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Recognition and Retention: New Evidence of Recognition's Long-Term Impact



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Organisations face the constant risk of losing top talent, shouldering the cost of their replacement and managing the cultural disruption of their exit. Gallup research found that, in May 2024, more than half (51%) of all U.S. employees were watching for or actively seeking a new job.¹ Fortunately, Gallup also finds that much of this turnover is preventable. New longitudinal research from Gallup and Workhuman strengthens existing evidence that employees who receive high-quality recognition are more connected to their organisation's culture and more likely to stay at their organisation years into the future.

The latest research from Gallup and Workhuman reveals that senior leaders are giving increased attention to the power of recognition. In 2024, senior leaders were 50% more likely than they were in 2022 to strongly agree that the senior leaders at their organisation value employee recognition.

However, leaders have yet to make real progress in implementing widespread practices that elevate the day-to-day recognition experiences of most employees. In 2024, just 22% of employees strongly agreed they get the right amount of recognition for the work they do. To close this gap, leaders must focus not just on providing recognition, but on providing it with quality and consistency across their organisation.

To secure success now and build resiliency for the future, forward-thinking leaders will act with intention to ensure high-quality recognition is delivered across their organisation. The following uncovers new research linking recognition and retention and evaluates the growing enthusiasm for recognition amongst leadership. It underlines the room for growth in the quality of recognition given across organisations and shares essential strategies for taking recognition experiences from good to great.



¹ Tatel, C. & Wigert, B. (2024, July 10). 42% of employee turnover is preventable but often ignored. *Gallup.com*. <https://www.gallup.com/workplace/646538/employee-turnover-preventable-often-ignored.aspx>

High-Quality Recognition Drives Employee Retention

The implications of reducing turnover can be massive for organisations. Through a review and summary of published studies, Gallup estimates that replacing leaders and managers costs around 200% of their salary, replacing employees in technical roles costs 80% of their salary, and replacing frontline employees costs 40% of their salary.² Failing to prioritise or thoughtfully incorporate strategic recognition puts an organisation in line for additional costs and at risk of cultural deterioration due to a lack of continuity or commitment among employees.

In new longitudinal research, Gallup and Workhuman evaluated the relationship between recognition and turnover by tracking the career paths of 3,447 employees from 2022 to 2024. The results are unequivocal:

Employees who receive high-quality recognition are less likely to leave their jobs. In fact, well-recognised³ employees were 45% less likely to have turned over two years later.

These longitudinal findings confirm the lasting impact of high-quality recognition. Recognition does not just momentarily boost an employee's mood or how they respond to survey questions. When embedded in an organisation's culture and delivered according to an employee's needs and preferences, recognition affects real, long-term behaviour that has substantial implications for an organisation's future.

2 Tatel, C. & Wigert, B. (2024, July 10). 42% of employee turnover is preventable but often ignored. *Gallup.com*. <https://www.gallup.com/workplace/646538/employee-turnover-preventable-often-ignored.aspx>

3 Well-recognised employees include individuals who report receiving recognition that fulfils at least four of the five pillars of strategic recognition.

