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# 6 Ways Employee Recognition Drives Impact

FINDINGS FROM A GALLUP-WORKHUMAN STUDY





Is your company still reeling from the effects of the Great Resignation? Are you looking for simple ways to keep your culture thriving in an increasingly hybrid work environment? You may want to consider the many ways a strategic employee recognition program could solve these challenges and more.

### **Untapped business opportunity**

Employee recognition is likely the single most underutilized management and culture-building tool out there. According to a new workplace study from Workhuman® and Gallup, 81% of managers and leaders say recognition is not a major strategic priority at their organization. And yet, employee recognition has the potential to help drive connection, boost engagement, and foster belonging – all critical areas when it comes to retaining talent.



## Recognition that drives impact

It's worth noting that the business benefits of recognition can only be realized with a strategic recognition program. That's not just an employee of the month program or an annual awards ceremony. Recognition should be something that's given and received up, down, and across the organization. It should be perceived as fulfilling, authentic, equitable, embedded in your culture, and personalized.

Saying "thank you" sporadically and only to certain employees will not drive impact. Most employees want to be recognized at least a few times a month. And the Gallup data shows there really is no such thing as "too much" recognition – so long as it is genuine and appropriately given.

Here are the top six ways recognition drives impact.

ONE

# Reduces turnover

Recognition helps to reduce turnover costs in two ways. First, recognition is critical in engaging employees – a profound insulator for preventing attrition. Second, it has protective effects beyond engagement that provide additional savings. A 10,000-person organization with an already engaged workforce can save more than \$16 million annually by making recognition an important part of its culture.

### Cost benefits of a culture of recognition

Company size	Turnover cost (% of salary)	Savings with an engaged & embedded culture
1,000	50% – 200%	\$403,797 – \$1,615,189
10,000	50% – 200%	\$4,037,973 – \$16,151,892

## TWO

# Builds loyalty

When employees feel like their organization is invested in them, they are more invested in their organization. Employees who have good recognition experiences are 3x more likely to strongly agree they feel a sense of loyalty to their organization. Overall, only about half of employees (51%) plan to be employed at their current job five years from now. As the chart below illustrates, getting recognition right significantly improves that outcome.

**The percentage of employees who plan to stay at their organization for five years increases when:**

**Recognition needs are fulfilled – 68%**

**Life events are recognized – 66%**

**Recognition is authentic – 65%**

**Work milestones are recognized – 63%**

**Recognition is equitable – 63%**

**Recognition is embedded in culture – 63%**

**Teams and groups are recognized – 62%**

## THREE

# Boosts engagement

Employee engagement is the critical foundation for high-performing teams and organizations, and recognition is one of its most vital scaffolds. Employees who receive recognition from their manager at least a few times a month are more than 3x as likely to be engaged than those who receive it less often.



## FOUR

# Drives sense of development and growth

At every phase of the employee life cycle, recognition can function as a learning aid, validating good work and behavior. It helps employees prioritize work through positive reinforcement. Employees who receive authentic recognition are 5x as likely to strongly agree they see a path to grow at their organization.

## FIVE

# Accelerates sense of connection

As a culture-building tactic, recognition creates a consistent source of positive regard that allows employees to participate in the culture and benefit from it, regardless of working arrangements. Overall, only 1 in 4 employees strongly agrees they feel connected to their organization's culture. The chart below illustrates the simple, yet powerful impact of getting the "right amount" of recognition.

**When employees feel they're getting the "right amount" of recognition, they're more likely to feel strongly connected to their organization's culture.**

**3x** more likely for **remote employees**

**4x** more likely for **hybrid workers**

**6x** more likely for **on-site workers**

SIX

# Increases sense of belonging

Organizations can build inclusive cultures through recognition; in fact, high-quality recognition has a greater impact on feelings of belonging for Black and Hispanic employees than for white employees. This may be due, in part, to the fact that Black and Hispanic employees are considerably less likely to perceive their recognition experience as equitable or authentic. As you create DE&I initiatives, be mindful of the impact a fulfilling, authentic, and equitable recognition program can have.

## Recognition drives belonging when...

	Black employees	Hispanic employees	White employees
	Increase in feelings of belonging		
<b>Recognition needs are fulfilled</b>	5x	6x	4x
<b>Recognition is authentic</b>	7x	7x	4x
<b>Recognition is equitable</b>	4x	5x	4x



These six outcomes of a strategic recognition program are just the beginning. Arm yourself with more data to build a business case for recognition by reading the [full report](#), “Unleashing the Human Element at Work: Transforming Workplaces Through Recognition.”



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