



Building a Business Case for Social Recognition



BUILDING A BUSINESS CASE FOR SOCIAL RECOGNITION

When employees are recognized, the business performs better. Recognition is one of the most basic strategies for strengthening the employer and employee relationship, yet it is too often overlooked. Many companies are not aware of the available options and as a result, only recognize employees in an ad hoc way. The right technology can play a critical role in helping organizations make

recognition more consistent, frequent, and meaningful – which ultimately boosts productivity and the bottom line. Based on data collected in 2018, this report helps organizations understand the value of technology-based social recognition solutions and strategies to communicate that value to key internal stakeholders.

BEFORE WE BEGIN:

A DEFINITION OF SOCIAL RECOGNITION

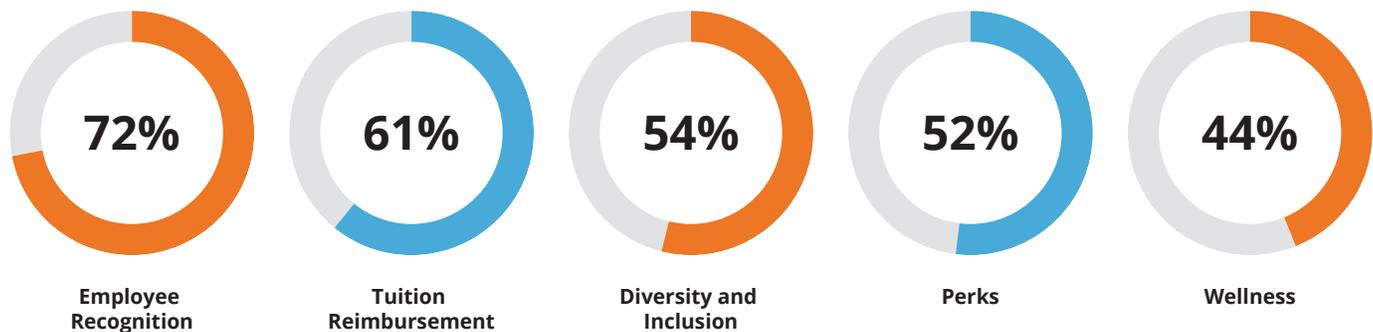
Currently, 60% of companies plan to increase their investment in social recognition technology this year (Aptitude Research Partners, Hire, Engage, Retain Study 2018). As companies implement strategies to address employee engagement and retention, leveraging social recognition technology brings proven results. But, as the demand for recognition has increased, so has the confusion in this market with too many providers claiming to do too many things. Identifying a true partner to provide both strong product functionality as well as exceptional customer service can be a challenge. Companies can feel overwhelmed when considering what matters in the context of their own unique talent and business needs. The first step in considering social recognition is understanding what these solutions can do.

Social recognition technology is a platform that enables companies to recognize and validate behaviors and empower employees to share their work. It provides unlimited access to non-monetary recognition and automates how points are awarded, distributed, and budgeted. Social recognition technology automates the way employees are recognized, encourages peer-to-peer recognition, celebrates sales incentives and years of service, and leverages data to strengthen the company culture and embrace shared victories.

These solutions are designed to be used frequently by leaders, managers, and peers. According to Aptitude Research Partners' 2018 Impact study, companies identified recognition as having the greatest impact on employee engagement (see Figure 1). If companies want to make recognition a priority, they need to invest in solutions that will impact the company culture.

FIGURE 1

The Greatest Impact on Employee Engagement



Source: Aptitude Research Partners, Impact Study 2018, n=512

Without social recognition technology, companies have few contemporary options available for recognizing talent. Some of these alternatives include engagement surveys, service awards, and traditional home-grown rewards and recognition solutions (think hard copy gift cards). These solutions do very little to move companies forward in the way that truly engages and motivates employees.

