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UNLEASHING THE HUMAN ELEMENT AT WORK:

Transforming Workplaces Through Recognition

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A woman with voluminous, dark curly hair is smiling warmly while looking at a laptop screen. She is wearing a bright yellow sweater. The background is a warm, wood-paneled wall. In the foreground, a white coffee cup on a saucer is visible on a table.

Executive Summary

Globally, organizations are facing a monumental moment of transition in the world of work, one that is bound to have a lasting impact. Not only are the nature and context of work changing — employees' needs are shifting too. Only one in four employees strongly agree they feel connected to their culture, and only about one in three strongly agree they belong at their organization.

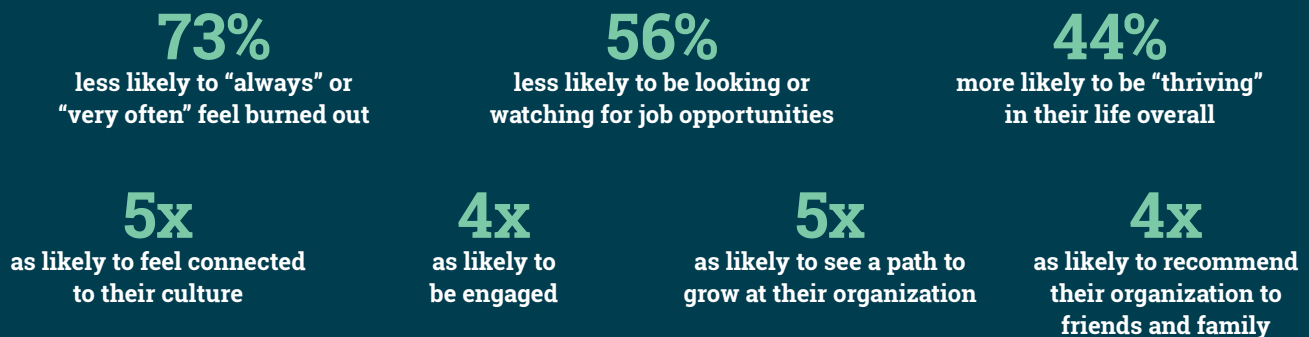
To build the right workforce for the future and leverage its capabilities, leaders must take a human-centered approach to building their employee experience and employer brand. It starts by demonstrating to employees they are valued by recognizing their contributions.

Key findings from this report include:

Many organizations are missing out on the benefits of recognition by not investing in or prioritizing it.

- **Eighty-one percent** of leaders say recognition is not a major strategic priority for their organization.
- **Seventy-three percent** of senior leaders say their organization does not offer managers or leaders best-practices training for employee recognition.
- **Nearly two in three** leaders say their organization does not have a budget allocated to recognition.
- Creating a culture of recognition can save a 10,000-employee company up to **\$16.1 million** in turnover costs annually.

When recognition hits the mark, employees are:



There is not enough recognition going around, despite managers and leaders reporting that they frequently give it.

- **Sixty-seven percent** of leaders and **61%** of managers say they give recognition a few times a week or more, versus **42%** of individual contributors.
- Comparatively, **40%** of employees report receiving recognition only a few times a year or less from a manager, supervisor or other leader at their organization.
- **Only 23%** of employees strongly agree their organization has a system in place to recognize work milestones; **15%** strongly agree they have a system for recognizing personal events in employees’ lives.

Recognition has the most impact when it is:

- **fulfilling employees’ expectations and needs** — but only **23% strongly agree** they get the right amount of recognition for the work they do
- **authentic** — but only **one-third** strongly agree the recognition they get meets this bar
- **equitable** — but only **one-quarter** strongly agree recognition is given equitably at their organization
- **embedded in the culture** — but **only 19%** strongly agree recognition is an important part of the culture at their workplace
- **personalized** — but **only 10%** report being asked about their preferences for receiving recognition

Introduction

Bringing the “Human” Element Back to Work

The importance of human capital has never been more evident, as the resilience of the workforce amid a global crisis has kept the world running. But recent trends, including declines in employee engagement and increased demands for workplace flexibility, coupled with the volatility of the job market itself are putting new pressure on organizations to be mindful of the "human" element at work. They cannot simply offer jobs; they must create an environment where employees want to work and can be their best.

The future of work starts with showing employees that they are valued *now*. Recognition is a simple way organizations can demonstrate their investment and commitment to their employees and inspire them to feel connected, confident and cared about – ensuring they leverage the full force of their human power at work.



A Human-Centered Approach to the Employee Experience

Building the future of work using a human-centered approach starts with understanding the employee experience from a human angle.

Employees bring their wellbeing, or lack thereof, to work with them every day. It shows up in their productivity levels, work quality, interactions with other associates and how they contribute to the organization. Employees want to believe their organizations — i.e., their managers, coworkers and even senior leaders — care about them as people.

Organizations can show they care by celebrating who employees are and what they bring to the table. When employees are recognized for their contributions and achievements, they feel that they matter.¹ In this way and others, workplace recognition is critical to building an employee experience that meets employees' human needs.

Despite being a fundamental employee need,² only one in four worldwide strongly agree they have received recognition for their work in the last week. When organizations move that bar up to six in 10, they stand to gain a 28% improvement in quality and 31% reduction in absenteeism.³ Recognition can also reduce attrition and the turnover costs that come along with it, as explored later in this report.⁴

Analysis of thousands of employees' perspectives — from front-line workers to managers and senior leaders — triangulates on a key message that is more critical now than ever: Recognition isn't just a nice-to-have; it is a core "human" element in the employee experience that drives engagement, performance and retention.

This report is designed to help leaders harness the power of recognition to build a better, more human experience at work. Results discussed here clearly show that recognition is imperative to building strong workplaces and represents a significant opportunity for workplace evolution.⁵ The data reveal the forms and functions of recognition, the five essential pillars of a solid recognition strategy, and the critical next steps leaders should take in constructing an approach that meets real human needs.

1 Workhuman. (2021). *How the great resignation will shape HR and the future of work*. <https://www.workhuman.com/resources/reports-guides/how-the-great-resignation-will-shape-hr-and-the-future-of-work>

2 Dvorak, N., & Mann, A. (2016, June 28). *Employee recognition: Low cost, high impact*. Gallup.com. <https://www.gallup.com/workplace/236441/employee-recognition-low-cost-high-impact.aspx#:~:text=Gallup's%20data%20reveal%20that%20the,or%20a%20thank%20you%20card>

3 Clifton, J., & Harter, J. K. (2019). *It's the manager: Gallup finds the quality of managers and team leaders is the single biggest factor in your organization's long-term success*. Gallup Press.

4 Gallup has developed longitudinal models that predict actual turnover based on turnover intentions and employee engagement, then estimate overall turnover costs. When recognition is added to this algorithm, there are additional cost savings.

5 For context, drivers of workplace outcomes (e.g., engagement, inclusion, etc.) that lead to impact factors of "two times" are generally seen as substantial and meaningful impacts; that characteristics of recognition studied in this research have multiple times that impact — sometimes up to six times — is noteworthy.

Detailed Findings

Unpacking Workplace Recognition

Bringing recognition to life and harnessing its power starts with understanding what it is and how it is experienced in the workplace – essentially, the “what, when and how” of recognition.

What Is “Recognition,” and When Should It Be Given?

In this report, recognition refers to praising, acknowledging or expressing gratitude to employees for who they are and what they do. It involves taking time to thank employees, give them credit for good ideas and acknowledge their accomplishments.

Workplace recognition often focuses on work output and work-related achievements. However, recognition can also honor work-related milestones, like promotions and work anniversaries. Drawing attention to these events serves a dual purpose: It celebrates employees’ achievements while sending important messages about the value placed on progress and continued commitment. Approximately a quarter (23%) of employees strongly agree their organization has a system for recognizing these types of events.

Organizations can send an even more powerful message by celebrating the human behind the work. By commemorating birthdays, weddings and other personal events, organizations show they care about employees as people. However, only 15% of employees strongly agree their organization has a system in place to recognize life events.

When an employer recognizes life events and work milestones, employees are ...

3x

as likely to strongly agree they feel connected to culture

3x

as likely to strongly agree their organization cares about their wellbeing

30%+

more likely to say they plan to be at their organization in five years

Real employees explain what recognition means to them:

“I value your opinion; you’re an integral part of our organization.”

“What you’re doing is not a thankless job, that it’s part of the team and it’s part of the whole operation that we’re doing.”

