

Strategic Recognition 101: Your Guide to Proving ROI



workhuman*



Employee recognition is a simple and straightforward way to express gratitude in the workplace.

The act of thanking someone for a job well done speaks volumes – Gallup and Workhuman® [research](#) shows it boosts wellbeing, improves positive daily emotions, and builds culture.

But that's not all. The research also points to the hard-hitting impact of recognition on the bottom line. By making recognition an integral part of company culture, a 10,000-person organization can [realize](#) upward of \$16.1M annually due to reduced employee turnover.

To see real, measurable results with recognition, companies need to employ

strategic recognition – not just any old recognition. It's what drives improved business outcomes: higher engagement, retention, productivity, and reduced absenteeism and safety incidents.

Strategic recognition – or, what Workhuman calls **recognition done right** – means driving impact. And Workhuman drives breakthrough culture and business impact, [guaranteed](#).

Let's take a closer look at what your company can do to see the ROI of recognition in our recognition 101 guidebook.



Recognition done right

Before we dive into the ROI of recognition, let's first explore the difference between regular recognition and recognition done right.

In partnership with Gallup, Workhuman has spent years studying the impact of recognition – both on employees and on the business at large. To operationalize what great recognition looks like, we have co-developed five essential pillars of strategic recognition in the workplace.

Five pillars of strategic recognition



Fulfilling employees' recognition expectations

The amount you receive makes sense.



Authentic

It isn't just a "checklist" thing.



Personalized

One size doesn't fit all.



Equitable

It's given fairly without playing favorites.



Embedded in an organization's culture

It's integrated into the day-to-day.

The data is clear: When recognition incorporates a majority of the five pillars, it can be truly transformational.

Employees who receive recognition that fulfills at least four pillars are:

12.2x

as likely to strongly agree that they are connected to their organization's culture

9.0x

as likely to be engaged

At Workhuman®, strategic recognition that impacts everyone across the organization is what we call recognition done right. It's not enough to simply have a recognition program in place to see deep impact to both employees and the business. Recognition must be implemented with strategy and intention – and that means having everyone, from senior executives to individual contributors, bought into recognition.

As the #1 provider of employee recognition software, Workhuman has a 25-year track record of doing recognition right – driving engagement, productivity, and retention for a deep, broad customer base composed of many of the world's most iconic, global companies.



The tipping point of recognition

Now that we've defined recognition done right, let's explore how you can build strategic recognition across the organization and, in doing so, realize the profound ROI of recognition.

To allow recognition to take root and prosper at your organization, it's important for your leaders to familiarize themselves with the five pillars of strategic recognition. Leaders can then educate employees across all levels of the organization on the best practices for giving recognition.

The full power of recognition is unlocked when an organization finds ways to embed it as part of the culture and incorporate it into daily practice.

This includes your organization's people, not just your leaders.

Employees who excel at giving recognition fulfill each of the five pillars of strategic recognition and seamlessly incorporate it into frequent, meaningful conversations with their team members.

But therein lies the challenge.

World at Work research shows organizations generally allocate 0.3% or less of the payroll budget to recognition. With minimal recognition investment, most companies are failing to capitalize on one of the most powerful tools at their disposal.

To build true cultures of recognition, where all employees are empowered as active participants in the recognition process, recognition should be viewed as a strategic priority with adequate funding.

As recognition investment increases, so too do business performance metrics like employee engagement, retention, and performance. Why? Because the

more frequent the recognition across the organization, the more motivated, inspired, and engaged employees become.

Workhuman® iQ data modeling indicates recognition funding at 1% of payroll is the “sweet spot” for impacting each of these

metrics. We call this the “tipping point of recognition” – where companies see the biggest impact of a recognition investment.



Cisco has seen a **3x reduction in turnover** with frequent recognition, funded at 1% of payroll. Even more impressive, the technology leader has experienced a **4.5x lower flight risk** for employees tenured at 1-3 years who have robust recognition experiences.



First Tech, whose recognition program is also funded at 1% of payroll, has found that employees who give recognition are **2x less likely to leave** the organization than those who only receive recognition – and those who receive recognition are **2.5x less likely to leave** than those who have never been recognized.

But it's important to remember that where you start with recognition is only the beginning.

Workhuman meets you wherever you are on your recognition journey – and is with you every step of the way. Our world-class

consulting and client engagement teams create an ROI-driven, end-to-end strategic partnership – and we offer round-the-clock customer support, staffed by former program managers.



Human Intelligence: where recognition meets AI

An investment like 1% of payroll toward recognition can help your organization realize the far-reaching benefits of recognition. A robust recognition program with the right frequency and value generates an immense amount of information about the skills and achievements of your employees.

And now, company leaders can use that information to understand their organizational competencies and talent management opportunities and shape the health of individual teams.

