

THE HAPPINESS STUDY

An Employee Rewards & Recognition Study

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Where Employee Happiness Comes From – and Doesn't

Happy employees are more productive than unhappy employees. That's probably not news to you, but I think this will be: Our new national study clearly shows that employee rewards and recognition — a key component in growing employee happiness — are not aligned with what makes employees happy and more productive.

This study begins by identifying what makes employees happy in general. We asked what's most important to them, where their job stacks up on their happiness scale and what kinds of employee rewards they're currently offered. The results uncover key opportunities for significant growth in productivity and optimizing existing reward programs.

As lifestyles and priorities have shifted, so has the role work plays in overall happiness. Today, work is more in the bottom half of employees' lives, ranking below some surprising alternative happiness influencers. That said, work is still instrumental in the overall life balance for happiness, and making employees happier at work requires thoughtful, effective rewards. This represents an opportunity for you, and a big one.

There are a number of interesting findings from our study. All of the key employee expectations for happiness at work are being met for at least 50% of employees, with one exception: rewards and recognition, which fall well below.

And gone are the days when all-expense-paid trips and merchandise have much influence in making employees happy, productive or motivated. Employees, particularly younger ones, want more immediate and consistent recognition for their contributions, with rewards for exceeding expectations and putting in extra hours for work beyond their usual responsibilities.

There's significant price elasticity, increased productivity and savings to be had by employers when using rewards that give employees flexibility to use as they wish. Where the majority use their rewards, even sizeable ones, may surprise you, too.

This study also identifies how to best communicate recognition and price elasticity for bonuses and anniversary rewards, and how to engage employees for safety, after-hours training, recruiting, retention, reducing sick days and participating in wellness programs.

This is the first of four reports for this study, which will be extrapolated across industries and various types of employees. Subsequent reports will focus on happy Millennials, happy professionals and happy hourly employees.

If you're an HR leader, we can create a custom report for you, using our nationally representative data for your specific industry and situation.



Please reach out and let us know your questions and thoughts.

Stay happy,

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METHODOLOGY

Blackhawk Engagement Solutions conducted this national study in the spring of 2015 to identify the key components of employee happiness, and the particular role of reward and recognition programs in that happiness. The results reflect the responses of 1,851 adults, representing a wide cross-section of the US workforce.

AGE

18–22	3%
23–29	16%
30–39	22%
40–49	25%
50–59	21%
60+	13%

EDUCATION

Less than high school	1%
High school diploma	6%
Some college	20%
College graduate	40%
Graduate school	28%

GENDER

Female	51%
Male	49%

Numbers may not sum to 100 due to rounding.

ETHNICITY

American Indian or Alaskan Native	2%
Asian or Pacific Islander	5%
Black or African American	15%
Hispanic or Latino	16%
White or Caucasian	57%
Prefer not the answer	6%

INCOME

< \$19,999	6%
\$20–\$49,999	16%
\$50–\$99,999	32%
\$100–\$199,999	34%
\$200,000+	12%