Although recognition often singles people out, it can also honor a group effort. Twenty-two percent of employees strongly agree groups and teams are recognized at their organization. When they are, it reinforces the importance of being part of and working as a unit.

The setting where recognition is given — and particularly who is present — can be as important as the recognition itself. Most employees (58%) receive both public and private recognition, but nearly a third (30%) receive it mostly in private; 11% receive it mostly in public settings.

While private recognition is often described as personal and meaningful, public recognition has distinct benefits in building a culture of recognition. Visible displays of recognition can showcase an employee's value and magnify the amount of recognition given. When people witness recognition, they often extend it themselves, resulting in a ripple effect that can be felt throughout an organization.

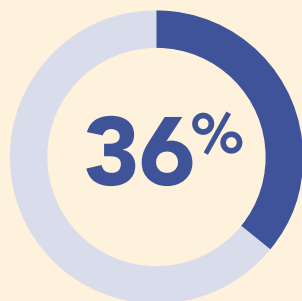
How Should Recognition Be Given?

Recognition is not one-size-fits-all. While organizations may have their own style of recognition, having a formal recognition system has distinct benefits. Formal programs make recognition more salient, which in turn helps people make the time and space for this important ritual. However, only about one-third of employees say their organization has a formal recognition program.

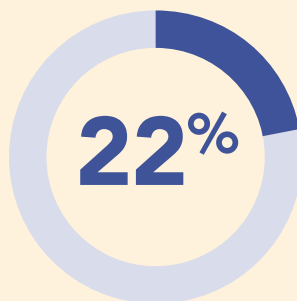
Increasingly, employee of the month, annual awards ceremonies and other traditional forms of recognition are being augmented with newer solutions. Digital platforms and software programs can provide a natural conduit for recognition that easily integrates into most modern workplaces and make recognition more accessible, especially for geographically dispersed workforces. Having these systems in place demonstrates to employees that their organization sees recognition as a worthwhile investment of time and money.

Some workplaces offer a financial incentive with recognition. About one in five employees say they receive a monetary reward with recognition. When organizations offer financial rewards, employees are more likely to strongly agree they belong and that they see a path to grow at their organization (30% and 41%, respectively). They are also 28% more likely to recommend their organization as a great place to work.

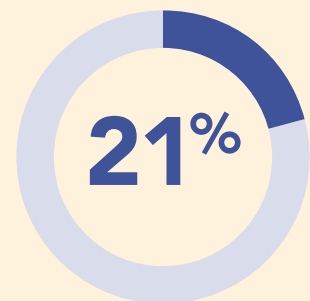
The data show that having a recognition program or platform is necessary, but simply having one is not enough. Only when programs are well-implemented and embedded in the culture do employees and organizations reap the benefits.



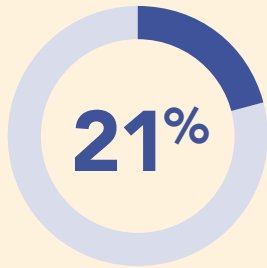
of employees say their organization has a recognition program



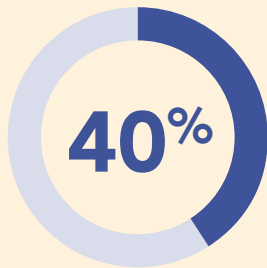
of employees say their organization uses a digital recognition platform or software



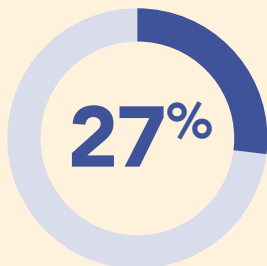
of employees say their organization ties a monetary reward to recognition



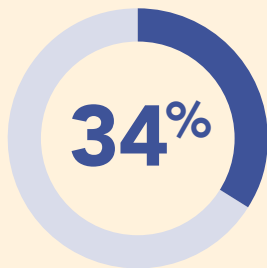
21% of employees say they receive recognition from a manager, supervisor or other leader at their organization at least a few times a week



40% of employees say they receive recognition from a manager, supervisor or other leader a few times a year or less



27% of employees say they receive recognition from their peers at least a few times a week



34% of employees say they receive recognition from their peers a few times a year or less

How Often Should Recognition Be Given, and Who Should Give It?

Just as recognition can come in many forms, it can also come from a variety of sources. Most employees receive recognition from multiple sources, but not always at the same frequency. Half report receiving recognition from their manager, supervisor or a leader about as frequently as they receive it from coworkers, but three in 10 receive it more often from their peers; two in 10 receive it more often from leaders.

While recognition from managers, supervisors and leaders serves important purposes, peer recognition is no less meaningful. As the table below shows, employees say they want recognition from peers just as much or more often than they want it from their manager, supervisor or leaders.

How often would you like to receive recognition from [the following] at your organization?

Source	% Prefer a few times a week or more	% Prefer a few times a month or more
Manager, supervisor or other leader	21	59
Peers	23	57



Overall, about one in five employees (21%) report receiving recognition a few times a week or more from a manager, supervisor or leader; 27% receive it as often from peers. Conversely, 40% say they receive recognition from their manager, supervisor or a leader *a few times a year or less*. One in three report receiving it from peers at the same rate.

How often do you receive recognition from [the following] at your organization?

Source	% Daily	% A few times a week	% A few times a month	% A few times a year	% Less than once a year	% Never
Manager, supervisor or other leader	5	16	28	26	9	6
Peers	7	20	26	21	6	7

Note: "Don't know/Does not apply" answers not shown. Due to rounding, percentages may sum to total ±1%.

Experiencing consistently low levels of recognition is a drain on the employee experience and workplace culture that can have serious repercussions. When organizations fall short on showing employees they are valued, they risk losing their employees altogether.

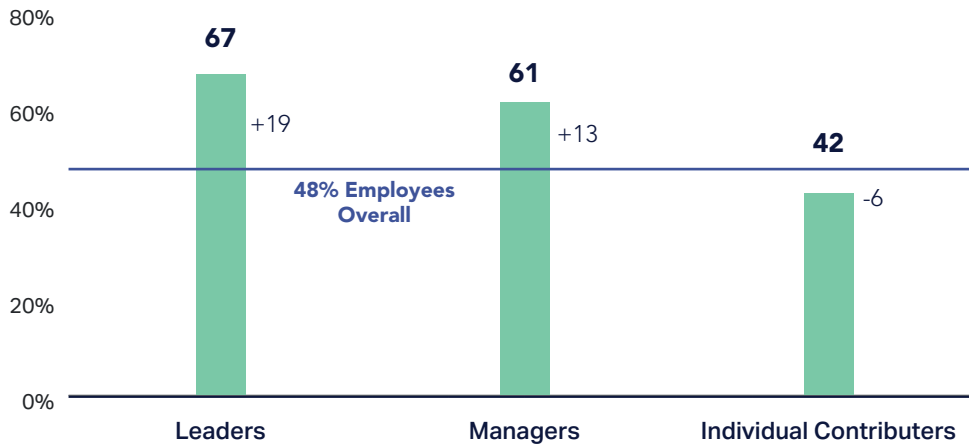
Employees who receive recognition only a few times a year or less from each of these sources are ...



It Is as Important to Give as to Receive

Recognition is a self-generated machine: For employees to receive recognition, they must also be active participants in a culture of recognition. Overall, 48% of employees report giving recognition at least a few times a week, but managers and leaders are much more likely to report giving recognition frequently.⁶

Percentage of employees who frequently* give recognition, by management level



Note: Due to rounding, percentages may sum to total $\pm 1\%$.

* A few times a week or more

⁶ In this report, managers are defined via self-report as responsible for the work output of other employees and may be either project managers or people managers; leaders are also determined by self-report as "senior leaders" who manage other managers.

