis.

**3. Re-engineering your Recognition Programs to enhance AIR$^e$ Quality:**

Our Centre of Excellence offers a comprehensive Advisory Service that includes a deep-dive analysis of your current Recognition Programs and a detailed program redesign.

# VANTAGE CIRCLE

# About
# Vantage Circle

USA | Canada | India | Netherlands | Australia

*Vantage Circle, a global SaaS employee engagement platform, empowers companies to drive holistic employee engagement through rewards and recognition, employee wellness, employee surveys, and exclusive corporate perks. With a diverse client base spanning prominent global corporations and 2M+ users, Vantage Circle has garnered numerous accolades for its innovative and comprehensive approach, including Brandon Hall Award, Baker's Dozen, G2, and more. Experience the power of seamless employee engagement and elevate your organization to new heights with Vantage Circle's award-winning solutions.*

# Our Global Employee Engagement Solutions

## VANTAGE REWARDS

A SaaS-based rewards & recognition solution with a flexible reward-redemption option from a catalog of gift cards, merchandise, and experiences available to the global workforce.
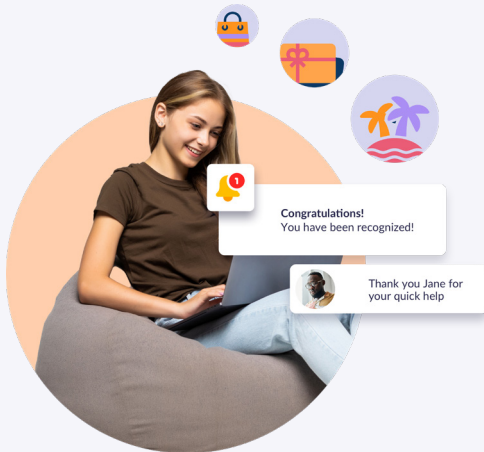


## VANTAGE PULSE

A powerful employee survey tool to measure employee experience.



## Vantage Fit

A global employee wellness platform to enhance employee well-being and productivity.



## VANTAGE PERKS

A comprehensive employee discounts marketplace to provide exclusive corporate deals and cashback on a global catalog of top brands.

# Our **Services**

## Vantage Gifting

Employee Gifting Service

## Vantage Onboarding

Company Branded Joining Kit
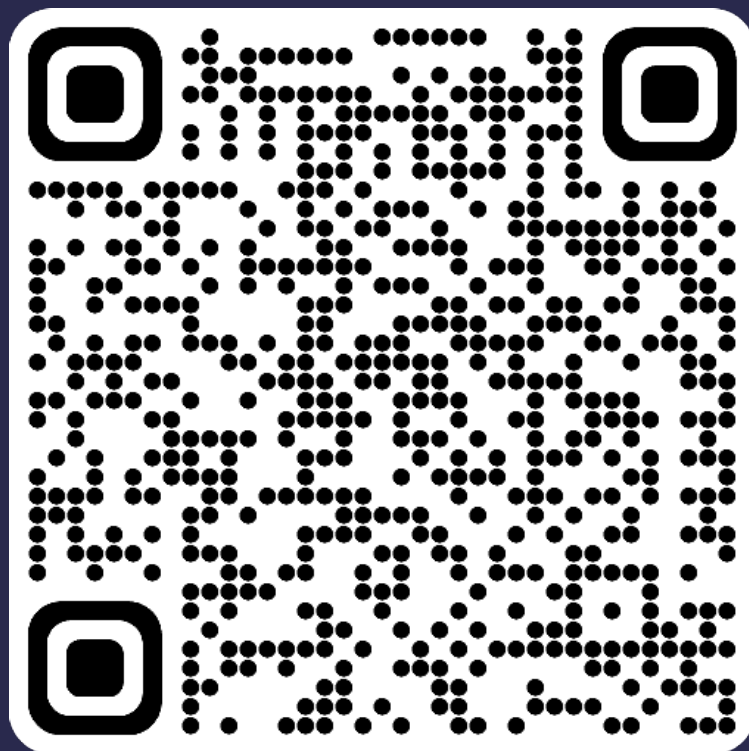
## Vantage Edge

Program to Fortify Client Relationship

## R&R Program Design

AIR$^e$ Framework Based Assessment, Consultation, and Design

# VANTAGECIRCLE

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# Scan and Evaluate your R&R program with AIR$^e$ score

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