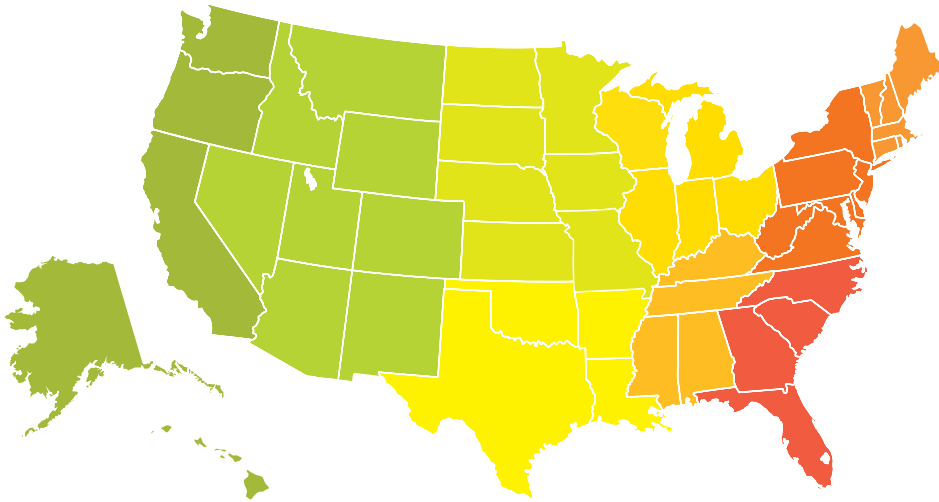
COMPENSATION TYPE

Salaried	53%
Hourly	44%
Commission	6%

JOB TITLE

Owner	5%
Chief officer	1%
Vice president	1%
Director	5%
Manager	10%
Supervisor	6%
Foreman	<1%
Sales rep	4%
Analyst	6%
Technician	6%
Operator	2%
General staff	13%
Coordinator/Specialist	9%
Executive assistant	1%
Administrative assistant	5%
Entry level	4%
Consultant	2%
Other	21%

METHODOLOGY



REGION

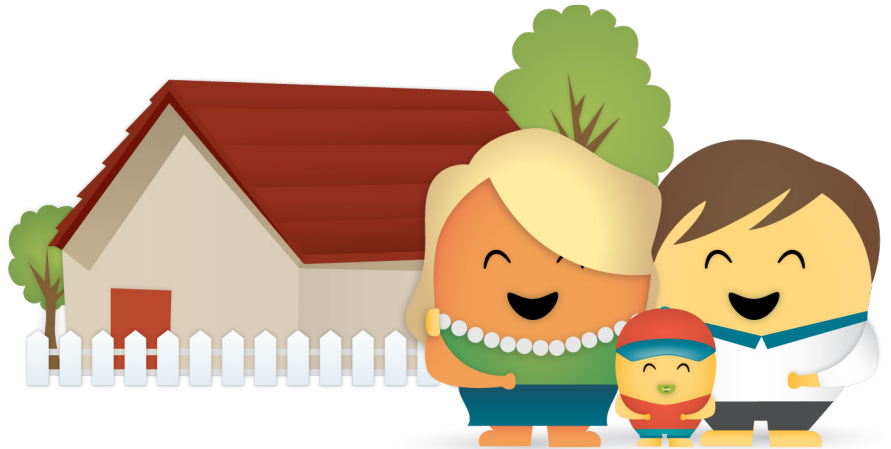
Pacific	20%
Mountain	8%
West North Central	7%
West South Central	11%
East North Central	16%
East South Central	4%
New England	5%
Middle Atlantic	13%
South Atlantic	20%

OWN VS. RENT

Own	60%
Rent	40%

RELATIONSHIP STATUS

Married/Civil union	51%
Widowed/Divorced/Separated	14%
Living with significant other	11%
Never married	25%



What Makes Employees Happy?

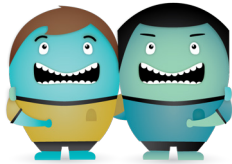
What makes “employees” happy are the things that make “people” happy. For years, much attention has been paid to work-life balance, and accordingly more people today work to live, instead of living to work.

When asked to rank these key factors by how much they contribute to happiness, employees put work in the bottom half.

- 1 FAMILY
- 2 FRIENDS
- 3 HEALTH
- 4 HOBBY
- 5 COMMUNITY
- 6 FOOD & DRINK
- 7 HOME
- 8 JOB
- 9 PETS
- 10 MUSIC
- 11 VACATION
- 12 SPORTS TEAM



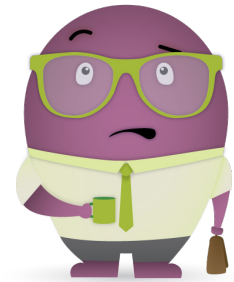
88%
ranked Family as one of their top 3 factors



43%
ranked Friends as one of their top 3 factors



41%
ranked Health as one of their top 3 factors



Only 17% ranked Job as one of their top 3 factors



67%
say their jobs are important to their overall happiness



51%
say their jobs make them feel happy compared to other important things in their lives

Once mainstays of employee motivation, vacations and prime tickets to sporting events are at the bottom of the happiness rankings, and thus do not serve as positive reinforcement for most employees.