The Five Pillars of Recognition

All recognition matters, from simple, day-to-day “thank-you’s” to companywide awards. But not all recognition is equal. Five factors are critical to driving its impact: Recognition must be fulfilling, authentic, equitable, embedded in the culture and personalized.⁷

1. Fulfilling
2. Authentic
3. Equitable
4. Embedded in the Culture
5. Personalized



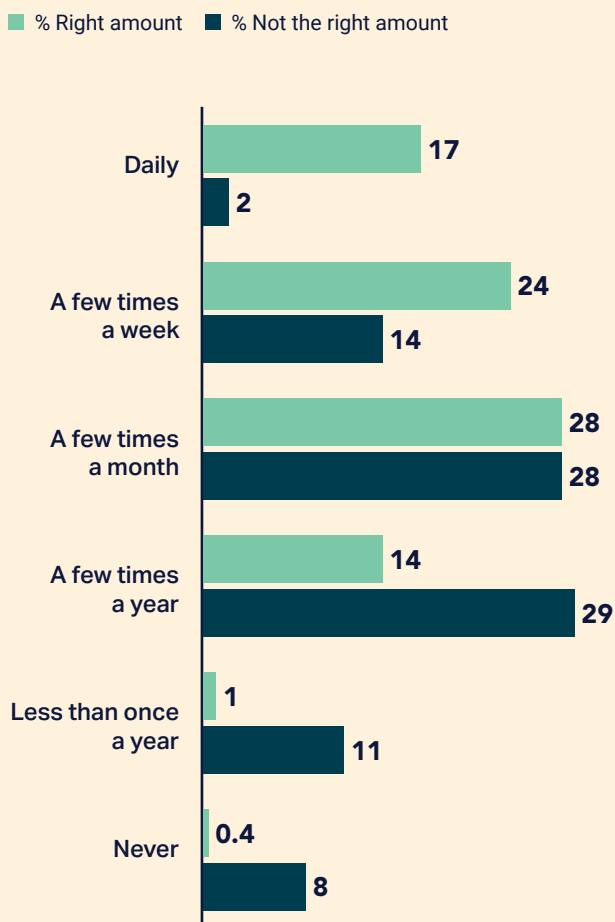
⁷ Extensive quantitative and qualitative research has demonstrated that these five factors are more highly associated with the positive impacts of recognition than the type of recognition, source or setting of recognition, presence or absence of formal programs, and presence or absence of monetary recognition.

1. Fulfilling

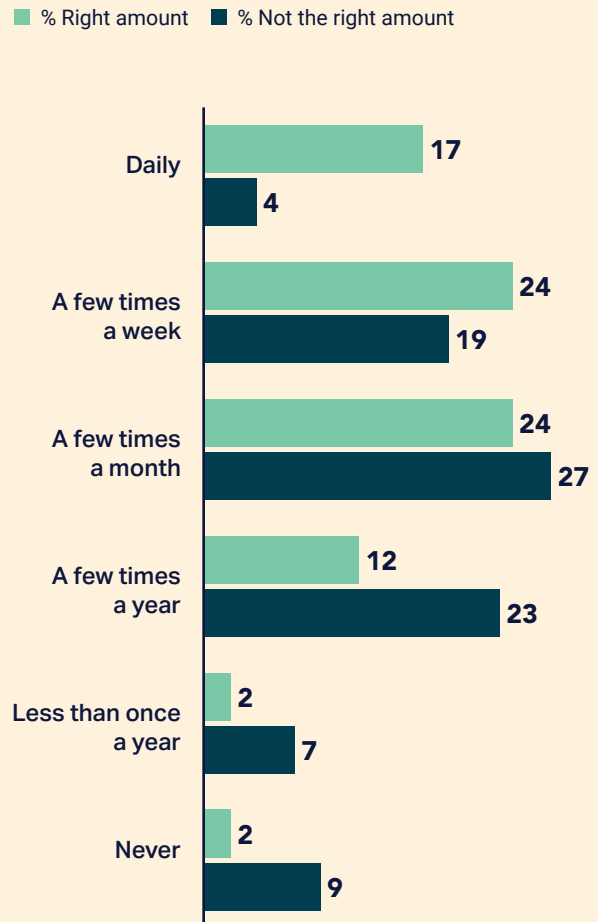
There is no “magic number” for how frequently recognition should be given, as employees' individual needs vary. Rather, organizations should target providing a consistent and reliable experience of being appreciated to fulfill employees’ basic human need to feel valued and validated.

Most employees want to be recognized at least a few times a month, but this should be regarded as the bare minimum.⁸ The data show there is no such thing as “too much” recognition – as long as it is genuine and appropriately given. As shown below, more than 40% of employees view the right amount as a few times a week or more.

Percentage of employees who strongly agree they receive the "right amount" of recognition from managers/leaders, by frequency



Percentage of employees who strongly agree they receive the "right amount" of recognition from peers, by frequency



⁸ Providing recognition at least a few times a month is the minimum frequency necessary to see positive effects on engagement, culture, wellbeing, turnover intentions and other key outcomes.

Currently, only 23% of employees strongly agree they get the right amount of recognition for the work they do, meaning nearly three-quarters of employees are missing the steady reinforcement and appreciation they need to help them be their best.⁹ This low percentage also indicates that many organizations are missing out on the benefits seen when employees feel that their recognition needs are being fulfilled, including those shown below.

Employees who feel fulfilled by recognition are ...*

4x

as likely to be engaged

less than 1/2

as likely to be looking or passively watching for job opportunities

44%

more likely to be “thriving” in their life overall

Employees who do not are ...**

8x

as likely to be actively disengaged

4x

as likely to be actively looking for another job

62%

more likely to be “struggling” in their life overall

* Employees who strongly agree they receive the right amount of recognition for the work they do.

** Employees who disagree that they receive the right amount of recognition for the work they do.¹⁰

Providing more frequent recognition can help organizations ensure they are meeting employees' needs, but the success of a recognition strategy should not be judged solely by whether a frequency quota is being met. It can be easy for organizations to overlook the simple truth: If employees do not feel fulfilled by their recognition experience, then employers are missing the mark. Creating a *fulfilling* recognition experience has far more impact than frequency alone.¹¹ Recognition is about validating effort, value-added and an employee's inherent worth.



9 Mosley, E. (2020). *Making work human: How human-centered companies are changing the future of work and the world*. McGraw Hill.

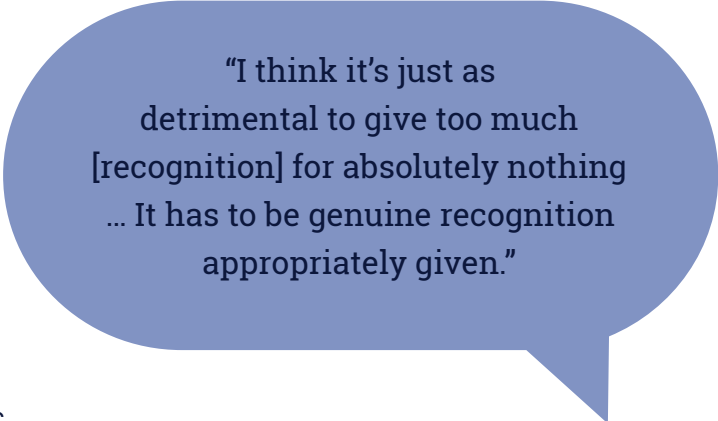
10 Disagree is measured as a “1” or “2” on a five-point scale; looking at only “strongly disagree” (“1” only) yields even more extreme impact.

11 Impact of “strongly agree” responses to “I receive the right amount of recognition for the work I do” is greater across the outcomes measured than frequency of recognition from either managers or peers.

2. Authentic

Although giving the right amount and type of recognition is critical, empty words or gestures will not land. What makes recognition impactful is what it means to individuals – about themselves, their job, their teams or workplace – and the organization. If recognition is not perceived to be authentic, it can undermine the experience.

Only about a third of employees strongly agree the recognition they receive is authentic, indicating a considerable opportunity for employers to make recognition meaningful. In particular, Black and Hispanic employees are highly attuned to authenticity: Black employees are 79% more likely to be thriving, and Hispanic employees are 69% more likely, when they can strongly agree the recognition they receive is authentic.



When employees strongly agree the recognition they receive is authentic, they are more likely to strongly agree with ...

	Black employees	Hispanic employees	White employees
I see a path to grow at my organization	8x as likely	5x as likely	5x as likely
My organization cares about my wellbeing	8x as likely	6x as likely	6x as likely
I would recommend my organization as a great place to work	7x as likely	6x as likely	5x as likely
Thriving	79% more likely	69% more likely	42% more likely

Recognition becomes more meaningful when it is clear why it is being given. Telling employees how their work made an impact takes the words “good job” to a new level. Tying monetary rewards to a specific achievement or goal sends a different message than giving everyone a bigger paycheck at the end of the quarter. Spontaneous, in-the-moment feedback also reads as sincere.