The goal of this report is to provide clarity around social recognition technology by defining what it is, highlighting its role in modern human capital management, and helping organizations articulate its value to key stakeholders. Intended to empower any champion of social recognition, it provides insights that reinforce putting the employee first and aligning the workforce more closely with business outcomes. To build the business case for social recognition, this report will help answer the following questions:

- 1. What is the ROI of investing in social recognition technology?**
- 2. What are the top challenges that social recognition technology can help solve?**
- 3. How is social recognition technology different from other areas of HR technology?**
- 4. How can the value of social recognition technology be communicated to various key stakeholders?**

ROI ANALYSIS

Companies that invest in social recognition see a significant impact to their overall business results. The ROI Analysis looks at the financial value of an investment in social recognition technology. This section of the report examines where organizations obtain a budget for social recognition as well as the business and talent impact. Companies that invest in social recognition are seeing an improvement in three areas:

Business Impact

Talent Impact

Cost Benefit

BUSINESS IMPACT

When employees feel recognized, they are more likely to contribute to organizational success. They feel appreciated by their employer, manager and peers, and are motivated to contribute to company goals and promote the employer brand beyond just their daily responsibilities. While some companies are able to correlate the impact of recognition on the overall employee experience, research indicates that the value extends to the business. According to Aptitude Research Partner's 2018 Hire, Engage and Retain study, companies that invest in social recognition see an improvement in stock prices and NPS scores, as well as individual performance of employees (see Figure 2).

FIGURE 2

Business Impact of Social Recognition



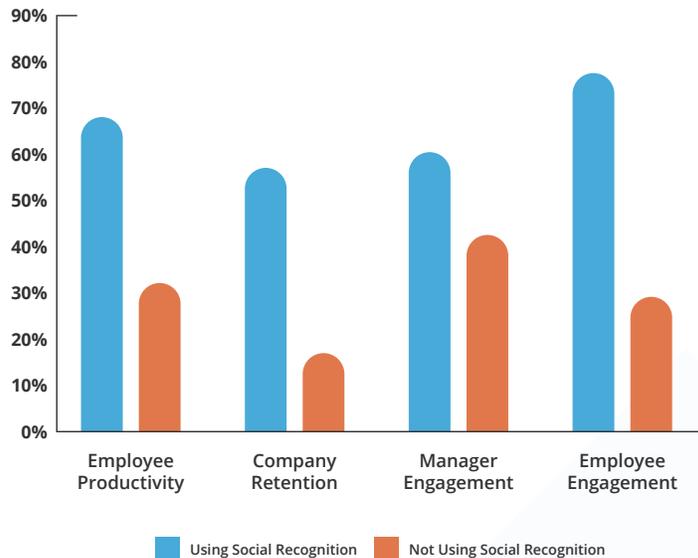
Source: Aptitude Research Partners, Impact Study 2018, n=512

TALENT IMPACT

Social recognition technology uses points-based recognition to highlight the value employees create and empowers them to perform. Companies can set points and award allowances in a way that is meaningful for every level of the organization. Companies that invest in social recognition also see a positive impact in overall talent metrics such as productivity, retention, and engagement. Individuals who are recognized consistently are more likely to stay with their employer and contribute to organizational goals. **One of the reasons that social recognition boosts talent metrics is because it is a solution that employees genuinely want to use.** Unlike some other areas of HR technology that are difficult to use or provide an unfriendly user experience, adoption levels of social recognition for most companies are extremely high.

FIGURE 3
Impact of Social Recognition on Talent Metrics

Source: Aptitude Research Partners, Hire, Engage, and Retain Study 2018, n=512



60%

Retention:

According to Aptitude Research Partners' 2018 Impact study, **nearly 60% of companies** identified retaining top talent as the greatest challenge they face in 2018. At a time when unemployment is low and the competition for talent has never been greater, retention is a priority.

40%

Finding Talent is More Difficult:

Over 40% of companies plan to increase their headcount this year, according to Aptitude Research Partners' 2018 Hire, Engage, and Retain study. The competition for talent has become more intense and companies need to highlight the benefits of the employee experience during the recruitment stages. Candidates want an understanding of life at an employer and companies must provide more than competitive compensation to be able to win over candidates.