ARE EMPLOYEES ENGAGED?

Key Employee Expectations for Happiness at Work

Overall, employers are moderately successful at making employees happy, comfortable and focused at work — with one exception: rewards and recognition.

90%

have a clear understanding of what's expected of them at work

80%

have materials, equipment and training they need to do their job

78%

believe their colleagues are committed to quality work

76%

get to do what they do best

76%

believe their boss seems to care about them

75%

had opportunities to learn and grow this past year

74%

said the mission of their job makes them feel important

69%

believe their opinion counts at work

69%

have a best friend at work

65%

said their employer encourages their development

64%

have performance check-in every six months

59%

are happy in general with their job

54%

have received praise for their work in the last week

Only 42% are happy with the rewards and recognition their company offers.

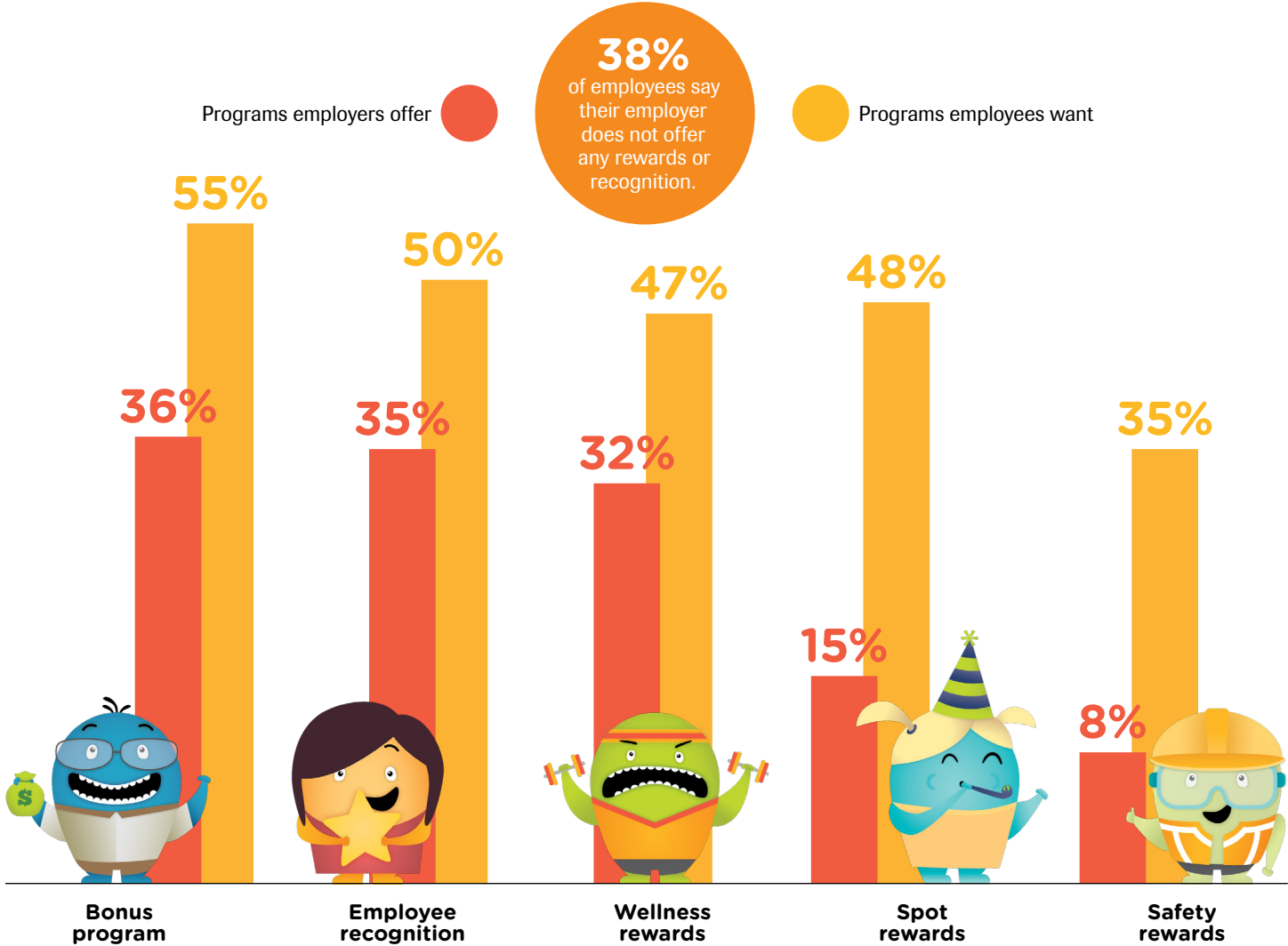
Rewards and recognition are at the very bottom in terms of how employees perceive their employers' efforts to make them happy.