Managers and leaders should consider how the recognition provided in their organization is perceived. Is it given impersonally or unceremoniously as a matter of routine or obligation, or is it bestowed in a way that is personalized and genuine? Optics matters but so does sentiment – and employees can tell the difference.

3. Equitable

Although recognition should be targeted and personal, how much others receive matters. When employees see recognition that is out of balance – particularly when they feel they are being shorted – it triggers an alarm to their basic need for fairness and damages their overall employee experience.

Overall, only 26% of employees strongly agree they receive similar amounts of recognition as other team members at their company with similar performance levels. Deeper analysis shows clear patterns in who is – and is not – receiving recognition, with significant implications about the state of diversity and inclusion in workplaces.

As shown in the following table, Black and Hispanic employees are less likely to report equitable recognition than White employees. Only 19% of Black employees and 21% of Hispanic employees strongly agree they receive a similar amount of recognition as other team members, compared to 28% of White employees. They are also less likely to strongly agree the recognition they get is authentic. Black employees, in particular, are less likely to strongly agree they get the right amount of recognition.

Percentage of employees who strongly agree recognition is authentic, equitable and that they receive the right amount, by racial identity group

	Overall	Black employees	Hispanic employees	White employees
I get the right amount of recognition	23	17	21	24
The recognition I get is authentic	32	25	26	35
Recognition is equitable	26	19	21	28

Recognition can reflect inclusivity at an organization, or reveal underlying attitudes and biases with serious downstream repercussions. Just as importantly, where recognition is bestowed illustrates what – and who – an organization values. Acknowledging achievements can have a considerable bearing on reputation and performance evaluations and ultimately figure into the opportunities available to employees. If recognition is about giving credit where credit is due, then the general lack of perceived equity in recognition signals a serious failure.

4. Embedded in the Culture

Recognition can be a practice, or it can be the way of life at an organization. The distinction between the two makes a noticeable difference in the daily experience of employees.

Simply having a recognition program is not enough. A culture of recognition is one in which gratitude, praise and appreciation are freely given, regularly received and reach all corners of the organization. Where everyone feels empowered to take part in showing appreciation and commending achievements.

Thirty-six percent of employees report having a recognition program at their organization – nearly twice the number who strongly agree recognition is fully embedded in their organization’s culture (19%). However, by embedding recognition into their culture, organizations can more than double the impact of their recognition initiatives, as shown in the following table.

Employees who strongly agree their organization has a strong culture of recognition also say ...

... their organization has ...	% Yes	% No	Impact
Recognition program	27	13	2x
Monetary recognition	31	17	2x
Asked about their preferences	36	17	2x
... they have ...	% At least a few times a month	% Less than a few times a month	Impact
Received recognition from a manager, supervisor or leader	26	9	3x
Received recognition from peers	24	10	2x
Given recognition	21	10	2x
	% Strongly agree	% Do not strongly agree	Impact
Life events are recognized	59	12	5x
Work milestones are recognized	49	9	5x
Teams and groups are recognized	69	5	14x
Recognition needs fulfilled	52	9	6x
Recognition is authentic	44	8	6x
Recognition is equitable	48	10	5x

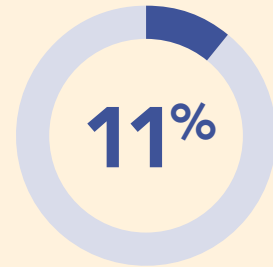
Public recognition is also an important culture booster. Only 11% of those who say recognition is mostly private show strongly agree their organization has a strong culture of recognition, compared to 22% who indicate they receive a mix of private and public recognition. Those who receive mostly public recognition are the most likely to report having a solid culture of recognition (37%).

What does it feel like to work at an organization with a culture of recognition?

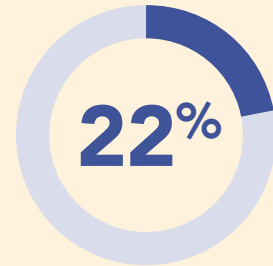
“It makes me feel valued and that I’m doing something right, that it is something. I’m doing things that are being seen.”

“I think overall, having more of a culture of being recognized and knowing that people appreciate your work just in general is going to make me work harder.”

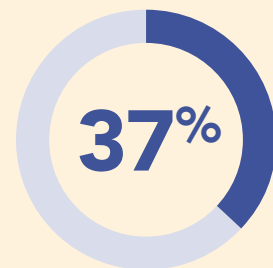
Percentage of employees who say their organization has a strong culture of recognition, by type of recognition received



Mostly private



Mix of private and public



Mostly public

5. Personalized

Just as what constitutes the right amount may vary person-to-person, employees can have different preferences for how and where they receive recognition. While getting recognition “right” can seem like a moving target, there is a straightforward way to ensure a bullseye: just ask. However, only 10% of employees strongly agree they have been asked by someone at their current workplace how they like to be recognized.

Setting can matter. While some employees like being in the spotlight, not everyone does. Twenty-nine percent of employees say they prefer to receive recognition in private, while only 7% prefer it to be public. The balance, 64%, prefer a mix of public and private recognition.

Technology-mediated recognition can strike a balance by “packing the punch” of public recognition while being more comfortable for employees who like a low profile. For example, mentioning exemplary work in an email chain, expressing appreciation on an online platform or forwarding kind comments to someone’s superiors are all forms of public recognition, but they feel different to employees.

Employees also differ in how much they value a monetary component to recognition. Some describe monetary rewards as the ideal recognition, but it can make less of a mark for other employees. Organizations that provide a variety of outlets for recognition offer the flexibility to personalize it and ensure it creates the intended impact.



Investing in Recognition

Recognition drives impact across a multitude of dimensions related to employee productivity, retention and brand-building and can even reduce turnover costs. Yet, many organizations are not fully investing in recognition or truly integrating it into their culture – or adequately budgeting for it. Any of these factors can prevent organizations, and employees, from realizing the benefits of workplace recognition.

Many managers and leaders report that recognition is not valued or seen as a priority at their organization. In fact, 81% of leaders say recognition is not a major strategic priority for their organization. Leaders give similar accounts that lend support to this finding, stating: Leaders and managers are not recognized themselves, they are not provided with the necessary resources (financial and otherwise) for recognizing their people, and their organization does not readily provide outlets, programs or systems for conferring recognition.

“There’s no structured time for my team to be able to use these tools and benefit from it. When they can barely keep up with expectation of metrics each day, it’s like that’s the last thing on their list and it’s going to continuously keep being put off.”

Not investing enough time in recognition is just as problematic – if not more so – than underfunding it. Managers report implementation challenges as a barrier to realizing the impacts of recognition.

Recognition is critical to the employee experience and those living it, including leaders. Whether or not it is seen as a priority overall may have implications for leaders' own attitudes and prioritization of recognition. It can impact how they lead, the guidance they provide and even their day-to-day behavior, thereby setting the tone throughout an organization.

Despite existing research showing that recognition can improve business outcomes,¹² almost half of senior leaders (46%) do not know what percent of their payroll budget is allocated to recognition, and more than one in 10 do not know if their organization has an allocated budget for it. But not knowing is not the biggest problem: Nearly two-thirds of leaders (64%) say there is no budget allocated specifically to recognition.

Additionally, organizations frequently fail to set themselves up to get the most out of recognition. Seventy-three percent of leaders say their organization does not provide any best-practice training for employee recognition. An additional 83% say their organization does not pay an outside company, vendor or consulting group to help with or advise on it. This lack of support leaves most leaders and managers with little to no guidance on how to make recognition count. Considering that organizations can leverage its power for free if they do it well, this is a missed opportunity.

When organizations invest in recognition, it sends a message to employees about what they value.

“It’s something I don’t think employees recognize from that aspect in the business; they are literally investing in us to be able to recognize each other and it just ties into the culture of the company I work for.”