Recognition Has Gained Increased Attention From Organisational Leaders

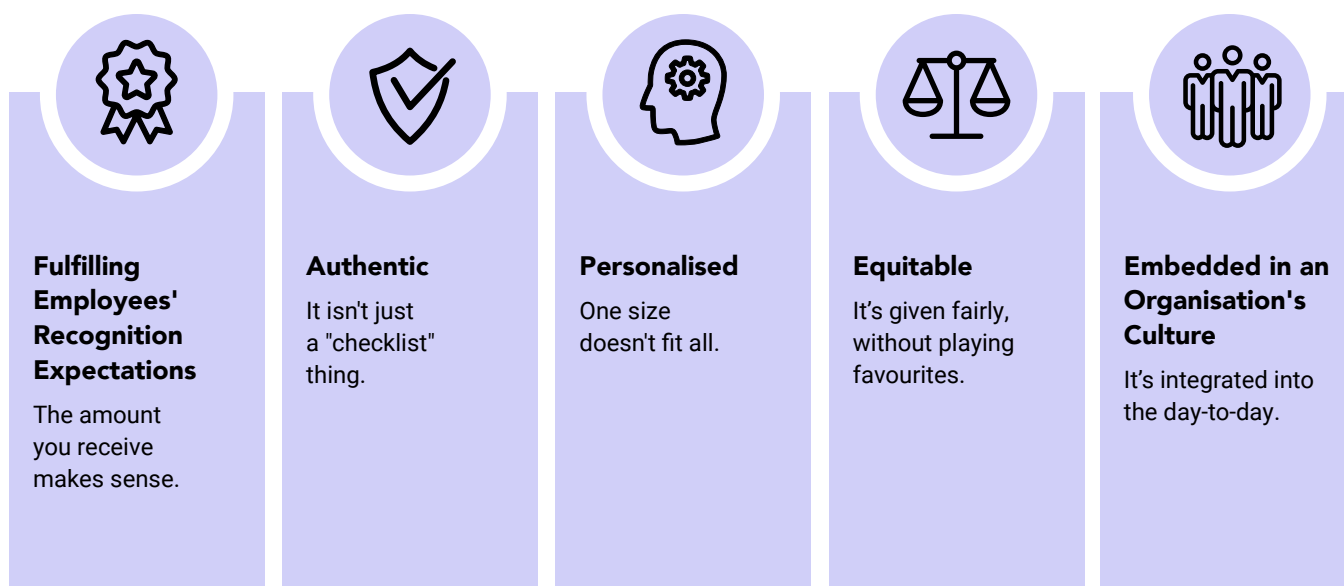
Leaders have increasingly begun to acknowledge the potential for recognition to transform organisations and positively influence real business outcomes. In 2022, Gallup and Workhuman found that 28% of senior leaders strongly agreed that their organisation's senior leadership valued employee recognition. In 2024, this percentage increased substantially to 42%.

Senior leaders' increased valuation of strategic recognition is also evident in the modest but statistically significant increase in the percentage of employees who report that their organisation has a recognition program. In 2024, 40% of employees indicated that their organisation has a recognition program. This is a six-point increase from 34% in 2022.

Building Up the Quality of Recognition Through the Five Pillars of Strategic Recognition

Caring about recognition is a necessary first step, but leaders and organisations are missing the mark when it comes to their recognition practices. Opportunity rests in distinguishing between poor, good and great recognition, which all *feel* unmistakably different to the person receiving it and lead to vastly different outcomes in the workplace.

To operationalise what great recognition looks like, Gallup and Workhuman have identified five essential pillars of strategic recognition in the workplace. Recognition is most impactful when it is fulfilling, authentic, personalised, equitable and embedded in company culture.



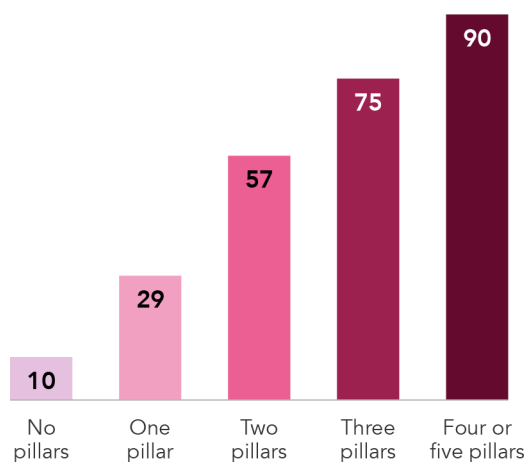
Independently, fulfilment of each pillar of strategic recognition corresponds with improvement in fundamental employee experiences and business outcomes such as engagement, wellbeing and turnover. Yet more than half (55%) of all U.S. employees do not receive recognition at all or receive recognition that does not satisfy any of the five pillars of strategic recognition. Critically, most of these employees do receive recognition, but it is not delivered with the quality needed to drive meaningful changes in their workplace experiences.

No matter their starting point, there is a benefit for any organisation to improve the quality of their recognition practices. Even employees who receive recognition that fulfils just one pillar are 2.9 times as likely to be engaged as those who receive recognition that does not fulfil any of the five pillars.