The release of Human Intelligence™ from Workhuman gives your organization unprecedented access to insights from your recognition program. Human Intelligence, the output of recognition data and AI, both unlocks employee and organizational insights and promotes meaningful recognition across the organization.

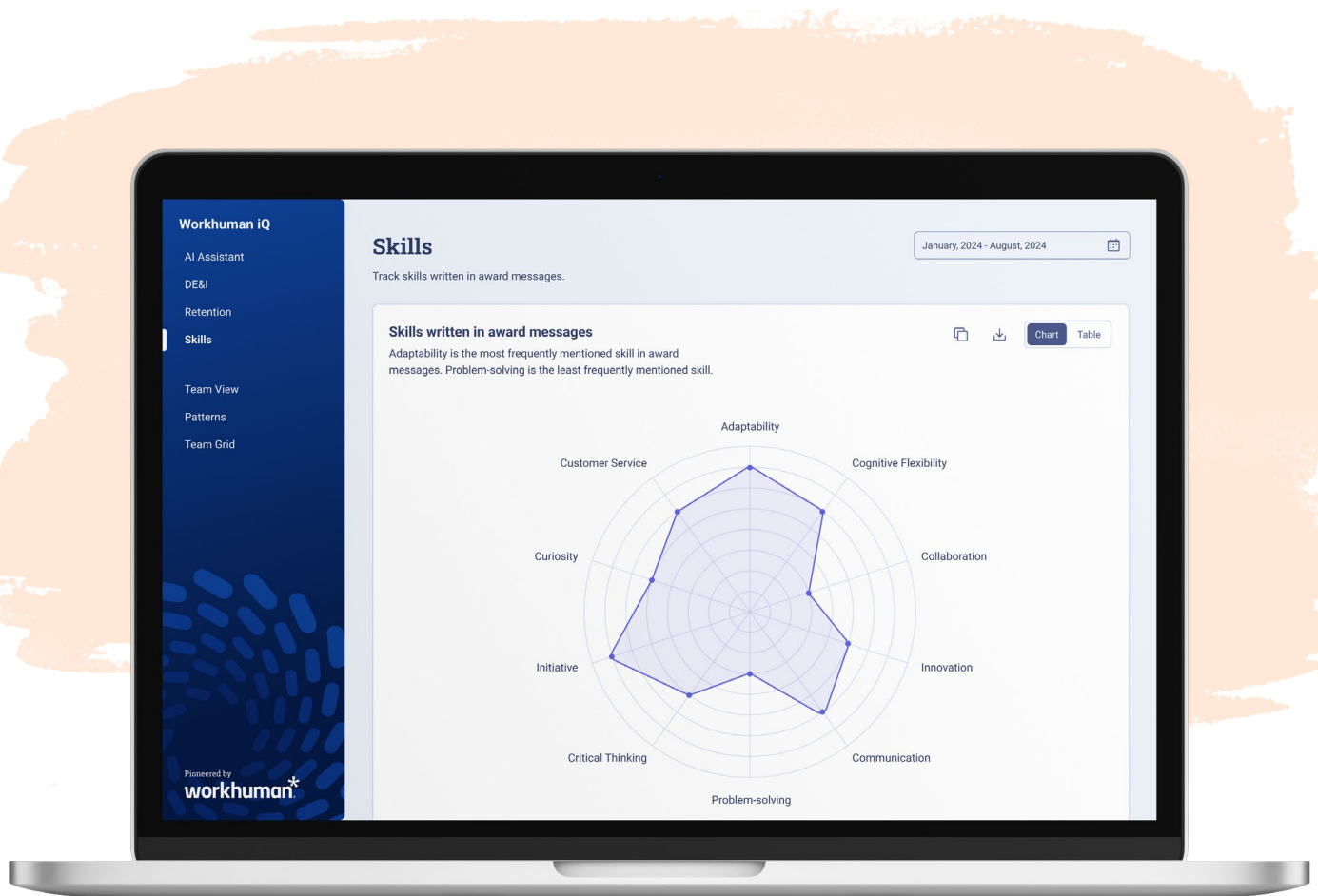
Human Intelligence is fueled by an entire ecosystem of game-changing, AI-powered innovations. Let's look at how this works in practice by exploring a few of these innovations.

Let's say, for example, a people manager needed to upskill a team of junior employees to prepare for an upcoming product launch. The team showed promise but hadn't yet been exposed to a project of this magnitude.

Using the Skills feature in the AI-powered Workhuman iQ, the people manager could get a baseline understanding of the most common skills the team had been recognized for – as well as what they had not been

recognized for – based on the recognition messages they had received. Instead of going through the manual effort of filtering through the messages, this information could be delivered to the people manager within **mere seconds**. That's the power of AI.