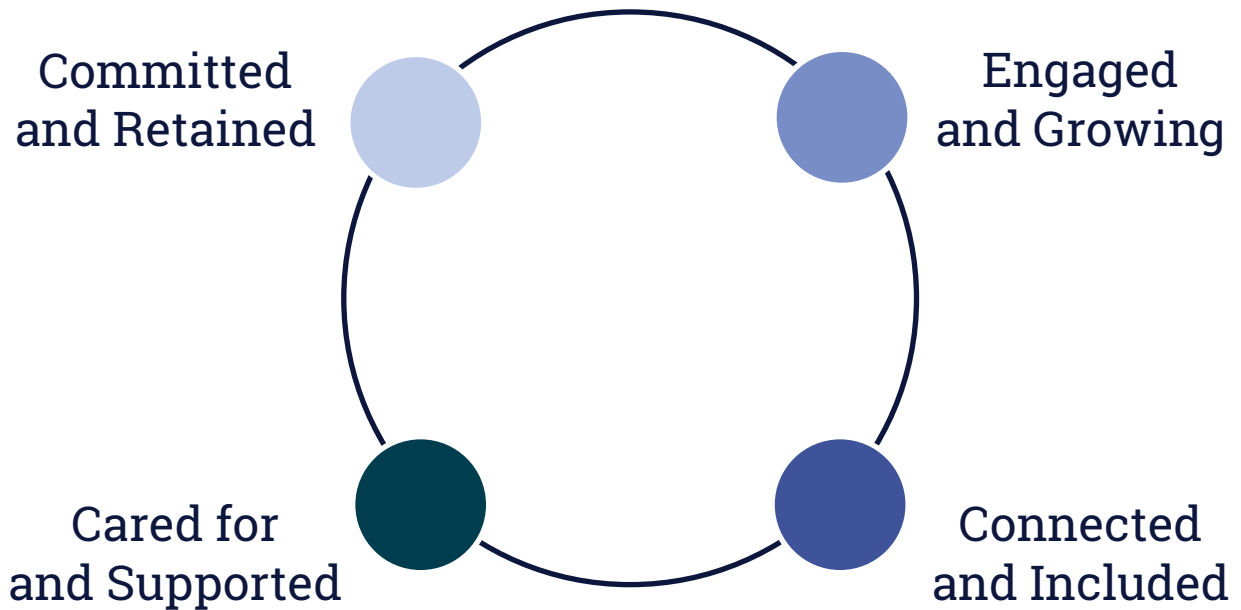
12 The Society for Human Resource Management & Workhuman. (2018). *Designing work cultures for the human era: The 2018 SHRM/Workhuman employee recognition report*. <https://www.workhuman.com/resources/reports-guides/findings-from-the-2018-shrm-workhuman-employee-recognition-survey-designing-work-cultures-for-the-human-era>

Driving Impact Through Recognition

Recognition brings the "human" element back to work by setting the tone for the entire employee experience. When organizations get recognition right, employees are more committed, more engaged and connected to their workplace culture, have stronger working relationships and feel a sense of belonging at their organization.

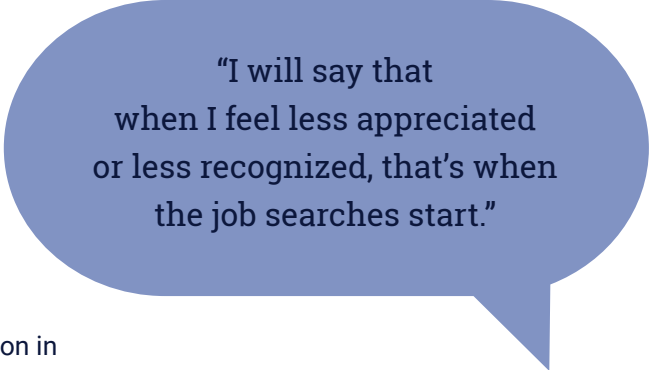
Employees who are emotionally fulfilled through appreciation and acknowledgment are more likely to stay with their organization. They feel a sense of loyalty and act as brand ambassadors by sharing their positive experiences with others to build their company's reputation and extend its reach. Recognition can also shield employees from burnout and support their overall wellbeing.

"Awarding people for good work is crucial in any business at any time, because that falls down and cascades into people's personal lives ... and it cascades into a business, it cascades through so many different things. The old adage of ripples in the pond."



Committed and Retained

Many leaders do not think about recognition as part of their retention strategy but should. Employees who report low-quality or infrequent recognition are at a high risk for turnover. As shown below, when employees do not strongly agree that recognition is fulfilling, authentic, equitable or embedded in the culture, they are twice as likely to be looking or watching for a new job. They are also roughly two or more times as likely to say they do not plan to be employed at the same organization in one year.



Among employees who are actively looking or watching for job opportunities ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	23	51	2x
Recognition is authentic	27	53	2x
Recognition is equitable	28	52	2x
Recognition is embedded in culture	29	47	2x

Among employees who do not plan to be at their organization in one year ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	8	20	3x
Recognition is authentic	9	21	2x
Recognition is equitable	11	19	2x
Recognition is embedded in culture	8	19	2x

As many organizations are experiencing first-hand, the effects of attrition can permeate throughout an organization. Even when it does not directly affect the overall productivity or output, it still costs the organization in terms of replacement expenses and damage to the culture.

Focusing on recognition experiences can address both consequences simultaneously. Recognition helps to reduce turnover costs in two ways. First, recognition is critical in engaging employees – a profound insulator for preventing attrition.¹³ But recognition has unique protective effects beyond engagement that provide additional savings. In fact, a 10,000-person organization with an already engaged workforce can save up to \$16.1 million annually by making recognition an important part of its culture.¹⁴ That same culture of recognition can preserve a positive employee experience even amid disruptions by keeping employees connected and engaged.

Cost benefits of a culture of recognition

Company size	Turnover cost – % of salary	Engaged + Embedded culture
1,000	50%	\$403,797
1,000	200%	\$1,615,189
10,000	50%	\$4,037,973
10,000	200%	\$16,151,892

Recognition Creates Staying Power

When employees feel like their organization is invested in them, they are more invested in their organization. Employees who have good recognition experiences are three times more likely to strongly agree they feel a sense of loyalty to their organization.

Among employees who strongly agree they feel loyal to their organization ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	77	23	3x
Recognition is authentic	72	18	4x
Recognition is equitable	71	22	3x
Recognition is embedded in culture	74	27	3x

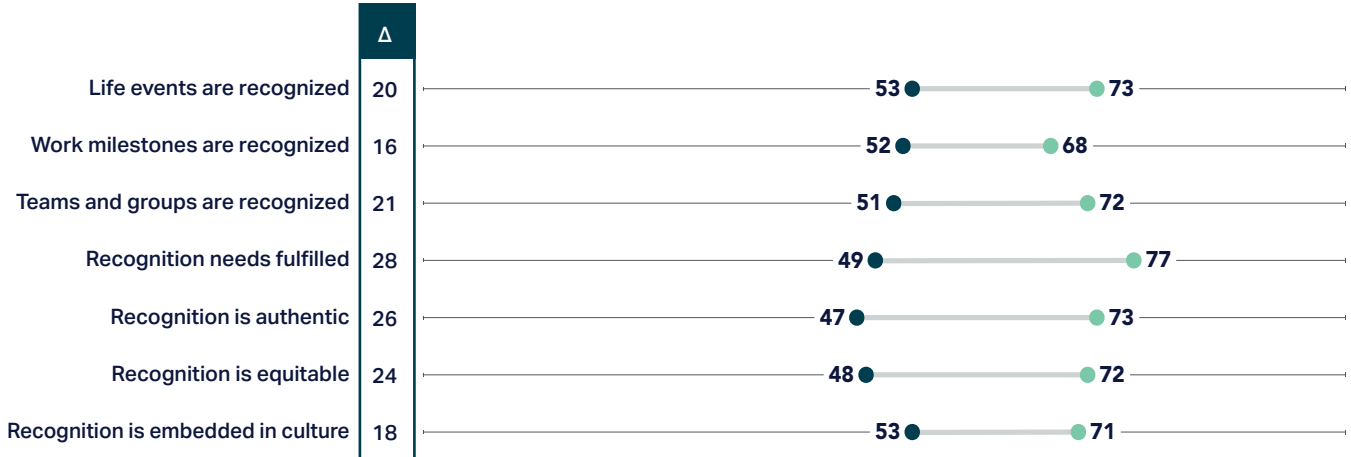
13 Harter, J., & Mann, A. (2017, April 12). *The right culture: Not just about employee satisfaction*. Gallup.com. <https://www.gallup.com/workplace/231602/right-culture-not-employee-satisfaction.aspx>

14 Gallup’s algorithm uses longitudinal data from nationally representative samples to estimate actual turnover rates based on respondents’ turnover intentions (actively looking for a job, watching for opportunities or not looking) and employee engagement. Output is “dollarized” by incorporating known data on turnover costs; the model is estimated separately for low turnover cost rates (50% of salary) and high turnover cost rates (200% of salary). Based on this algorithm, the reduction in turnover costs can be calculated as a function of other attributes. In this model, responses to “Recognition is an important part of my organization’s culture” are included, and an additional cost savings above and beyond employee engagement, is identified as shown.

