

Fear and Recognition

As the economy tanked, the use of employee recognition awards spiked, program management firm Globoforce finds

BY LEO JAKOBSON

It was fairly easy for Eric Mosley to see a broad-based spike in the use of corporate recognition awards during the last three months of 2008.

As CEO of corporate recognition program provider Globoforce, based in Southborough,

by managers to their employees and by employees to their peers.

“Until we put it in chart form with the Dow Jones Industrial Average and the Consumer Confidence Index, it was not clear just how linked they are,” he says.

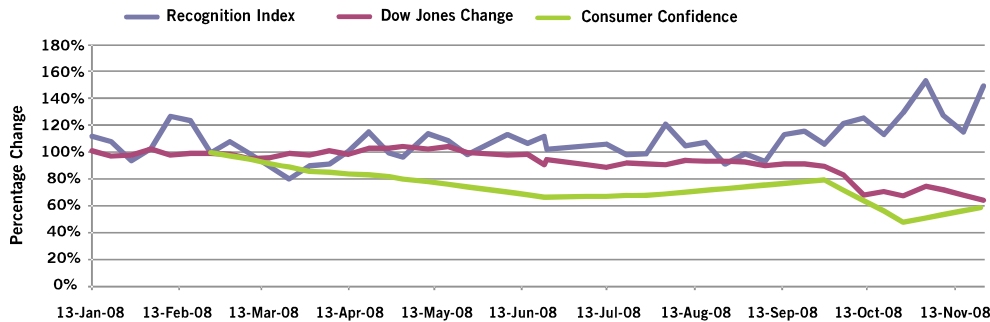
“The biggest spike we had [in

for their jobs, their houses, their 401(k) retirement funds. “People, at times like that, naturally reach out to others,” Mosley says.

“Their antennas are more sensitive to others’ contributions.”

The second cause, he believes, is reward migration. “In good

Employee Recognition vs. Dow Jones vs. Consumer Confidence Indexes



Mass., his company manages the back-end systems that let managers provide employees, and employees provide their peers, with recognition awards for going above and beyond in their jobs. It also handles fulfillment when the winners spend their award points on gift certificates.

What was less clear, however, was why this was happening. Then he compared the year’s recognition award patterns to the stock market and Consumer Confidence Index. As the latter two fell, he discovered, more awards were handed out, both

recognition award-giving] was the week the Dow bottomed out, the car makers were sent packing from Congress [without a bailout] and the economic indicators were at their worst in every way.”

Globoforce’s Employee Recognition Index tracks awards at four *Fortune* 500 clients in four market segments—industrial, technology, pharmaceutical and consumer goods industries—with a half million participants.

Mosley believes there are three reasons for this spike in awards. First is the human factor: People are afraid, he says,

times, management would use incentives, bonuses, stock options to reward good behavior,” Mosley points out. “Those tools are taken away from them in bad economic times. Instead of giving one employee \$10,000, they will give 100 employees an award worth \$100. There is a big splurge in recognition.”

Finally Mosley says, between layoffs and plummeting pensions, employee morale is sagging badly. “Managers are floundering for how to improve morale,” he says. “They are leaning more heavily on the tools they have.” ■