50%

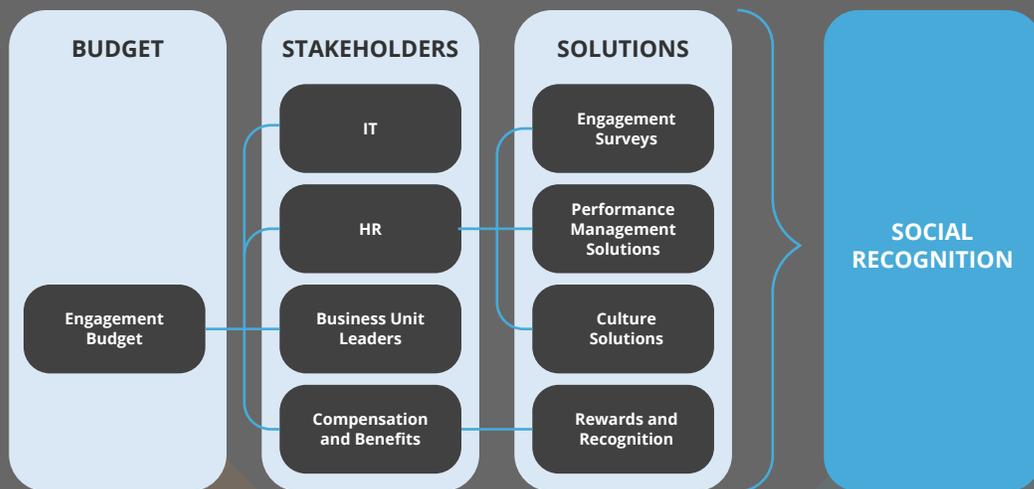
Employees are Burned Out:

Over 50% of companies stated that their employees suffer from burnout, according to research that Aptitude conducted in 2016. Companies need to provide an environment that recognizes successes and motivates employees even when organizational pressure is high.

COST BENEFITS

Companies investing in social recognition are not necessarily required to source new budget. In many cases, they are replacing ineffective, outdated, and unused solutions with social recognition technology. Companies typically perform an internal needs analysis to look at what technology is currently in place and must consider what value it truly provides. Companies that invest in social recognition are often replacing some of this ineffective

technology including traditional engagement surveys, rewards and recognition third-party consultants, antiquated performance systems or legacy rewards platforms. The example below shows the cost savings a company may experience from investing in a social recognition platform. Below is a chart to help illustrate where the engagement comes from and where it is spent at many companies (see Figure 4).



A CLOSER LOOK AT TOP CHALLENGES

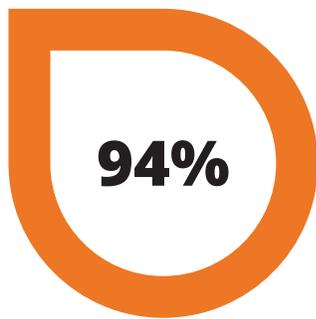
The way companies engage with talent has become increasingly complex. Organizations must think about shifts in workforce demographics and the critical importance of the employee experience. They must think of a more strategic way to invest in technology beyond just their traditional tech stack. And while these challenges present a unique set of opportunities to HR and talent professionals, they can also confuse and overwhelm even the most seasoned leaders.

As a result, employee engagement at many organizations is regressing instead of progressing. Organizations are having trouble retaining employees and demonstrating to them how they can provide meaningful career growth. Several of the challenges that HR and talent leaders face on a daily basis include.

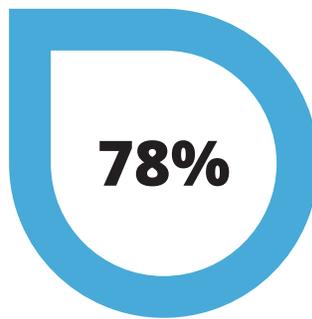
The primary reason that organizations are falling behind in talent engagement and recognition is because they do not have the right solutions in place. Many companies rely solely on email or perfunctory service awards to check the recognition box. They neglect to invest in solutions that make recognition frequent, consistent, and part of the company culture; Social recognition gives companies the ability to recognize individuals in the way they want with personalized solutions. Plus, too often, the greatest challenge with recognition is the way it is communicated. According to research from Aptitude Research Partners in 2016, top performing companies are three times more likely to invest in better communication strategies. These companies see the following improvements when delivering an effective communications strategy:

FIGURE 4

The Impact of Communication and Feedback



94% of individuals said they would be better at their jobs with better feedback.