THE RECOGNITION GAP

What Employees Want, and What They Get

There's a conspicuous gap between the rewards employees receive as part of recognition programs, and the rewards they'd prefer to receive.



THE ELIGIBILITY GAP

What Employees Want, and What They Don't Get

Even when rewards and recognition are part of the company culture, sizeable portions of the workforce aren't always eligible to receive all the various types.

If your employer offers a reward, how often are you eligible to participate in an employee program?

	Once per year	Once per quarter	Once per month	Ongoing	Not eligible
BONUS	38%	11%	5%	10%	36%
RECOGNITION	19%	9%	8%	26%	38%
WELLNESS	23%	8%	5%	22%	43%
SPOT	7%	5%	4%	19%	66%
SAFETY	6%	4%	4%	7%	80%



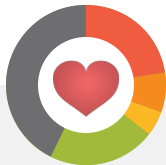
BONUSES

are typically rewarded annually, but 36% of employees who receive some type of reward don't receive a bonus.



EMPLOYEE RECOGNITION REWARDS

are usually ongoing, but 38% of employees who receive some type of reward don't receive recognition rewards.



WELLNESS REWARDS

are generally offered once per year or ongoing, but 43% of employees who receive some type of reward aren't eligible for wellness rewards.



SPOT REWARDS

are typically awarded on an ongoing basis, but 66% of employees who receive rewards don't receive spot rewards.



SAFETY REWARDS

are equally offered annually and ongoing, but 80% of employees who receive rewards are ineligible for safety rewards.

The Personal Touch

Employees have definite ideas on how they prefer to be recognized. What makes them happiest? Personalized recognition from their manager.

Ranking of recognition methods that make employees happiest.



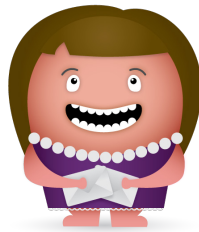
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Personal email from manager



2

Personal email from company executive



3

Team email from manager or other company leader



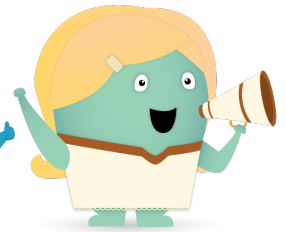
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Company-wide announcement on intranet



5

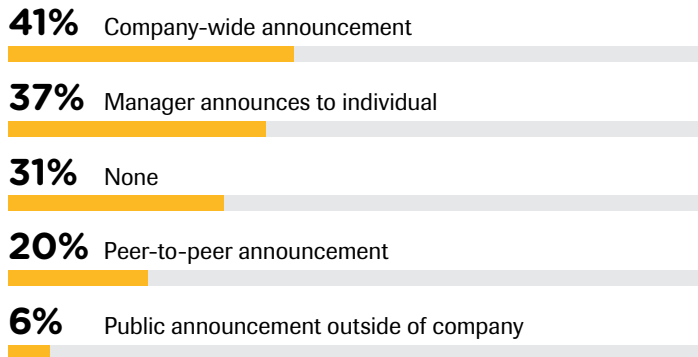
Personal email, intranet and social media post