When recognition incorporates a majority of the five pillars, it can be truly transformational. Those who receive recognition that fulfils at least four pillars are 12.2 times as likely to strongly agree that they are connected to their organisation's culture and 9.0 times as likely to be engaged, as compared to employees whose recognition experiences do not fulfil any of the five pillars.

Per Cent Engagement by Number of Recognition Pillars Fulfilled

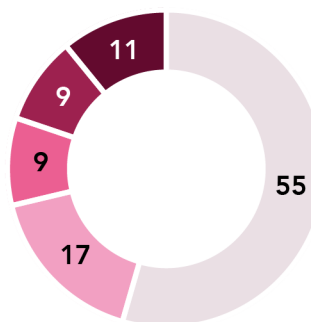
% Engaged



Recognition Experience Frequency According to Recognition Pillars Fulfilled

% of Recognition experiences

■ No pillars ■ One pillar ■ Two pillars
■ Three pillars ■ Four or five pillars



Note: Due to rounding, percentages may not sum to 100%.

Room for Growth: Measuring the Frequency of Recognition Pillar Fulfilment



Implementing and Embedding Recognition for the Future

Recognition has captured the attention of more business leaders. However, scaling strategic recognition requires organisations to close the gap between how leaders feel about recognition and how their employees experience it. Only 20% of managers and 22% of individual contributors strongly agree that senior leaders in their organisation *value* employee recognition. It is apparent that leaders must do more to emphasise the value of recognition and translate its importance to their employees.

Leaders and managers must also do more to bring recognition to life within their organisations. Starting with fulfilling just one pillar of strategic recognition can make a difference. Organisations that already have a robust culture of recognition can also vitalise it by incorporating additional elements of strategic recognition that have not yet taken hold. For example, only 11% of employees say someone in their current workplace has ever asked them how they like to be recognised for their accomplishments — the primary indicator for personalised recognition. Every manager and leader whose employees currently say “no” to this item could flip responses to “yes” with a simple inquiry about how employees like to be recognised. By then following up with more personalised recognition, they could boost employee experiences across their team.

Announcing an initiative towards more recognition or adopting a recognition program is not something that, simply upon adoption, ensures all employees will begin to receive high-quality recognition. Employees whose organisation does have a recognition program are generally more likely to receive high-quality recognition, but still only 24% of employees with a recognition program strongly agree they receive the right amount of recognition.

The reality is that not all recognition programs are created equal, and like all forms of recognition, the quality with which it is given is crucial. Simply caring about or valuing recognition is not enough. Among employees who have a recognition program, 71% say their leaders care about their recognition program, but only 38% say the program is very good or excellent. This difference in quality matters. Employees who rate their recognition program as very good or excellent are 2.5 times as likely to be engaged as employees who have a recognition program they rate less favourably.

Leaders stand to create a distinct competitive advantage by integrating high-quality strategic recognition across their organisations. Yet the full power of recognition remains untapped and underappreciated in most organisations.

Research from Gallup and Workhuman confirms that when implemented with intention and backing from employees, strategic recognition can help facilitate drastic, long-lasting improvements in retention and employee engagement. These benefits not only set organisations up to flourish today, but also set the foundation for sustained success far into the future.

Methodology Statement

Primary results from this report are based on a survey conducted April 16-30, 2024, with 4,439 adults who are employed full or part time, aged 18 and older, and living in all 50 U.S. states and the District of Columbia, as a part of the Gallup Panel™. For results based on these samples of national employed adults, the margin of sampling error at the 95% confidence level is ± 2.3 percentage points for response percentages around 50% and ± 1.4 percentage points for response percentages around 10% or 90%.

Some results from this report are based on a survey conducted May 7-21, 2024, with 21,543 adults who are employed full or part time, aged 18 and older, and living in all 50 U.S. states and the District of Columbia, as a part of the Gallup Panel. For results based on these samples of national employed adults, the margin of sampling error at the 95% confidence level is ± 0.9 percentage points for response percentages around 50% and ± 0.5 percentage points for response percentages around 10% or 90%.