Perhaps more importantly, they plan to stay put. Employees whose organizations get recognition right are far more likely to report that they are not looking for another job.

Among employees who are not looking for another job ...

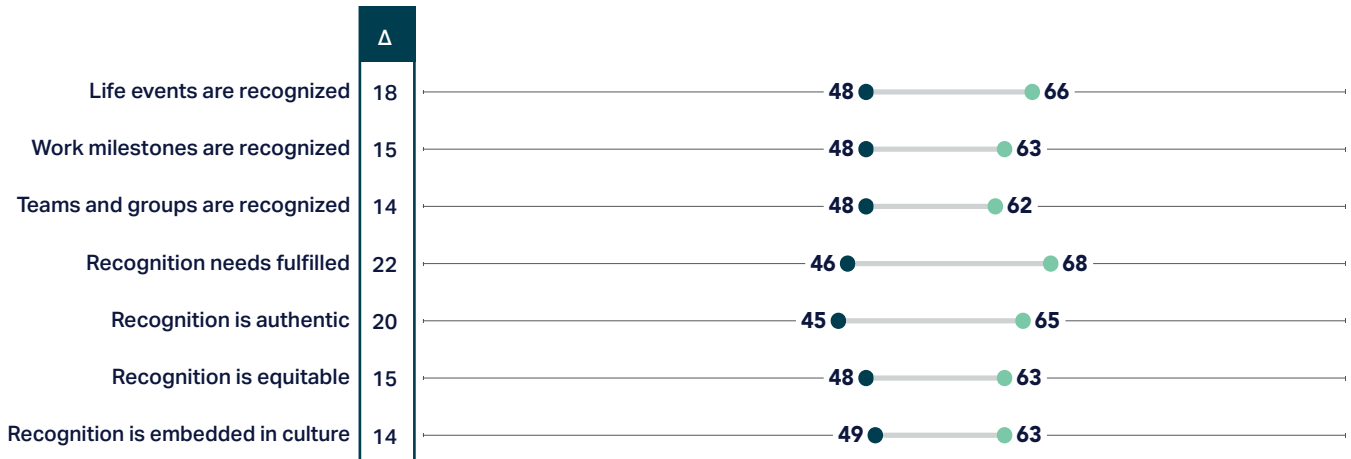
● % Strongly agree ● % Do not strongly agree



These employees are also much more likely to stay long term. Overall, only about half of employees (51%) plan to be employed at their current job five years from now. The following figure illustrates how organizations can boost staying power by providing the validation and acknowledgment employees are looking for at work.

Among employees who plan to be at their organization in five years ...

● % Strongly agree ● % Do not strongly agree



Employees who are recognized see a future at their organization.

“This is actually one of the reasons why I haven’t really been looking for work is because my management has been so positive and regard to recognition of my work.”

An Organization’s Best Advocates

Recognition is a two-way street. When organizations make a point of celebrating employees’ successes and contributions, those employees pay it forward. They become brand ambassadors who help spread the word about products, services and their workplace. In other words, when organizations appreciate employees for the value they add, they add more value by attracting customers and future employees to the organization.

Among employees who strongly agree they would recommend their organization’s products or services ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	83	30	3x
Recognition is authentic	76	26	3x
Recognition is equitable	77	28	3x
Recognition is embedded in culture	78	33	2x

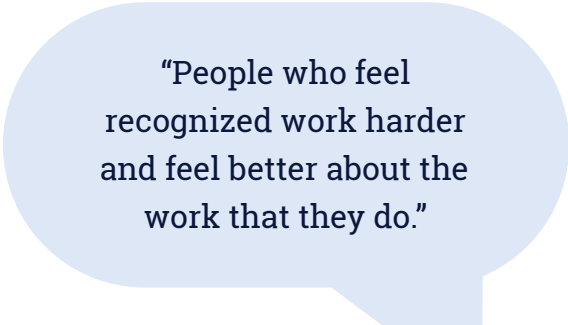
In a competitive talent marketplace, the power of the employee referral cannot be understated. Yet, only 28% of employees strongly agree they would recommend their organization as a great place to work. But organizations that acknowledge employees through strong cultures of recognition can boost this figure to 68% (see table below). In short, when employees work in a positive environment, they tell their friends and families.

Among employees who strongly agree they would recommend their organization as a great place to work ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	69	16	4x
Recognition is authentic	63	12	5x
Recognition is equitable	63	15	4x
Recognition is embedded in culture	68	19	4x

Engaged and Growing

Employee engagement is the critical foundation for high-performing teams and organizations,¹⁵ and recognition is one of its most vital scaffolds.



Percentage engaged among employees who ...

	Strongly agree	Do not strongly agree	Impact
Recognition needs fulfilled	80	21	4x
Recognition is authentic	71	18	4x
Recognition is equitable	72	21	3x
Recognition is embedded in culture	71	25	3x

Managers and supervisors play a critical role in engaging employees.¹⁶ Employees who receive recognition from their manager, supervisor or other leaders at least a few times a month are more than three times as likely to be engaged than those who receive it less often.

However, managers can lose the full force of recognition by failing to personalize it. Fifty-one percent of employees who report being asked about their preferences are engaged, versus only 31% of those who were not – a 20-point difference in engagement.

Growing Employees Through Recognition

Recognition is an effective multitool for learning and development. At every phase of the employee life cycle, recognition can function as a learning aid, validating good work and good behavior. It helps employees aim their contributions through positive reinforcement.

Recognition is critical to onboarding new employees into the work and culture of an organization, helps employees be their best throughout the employee life cycle and provides vital support for continued growth. Recognition helps employees feel like they are being encouraged to develop.

15 Harter, J. K., Schmidt, F. L., Agrawal, S., Blue, A., Plowman, S. K., Josh, P., & Asplund, J. (2020). *The relationship between engagement at work and organization outcomes: 2020 Q12 meta-analysis: 10th edition*. Gallup, Inc.

16 Clifton, J., & Harter, J. K. (2019). *It's the manager: Gallup finds the quality of managers and team leaders is the single biggest factor in your organization's long-term success*. Gallup Press.

Among employees who strongly agree someone at work encourages their development ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	72	18	4x
Recognition is authentic	65	15	4x
Recognition is equitable	66	19	3x
Recognition is embedded in culture	66	21	3x

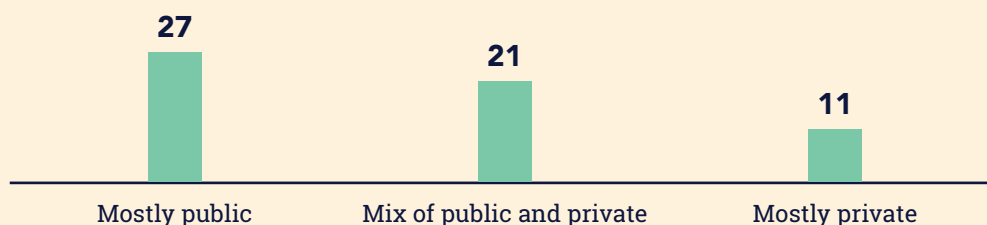
When employees receive recognition, they are also more confident in their path forward. While only 18% of employees overall strongly agree they can see a path to grow at their organization, recognition can more than double that rate. Seeing a path to grow engages and inspires employees to rise to their full potential.

Among employees who strongly agree they see a path to grow at their organization ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	46	10	5x
Recognition is authentic	41	8	5x
Recognition is equitable	42	10	4x
Recognition is embedded in culture	47	12	4x

Public recognition can clear a path for development; it builds employees’ reputations and opens doors. As the figure below shows, employees who receive mostly public recognition are more than twice as likely to report seeing a path to develop than those who receive mostly private recognition.

Percentage of employees who strongly agree they see a path to grow at their organization, by type of recognition received



Connected and Included

Keeping employees connected to their organization’s culture has been a common concern amid the new era of remote and hybrid work. Recognition is a simple and effective part of the solution.

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 their working arrangement. When employees – whether remote, hybrid or on-site – get the right amount of recognition, they feel more connected to their organization’s culture.