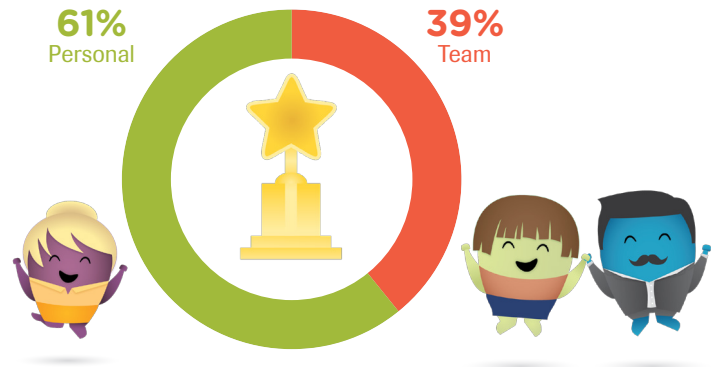
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Announcement on company's social media

How does your employer formally announce employee recognition for outstanding achievements?

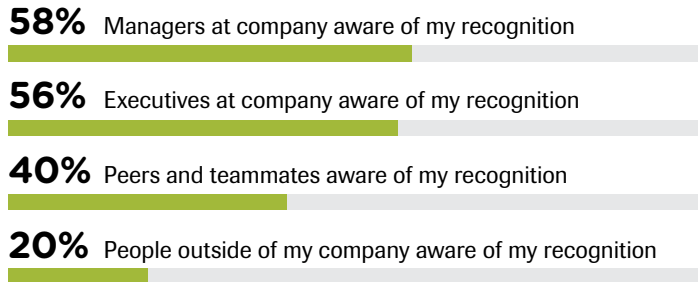


If you were to receive special recognition, which type of accomplishment would you prefer to have recognized?

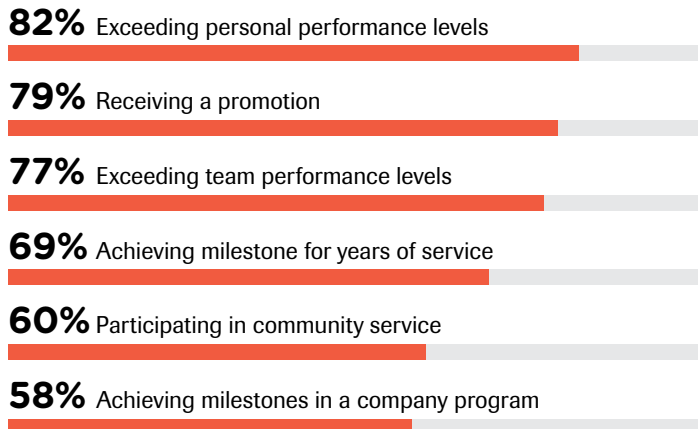


RECOGNITION PREFERENCES

Which type of recognition awareness makes you happiest?



How happy would you feel for receiving rewards and recognition for these job activities?