With this information in hand, the people manager could upskill the team in the areas where they had not been recognized in the past.



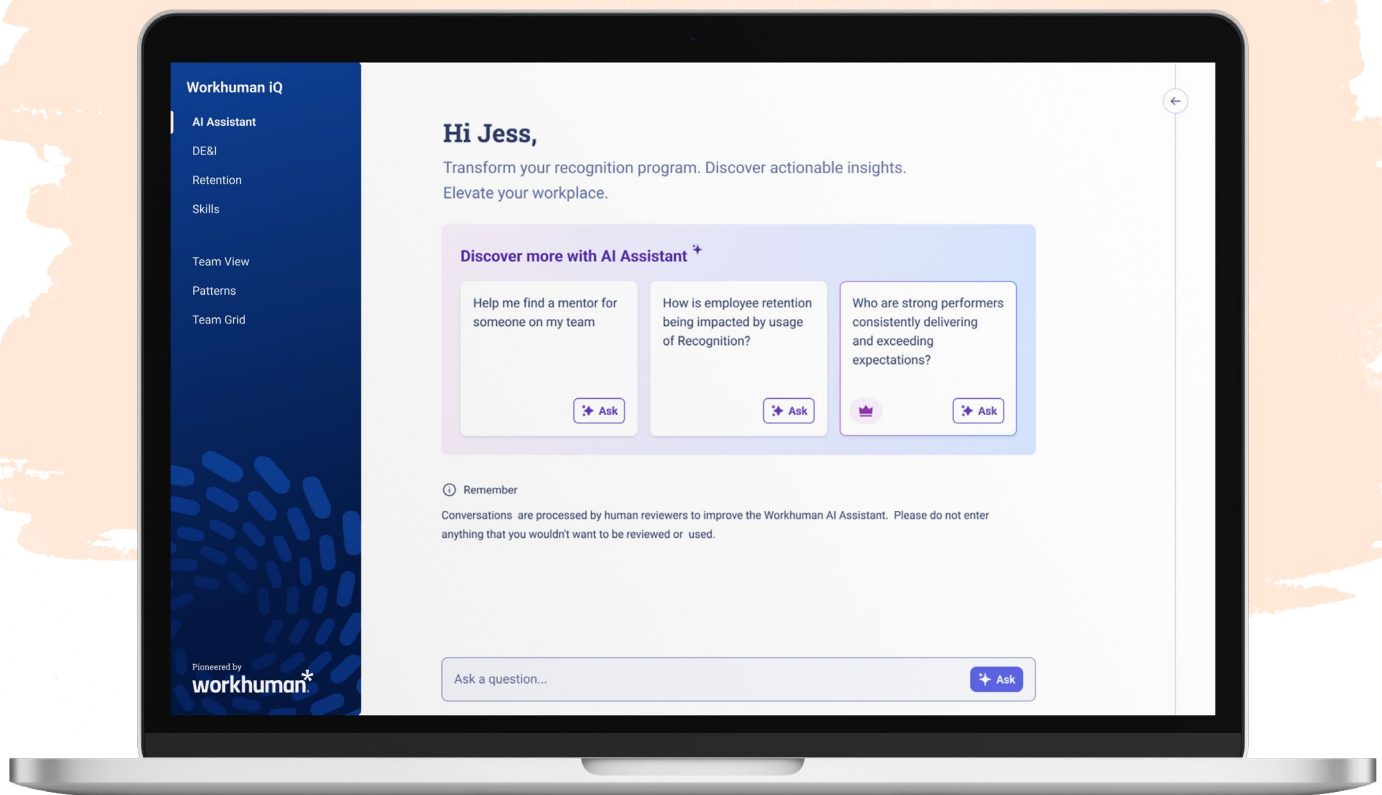
Workhuman iQ – Skills

The AI Assistant, the core feature within Workhuman iQ, built like a chatbot to understand and generate humanlike text, could quickly and easily identify mentors across the organization to help with upskilling the team.

A simple prompt like “I would like to identify a mentor for my team who regularly displays leadership and coaching qualities and who has deep experience with product launches” would generate a list of potential candidates,

some of whom might be obvious to the people manager, some of whom may not.

This is where the transformative impact of the AI Assistant comes into play. In this example, the AI Assistant knew more than any employee would about potential candidates for mentorship – even more than the collective knowledge of the organization – because it had been trained to interpret the recognition data.