Agreement with "I feel connected to my organization's culture," by remote work status

Among employees who feel they are getting the "right amount" of recognition

Work location	% Strongly agree	% Do not strongly agree	Impact
Remote	58	18	3x
Hybrid	66	18	4x
On-site	66	11	6x

Overall, only one in four employees strongly agree they feel connected to their organization’s culture. A high-quality recognition experience will help employees feel like they are not just experiencing the culture but are an integral part of it.

Among employees who strongly agree they feel connected to their organization's culture ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	64	14	5x
Recognition is authentic	58	10	6x
Recognition is equitable	59	12	5x
Recognition is embedded in culture	62	17	4x

Recognition in a remote world, according to those living in it:

Employees need to feel connected to their organization’s culture, but it is just as important for them to feel connected to their organization’s people. Giving and receiving recognition is one way to form new relationships, build bridges among teams and dissolve tensions amid disparate goals, priorities or approaches.

“Especially because we work remotely now, so a lot of the personal aspects of work life are gone ... just giving a shout out and recognizing someone’s job well done is something that’s needed in the workplace.”

Only about a quarter of employees (27%) strongly agree they have meaningful connections with their coworkers, but those who receive recognition from peers at least a few times a month are twice as likely to strongly agree than those who receive it less often. When that recognition is high-quality, the impacts are even greater.

Among employees who strongly agree they have meaningful connections with coworkers ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	60	17	4x
Recognition is authentic	54	14	4x
Recognition is equitable	59	16	4x
Recognition is embedded in culture	58	20	3x

These meaningful connections matter. An atmosphere of mutual respect, support and encouragement can pave the way for better teamwork and a better work environment for all that is characterized by inclusion. When employees show appreciation at work, they create strong and productive partnerships and an environment where everyone feels like they matter and belong.

Among employees who strongly agree they feel that they belong at their organization ...

	% Strongly agree	% Do not strongly agree	Impact
Recognition needs fulfilled	74	18	4x
Recognition is authentic	68	14	5x
Recognition is equitable	68	17	4x
Recognition is embedded in culture	66	23	3x

Boosting Belonging for All

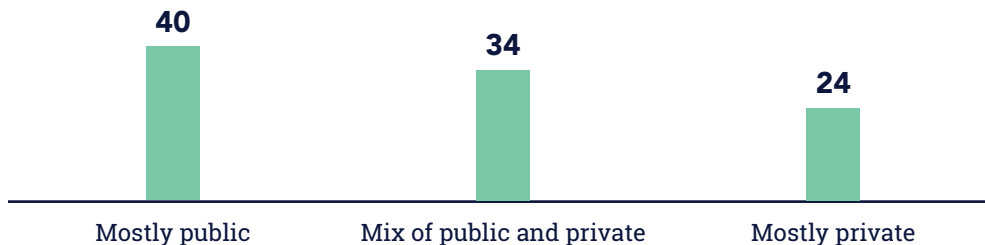
While high-quality recognition improves feelings of belonging for all employees, it may be even more impactful for Black and Hispanic employees. As organizations create initiatives to improve their diversity, equity and inclusion (DEI), they should be mindful to include a fulfilling, authentic and equitable recognition program in their strategy.

Public recognition can be particularly effective in strengthening belonging. Public displays reinforce employees' place and value in the organization, and others see that.

Impact of belonging to their organization, by racial identity group

	Black employees	Hispanic employees	White employees
Recognition needs fulfilled	5x	6x	4x
Recognition is authentic	7x	7x	4x
Recognition is equitable	4x	5x	4x

Percentage who strongly agree they feel that they belong at their organization, by type of recognition received



Making recognition personal can also amplify a sense of belonging. Employees who say their organization recognizes life events are nearly three times more likely to strongly agree they belong at their organization. When employees feel valued for their achievements and for who they are, they feel like they are more than an employee; they are an important member of an organization.

Building inclusion through recognition:

"I think it brings our team closer and it fosters a sense of community."

Cared for and Supported

In today's workplace, being "overworked and underappreciated" is a common experience. It is also a recipe for burnout. Overall, 25% of employees report being burned out at work "very often" or "always," indicating that for a quarter of the workforce, energy, motivation and productivity are dwindling.

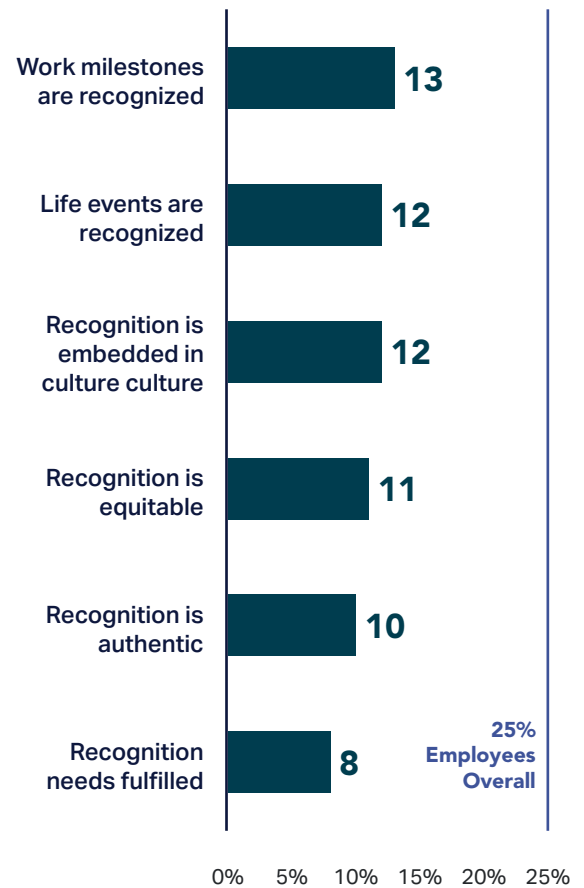
Feeling undervalued is a drain on the employee experience and a major risk factor for burnout. Those who do not get consistent recognition at least a few times a month are nearly twice as likely to report being burned out always or very often. Leaving recognition needs unmet nearly quadruples burnout rates. Conversely, as the chart to the right shows, providing consistent, high-quality recognition can cut the rates of burnout in half or better.

Leaders today must also be mindful of the "human" in "human capital" and that having a resilient organization starts with building resilience in people. The best way organizations can help reinforce the fortitude of their employees is by supporting their health and wellbeing proactively, intentionally and holistically.

Recognition is an effective way for organizations to demonstrate that they care about wellbeing. Employees who receive recognition from their peers at least a few times a month are nearly two times as likely to strongly agree their organization cares about their overall wellbeing, and those who receive recognition from their manager, supervisor or a leader at that frequency are nearly three times as likely.

Making a point of recognizing events in the personal lives of their employees is an easy way to send a powerful message that organizations care about their employees as people. Recognizing life events more than triples employees' perceptions that their organization cares.

Percentage "always" or "very often" burned out at work, by organizations where ...



Among employees who strongly agree their organization cares about their wellbeing ...

	% Strongly agree	% Do not strongly agree	Impact
Life events are recognized	68	20	3x
Recognition needs fulfilled	71	14	5x
Recognition is authentic	63	11	6x
Recognition is equitable	63	13	5x
Embedded in culture	68	18	4x

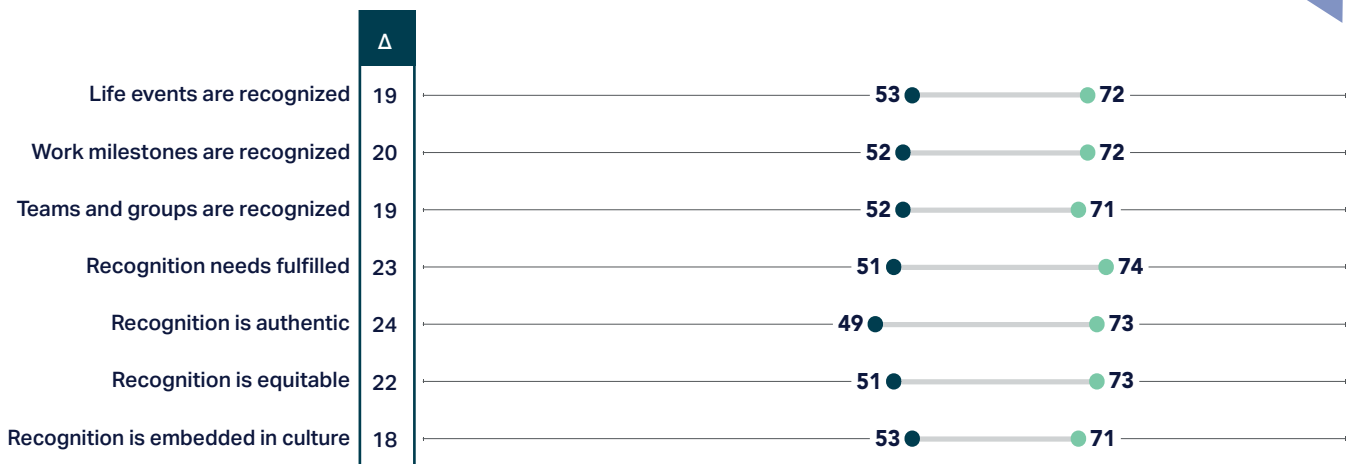
Recognition is about people, not just employees.