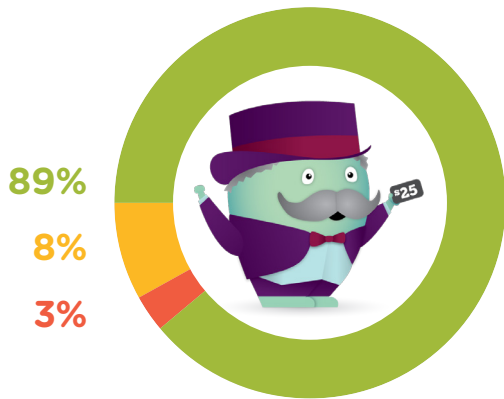


REWARD PREFERENCES

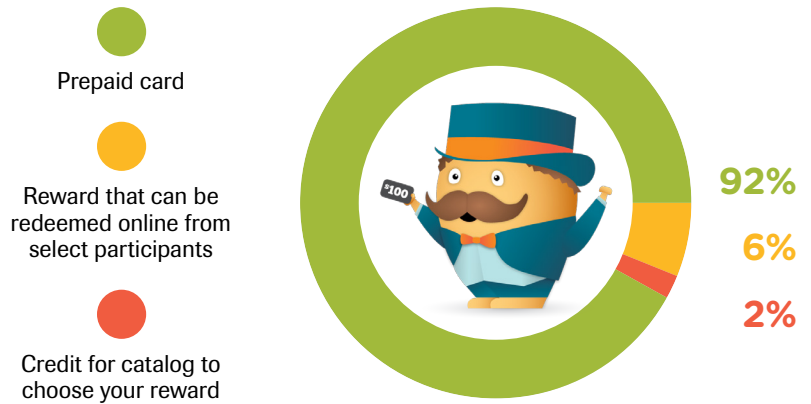
Prepaid Pleases Everyone

Research consistently shows that given a choice, people prefer receiving payments in the form of prepaid cards. Employees prefer them as rewards to an overwhelming degree; even more so than free vacations.

*You've earned an employee reward worth \$25.
Which type of reward would you prefer?*



*You've earned an employee reward worth \$100.
Which type of reward would you prefer?*



52% are happier to receive a reward for doing a great job vs. giving one



Which type of peer-to-peer recognition do you think would make your coworker happiest?

36% Prepaid card

22% Personal email from you

14% Personal email from their manager

14% Gift card from a popular retailer

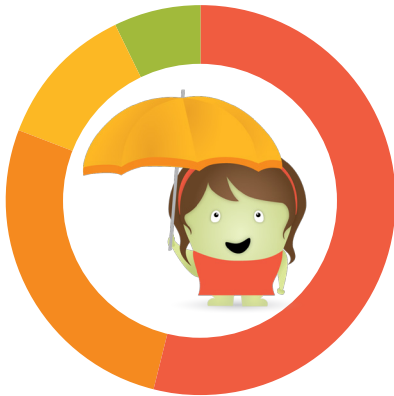
11% Announcement on company intranet or social media

3% Company-branded item

How Rewards Are Used

81% of employees who receive a substantial reward would spend it on practical, everyday things.

What would you do with a substantial reward from your company?



- 54%** Save it for a rainy day
- 27%** Spend it on regular household expenses
- 12%** Unique experience (vacation, fancy meal, etc.)
- 7%** Splurge on gifts

You're being honored for many years of service on the job. Which form of recognition would make you happiest?



- 45%** \$500 prepaid card
- 37%** Four-day, all-inclusive vacation
- 12%** \$1,000 in merchandise credit for catalog
- 4%** Formal recognition among peers and company
- 2%** \$500 gift card for online gift



Despite the huge price difference, the largest number of employees would be happier with the flexibility of a \$500 prepaid card than a four-day paid vacation for two. It's value that makes employees happy, not the price tag of the reward.

A Little Reward Goes a Long Way

Happiness doesn't have to have an expensive price tag. Incentives work, and require little actual rewarding to positively change employee behavior.