78% of companies with a communication strategy were able to improve their employee experience.



Companies with a communication strategy are 4X more likely to have engaged employees and 3X more likely to improve quality of hire.

Source: Aptitude Research Partners, Hire, Engage, and Retain Study 2018, n=349

CHANGE MANAGEMENT

Change management is an important step to ensure that this communication happens, but it is often ignored. Companies tend to focus their resources on a fast implementation and overlook long-term strategies for success. Change management can be challenging for a variety of reasons, including negative experiences with prior implementations, fear of new technology, and resistance from

employees. Companies must be open to feedback and address any concerns with change even when the idea of a new technology is very promising. When organizations are willing to invest the right amount of time and resources into managing change, they can improve adoption and reap the benefits of technology much more quickly.

Company leaders should ask themselves the following five questions when building change management initiatives:

- 1** Who will be the change champion and does that individual reside in HR?
- 2** What communication strategy will we use to engage with key stakeholders and employees?
- 3** What are the common change management mistakes we have encountered in the past?
- 4** What metrics should we evaluate to ensure adoption?
- 5** How often will we evaluate our change management strategy?

A BETTER SOLUTION

Organizations that want to manage this increased complexity and do a better job engaging employees must consider social recognition technology. These solutions provide an improved employee experience, stronger communication, and a culture that puts the employee first.

How Is It Different?

Social recognition technology provides a more engaging employee experience. As HR technology is shifting away from traditional solutions that manage compliance and administrative tasks to experience solutions that have more long-lasting results (productivity, engagement, and retention). Employee experience needs to be a key factor in technology decision-making.