As shown below, employees who have good recognition experiences at work evaluate their lives more positively overall and are more likely to be thriving in their everyday lives.¹⁷ Organizations can help improve employees' lives by acknowledging their value as people and contributors.

"You feel like it was worth it working for them. You mattered to them, not just as an employee, but as a person ... that's an amazing feeling, because I know that there are a lot of employees who don't get there."

Among employees who are "thriving" in their overall wellbeing ...

● % Strongly agree ● % Do not strongly agree



¹⁷ Gallup, Inc. (2009, August 24). *Understanding how Gallup uses the Cantril scale.* <https://news.gallup.com/poll/122453/understanding-gallup-uses-cantril-scale.aspx>

Conclusion

When it comes to recognition, there's great promise, but there is also room for improvement. Most employees are not getting what they need from recognition because their organizations are missing the mark.

Bringing the human element back to work through recognition requires investing in it and aiming it. Organizations can maximize their recognition efforts by targeting the five pillars of recognition: (1) fulfilling employees' needs for recognition, (2) giving high-quality, authentic recognition, (3) ensuring equity, (4) embedding recognition in their culture, and (5) personalizing it.

Recognition improves business outcomes by improving the employee experience. But recognition only works when done right. Organizations that leverage the full force of recognition don't just "do" recognition, they **live it**, every day.

By meeting their employees' recognition needs, organizations can reap the benefits of a more engaged workforce that is connected and empowered to grow and develop. Their employees are more likely to be thriving at work and beyond, are committed to staying and actively promote the organization to others. Overall, they are better employees and feel better as *people*.

Leaders' Five Next Steps

Leaders can unleash the human element at work by taking five steps to build a better recognition strategy.

Make recognition accessible. The easier it is for managers and employees to give recognition, the more they will do it. Make sure there are easy outlets to give all types of recognition and that managers are equipped with the resources they need – both in time and money – to make recognition count.

Make recognition an important part of the culture. Take recognition from a practice to a core value by embedding recognition in the culture. Make recognition a ritual: Make it a daily habit but also set aside designated times and events to highlight it and make it special.

Train managers. Managers are an important conduit of recognition for employees. Set the expectation of providing recognition regularly, but also teach managers how to do it well. Educate them on the impacts of recognition and options for providing it in the workplace. Guide them with specific actions to motivate employees and build strong teams through positive feedback.

Model the behavior. Leaders must set the example by providing recognition themselves. Recognize managers – they often receive the least recognition. Send recognition all the way down the chain to front-line employees; leaders' gratitude and acknowledgment can make all the difference in their experience at work. Let employees know that what they do is important.

Prioritize recognition. Give the recognition strategy the attention it warrants. Set aside the time, money and energy needed to get it right. Audit the organization's current state of recognition – is it having the impact it should? What could take it further? Make smart investments and set them up for success by thinking through implementation thoughtfully and making them integral to the culture.

Methodology

Survey Methodology. Results from U.S. data are based on a survey conducted from Feb. 14-28, 2022, with 7,636 adults who are employed full-time 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 +1.8 percentage points for response percentages around 50% and is +1.1 percentage points for response percentages around 10% or 90%, design effect included. For reported subgroups such as managers or senior leaders, gender or race/ethnicity, the margin of error will be larger, typically ranging from ±2.1 to ±6.1 percentage points for percentages around 50% and ±1.3 to ± 3.7 for percentages around 10% or 90%.

Results from Western Europe are based on self-administered web surveys from an opt-in sample provided by Dynata of 5,551 adults, aged 18 and older, living in one of the following countries or regions: United Kingdom, France, Germany, Netherlands, Ireland, Switzerland, Belgium, Denmark, Finland, Norway and Sweden. The survey was conducted from Feb. 18-28, 2022. Results from this sample are unweighted, and respondents are not demographically representative of the countries surveyed. For details about how Dynata recruits respondents in Western Europe, please see http://info.dynata.com/rs/105-ZDT-791/images/Dynata_Panel%20Book_2.19.pdf.

Gallup's turnover cost model is based on a median employee salary of \$54,000 annually (Bureau of Labor Statistics, March 2022), a voluntary turnover rate of 32.7% (Bureau of Labor Statistics, 2021) and an estimated turnover cost ranging from 50% to 200% of an employee's annual salary. The turnover cost estimates in this report represent the potential cost reduction in turnover expenses attributable to strong agreement with "Recognition is an important part of my organization's culture," after accounting for effects of employee engagement. Organizations with higher or lower median salaries, turnover rates and turnover cost ranges may experience a higher or lower cost reduction.

In-Depth Interviews. Qualitative insights and quotes in this report are derived from 30 in-depth interviews conducted with members of the Gallup Panel. All respondents were adults working in the United States. Random samples were selected for recruitment of 10 individual contributors, 10 managers and 10 leaders from a variety of professions and industries. Respondents' ages ranged from 24 to 66 years of age (average age = 41 years), and 50% were female. The respondents came from a mix of racial and ethnic backgrounds, with 43% identifying as White, 37% identifying as Black and 17% identifying as Hispanic or Latino.

Interviews were conducted by trained Gallup research consultants in a semi-structured format. Interviews were recorded with the consent of respondents and transcribed using Zoom transcription. Qualitative analysis was conducted by an experienced Gallup research associate who identified key themes and patterns across the interviews. Analyses were also focused on identifying unique experiences by role, demographic characteristics and working arrangements.

Appendix: Cross-National Comparisons

Recognition is core to the human experience regardless of location, but not always in the same way. A comparison between recognition experiences in the United States and several countries in Western Europe¹⁸ indicates that recognition is important to the employee experience and organizational outcomes, but there are differences in how types of recognition are given, received and perceived.

Key differences in recognition experiences as reported in the United States versus Western Europe are shown below.

% Strongly agree (or have)	U.S.	Western Europe	Δ (Percentage points)
Recognition program	36%	30%	6
Digital recognition software	22%	24%	-2
Bonus	33%	40%	-7
Asked about their preferences	10%	28%	-18
Monetary recognition	21%	42%	-21

	At least a few times a month	Less than a few times a month	Δ (Percentage points)
Received from manager, supervisor or leader	49%	58%	-9
Received from peers	53%	68%	-15
Giving recognition	71%	78%	-7

	Strongly agree	Do not strongly agree	Δ (Percentage points)
Life events are recognized	15%	17%	-2
Work milestones are recognized	23%	21%	2
Teams and groups are recognized	22%	21%	1
Recognition needs fulfilled	23%	20%	3
Recognition is authentic	32%	25%	7
Recognition is equitable	26%	24%	2
Recognition is embedded in culture	19%	19%	0

¹⁸ Please note that U.S. data reflect responses from a representative, stratified random sample recruited from the Gallup Panel, whereas European data reflect responses from an opt-in sample provider. See the Methodology section for more details.

% Have	U.S.	Western Europe	Δ (Percentage points)
Public	11%	21%	-10
Private	30%	46%	-16
Mix of public and private	58%	33%	15

Preferences			
	U.S.	Western Europe	Δ (Percentage points)
Want recognition at least a few times a month from manager/supervisor or leader	59%	70%	-11
Want recognition at least a few times a month from peers	57%	73%	-16
Prefer public recognition	7%	20%	-13
Prefer private recognition	29%	40%	-11
Prefer mix of public and private	64%	40%	24

Prioritization			
	U.S.	Western Europe	Δ (Percentage points)
Major strategic priority	19%	51%	-32
Minor strategic priority	47%	33%	14
Not a priority	34%	16%	18
Managers and/or leaders trained in best practices	18%	55%	-37
Budget allocated	25%	55%	-30

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