THE HAPPINESS STUDY

An Employee Rewards & Recognition Study
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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,
Rodney Mason
GVP, Marketing
Blackhawk Engagement Solutions
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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.

### 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

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18–22</td>
<td>3%</td>
</tr>
<tr>
<td>23–29</td>
<td>16%</td>
</tr>
<tr>
<td>30–39</td>
<td>22%</td>
</tr>
<tr>
<td>40–49</td>
<td>25%</td>
</tr>
<tr>
<td>50–59</td>
<td>21%</td>
</tr>
<tr>
<td>60+</td>
<td>13%</td>
</tr>
</tbody>
</table>

### EDUCATION

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

### 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%

### 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%

### GENDER

- Female: 51%
- Male: 49%

### 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%

*Numbers may not sum to 100 due to rounding.*
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%
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.

**THE HAPPINESS RANKINGS**

**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
**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.

<table>
<thead>
<tr>
<th>Expectation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a clear understanding of what’s expected of them at work</td>
<td>90%</td>
</tr>
<tr>
<td>Have materials, equipment and training they need to do their job</td>
<td>80%</td>
</tr>
<tr>
<td>Believe their colleagues are committed to quality work</td>
<td>78%</td>
</tr>
<tr>
<td>Get to do what they do best</td>
<td>76%</td>
</tr>
<tr>
<td>Believe their boss seems to care about them</td>
<td>76%</td>
</tr>
<tr>
<td>Had opportunities to learn and grow this past year</td>
<td>75%</td>
</tr>
<tr>
<td>Said the mission of their job makes them feel important</td>
<td>74%</td>
</tr>
<tr>
<td>Believe their opinion counts at work</td>
<td>69%</td>
</tr>
<tr>
<td>Have a best friend at work</td>
<td>69%</td>
</tr>
<tr>
<td>Said their employer encourages their development</td>
<td>65%</td>
</tr>
<tr>
<td>Have performance check-in every six months</td>
<td>64%</td>
</tr>
<tr>
<td>Are happy in general with their job</td>
<td>59%</td>
</tr>
<tr>
<td>Have received praise for their work in the last week</td>
<td>54%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Program</th>
<th>Programs employers offer</th>
<th>Programs employees want</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus program</td>
<td>55%</td>
<td>36%</td>
</tr>
<tr>
<td>Employee recognition</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Wellness rewards</td>
<td>47%</td>
<td>32%</td>
</tr>
<tr>
<td>Spot rewards</td>
<td>48%</td>
<td>15%</td>
</tr>
<tr>
<td>Safety rewards</td>
<td>35%</td>
<td>8%</td>
</tr>
</tbody>
</table>
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?

<table>
<thead>
<tr>
<th></th>
<th>Once per year</th>
<th>Once per quarter</th>
<th>Once per month</th>
<th>Ongoing</th>
<th>Not eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BONUS</strong></td>
<td>38%</td>
<td>11%</td>
<td>5%</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td><strong>RECOGNITION</strong></td>
<td>19%</td>
<td>9%</td>
<td>8%</td>
<td>26%</td>
<td>38%</td>
</tr>
<tr>
<td><strong>WELLNESS</strong></td>
<td>23%</td>
<td>8%</td>
<td>5%</td>
<td>22%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>SPOT</strong></td>
<td>7%</td>
<td>5%</td>
<td>4%</td>
<td>19%</td>
<td>66%</td>
</tr>
<tr>
<td><strong>SAFETY</strong></td>
<td>6%</td>
<td>4%</td>
<td>4%</td>
<td>7%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**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.
RECOGNITION PREFERENCES

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.

1. Personal email from manager
2. Personal email from company executive
3. Team email from manager or other company leader
4. Company-wide announcement on intranet
5. Personal email, intranet and social media post
6. Announcement on company’s social media

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

- 41% Company-wide announcement
- 37% Manager announces to individual
- 31% None
- 20% Peer-to-peer announcement
- 6% Public announcement outside of company

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

- 61% Personal
- 39% Team
Which type of recognition awareness makes you happiest?

- **58%** Managers at company aware of my recognition
- **56%** Executives at company aware of my recognition
- **40%** Peers and teammates aware of my recognition
- **20%** People outside of my company aware of my recognition

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

- **82%** Exceeding personal performance levels
- **79%** Receiving a promotion
- **77%** Exceeding team performance levels
- **69%** Achieving milestone for years of service
- **60%** Participating in community service
- **58%** Achieving milestones in a company program
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?

- Prepaid card: 89%
- Reward that can be redeemed online from select participants: 8%
- Credit for catalog to choose your reward: 3%

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

- Prepaid card: 92%
- Reward that can be redeemed online from select participants: 6%
- Credit for catalog to choose your reward: 2%

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

- Prepaid card: 36%
- Personal email from you: 22%
- Personal email from their manager: 14%
- Gift card from a popular retailer: 14%
- Announcement on company intranet or social media: 11%
- Company-branded item: 3%

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

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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