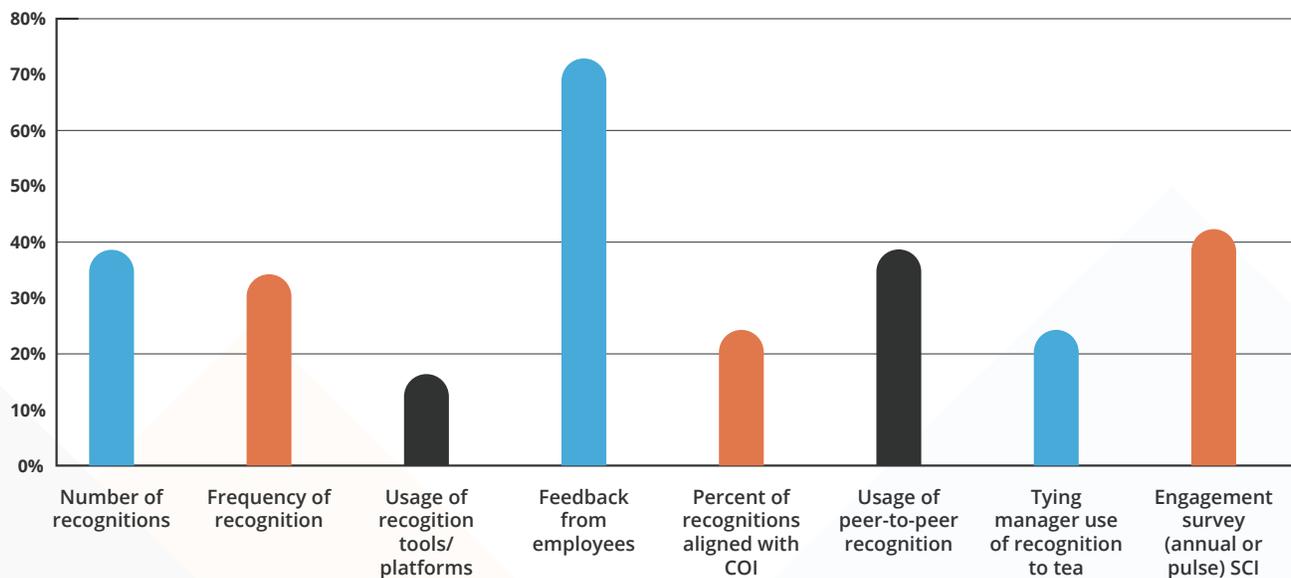
FIGURE 5

Traditional HR Systems vs. Social Recognition Technology

Traditional HR Systems	Employee Experience Platform
Focused on tactical activities	Focused on the employee experience and strategic initiatives
Separate modules that may or may not be integrated	Spans the entire employee experience
Designed to handle every activity and task without integrating with outside providers	Designed to integrate seamless with existing HR systems and third-party providers
Initiates emails as the primary form of communication	Various channels and tools for communication including video, mobile, collaboration and messaging.

When asked how companies measure the effectiveness of social recognition technology, the impact on the employee experience is hard to deny (see Figure 6). An investment in social recognition technology helps companies improve the experience by giving employees more feedback, more collaboration, and a more consistent process.

Figure 6: Measuring the Effectiveness of Social Recognition Technology



Source: Aptitude Research Partners, Hire, Engage, Retain Study 2018, n=349

THE SELECTION PROCESS

Companies investing in social recognition technology must consider and prepare for both internal and external questions throughout the selection process. Internal questions should help prepare the organization for any confusion and misunderstandings. External questions should focus on helping to differentiate providers.

Internal Questions	External Questions
What is the formal process for evaluating business cases and who is involved?	What expertise does this provider have in the market?
Who will be using this technology in our organization?	How financially stable is this provider?
Do stakeholders look at projects individually or as a portfolio?	What services does this provider offer?
What is the budget cycle at our organization?	What type of customer support does this provider offer?
What resources do we need and what do we have available?	What other technology does this provider offer?
Who will be a change champion for the project?	Does this provider integrate with our existing technology?
Who will own this selection process?	Does this provider offer implementation support?

Once companies have identified the internal and external questions that they should consider for investing in social recognition technology. They can begin the selection process. This process includes research, request for proposals, short listing providers, demos and recommendations.



STEP-BY-STEP PROCESS

Research

- Identify market leaders in the social recognition space
- Highlight core requirements and guiding principles

Request for Proposals

- Understand requirements that identify core features and priorities
- Outline requirements for future priorities

Short-list and Demo

- Provide scorecard to compare responses from providers
- Conduct demonstrations from providers

One of the most important considerations throughout the entire selection process is how companies communicate and engage key stakeholders from the early research and internal needs analysis throughout the short-list and demo. The final section of this report provides an overview of the key stakeholders involved in this process and the metrics and requirements that matter most to each.





KEY STAKEHOLDERS

Buying social recruitment technology involves various stakeholders including Compensation and Benefits professionals, HR professionals, Talent Management leaders, Business leaders, IT, and Finance. Below are the key stakeholders to consider as well as their top priorities and the metrics that matter.

Stakeholder	Priorities	Metrics
HR Leaders	Ensuring that employees are being developed and are meeting their performance expectations	Employee Performance Employee Engagement Employee Productivity Employee Retention
Compensation and Benefits	Ensuring that employees are being compensated and rewarded in a consistent and compliant way	Compliance Employee Performance Pay Equity
Talent Management Leaders	Ensuring that the employee experience is positive and that employees are engaged throughout the lifecycle	Employee Experience Employee Engagement Employee Performance Employee Retention
Business Leaders	Ensuring that they are recruiting, developing and engaging the best talent	Employee Productivity Employee Engagement Employee Retention
IT	Ensuring that solutions are integrated with core HR systems	Compliance Adoption Integration
Finance	Ensuring that the system fits into the overall HR budget	Cost savings Adoption

NEXT STEPS

Creating a culture of recognition can only happen when companies make a commitment to their employees and investing in the right technology. Social recognition technology changes the relationship between employer and employee but automating the way recognition happens and making it simple for organizations to appreciate the individuals who are contributing to success. The value of these solutions extends far beyond HR processes and reaches every part of the business. Companies that will achieve the most success are those that are able to identify their own priorities, evaluate leading providers, and communicate their vision to various stakeholders.