80% of employees would be happy to participate in quarterly safety awareness training with a \$25 reward for completing each component

74% would be happy to adhere to all safety and accident prevention procedures for a year-end \$100 reward

72% would be happy to complete after-hours training for a \$25 reward

64% would be happy to recruit a candidate for an open position with the company for a \$100 reward

61% would be happy enough to stay another year on the job for three \$50 spot rewards

60% would be happy to use three or fewer sick days out of a possible six, for a \$50 reward

60% would be happy to participate in a wellness program for a \$25 reward

Percentage who would be happy to participate in a wellness program when:

76% Incentives and rewards are offered for achieving individual goals

67% Free onsite facilities and training staff are available

22% Participation is mandated

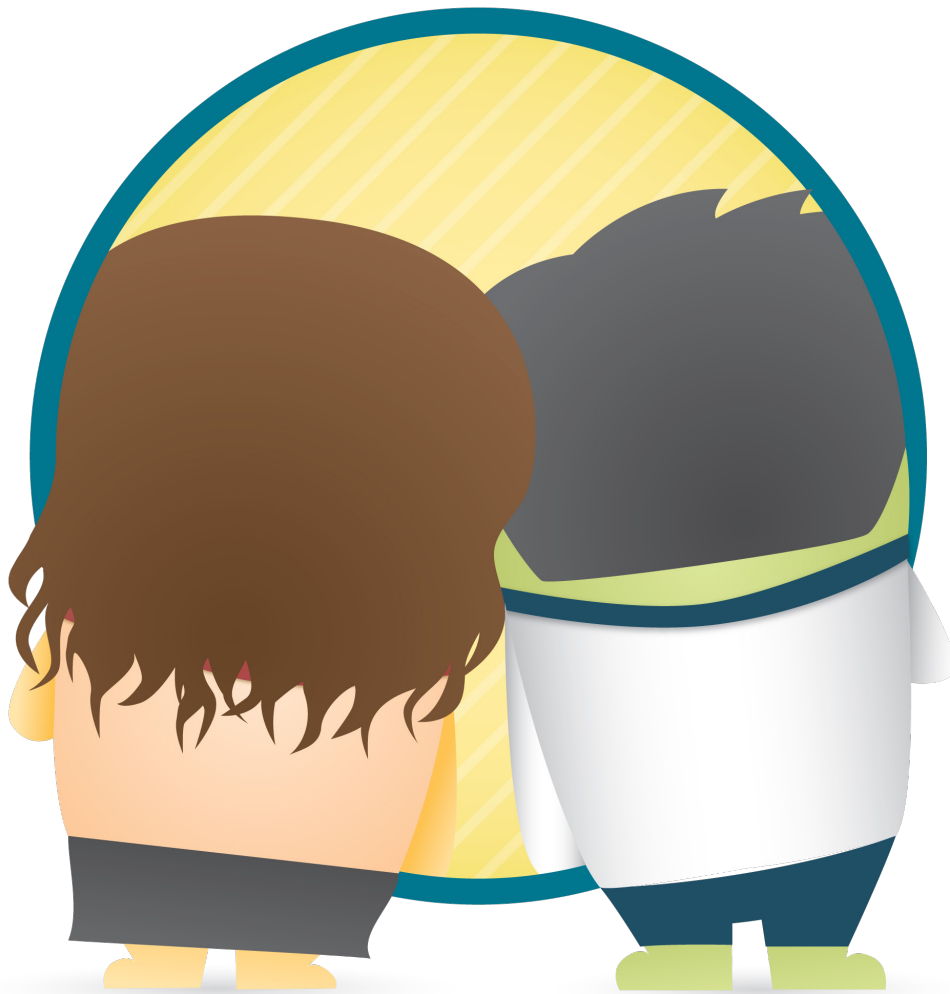
22% There's broad participation and encouragement by peers

12% There's company-wide recognition for achieving personal goals

When participation in a wellness program is required, barely 2 of 10 employees are happy to join a program.

When rewards are offered, the happiness quotient almost quadruples.





Blackhawk Engagement Solutions is a leading global provider of customized incentive and engagement solutions for consumer promotions, employee rewards and recognition, and indirect sales channel management programs. Blackhawk Engagement Solutions is a strategic partner with many of the world's leading brands and a thought leader that provides game-changing engagement solutions. Through innovative products, services and technology, Blackhawk Engagement Solutions inspires actions that impact results.

Blackhawk Engagement Solutions, headquartered in Lewisville, Texas, is a division of Blackhawk Network.

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