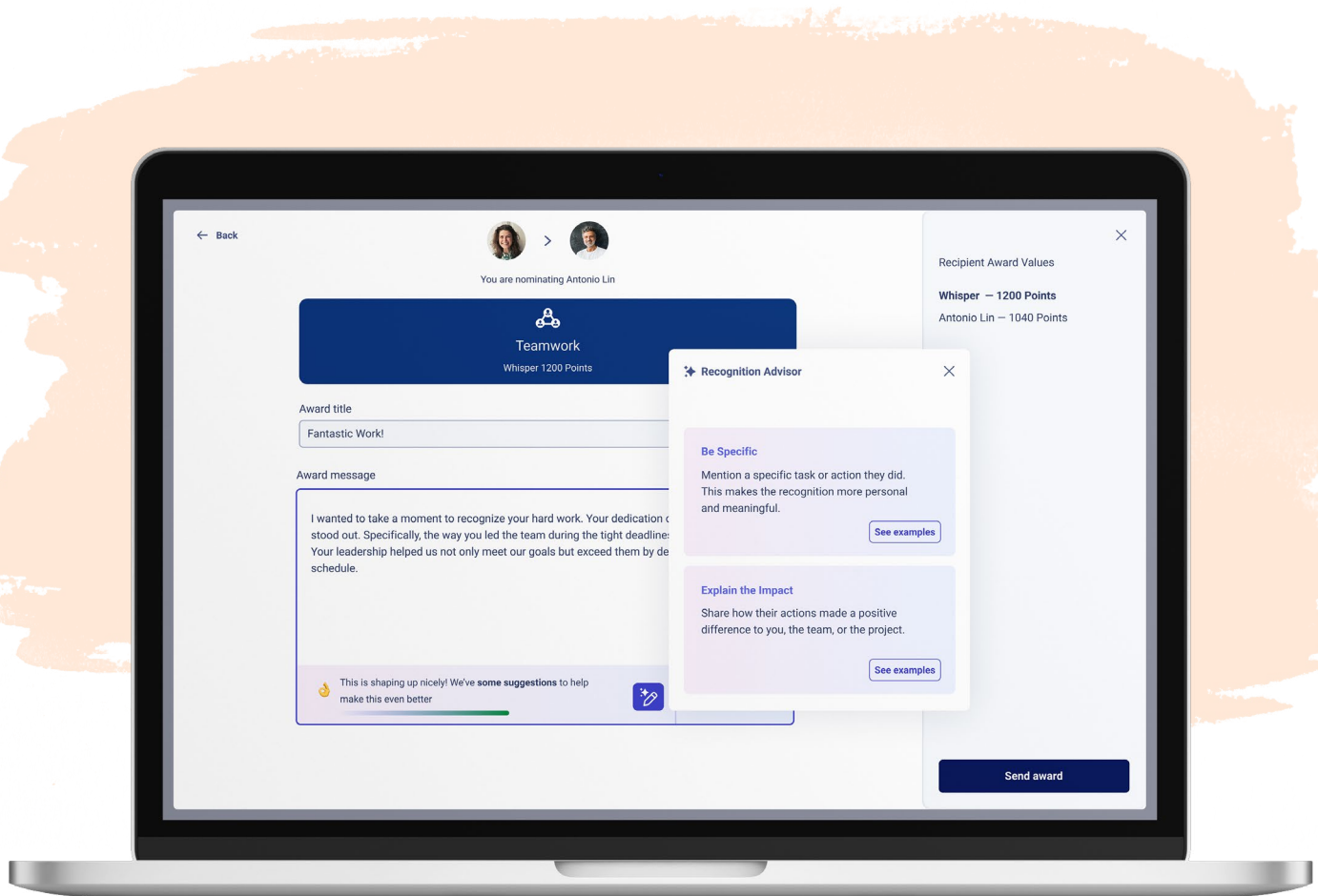


Workhuman iQ – AI Assistant

Using these insights, the people manager could focus on positive reinforcement of the new skills the team needed to work on. With Recognition Advisor, an intuitive AI tool that guides and coaches employees on ways to make recognition more meaningful and impactful, the people manager could ensure that upskilling efforts were being called out

frequently and consistently – not just by the manager, but by peers across the team.

The broader point is: Realizing the return on investment of recognition means leveraging recognition to its fullest potential. Human Intelligence gives company leaders and employees alike unprecedented insights that can lead to cultural transformation.



Recognition Advisor

Final thoughts

Employee recognition is a simple and straightforward way for employees to reward and celebrate one another. When employees feel good about what they do and who they work with, they're better collaborators, problem solvers, innovators, and communicators.

But this stuff isn't warm and fuzzy – it's the future of your bottom line.

Workhuman and Gallup research shows strategic recognition improves business outcomes – significantly. In fact, the data shows a U.S. business of 10,000 employees could see a whopping **\$91M in gained employee productivity** by simply doubling

the amount of recognition employees receive each week.

The key is to build and sustain a culture of recognition, implementing recognition with intention and backing from everyone across the organization. With the right recognition investment level in place and employees giving and receiving recognition frequently, recognition becomes a part of how the business operates every day. And, combined with the transformative power of AI, recognition supercharges the business – and the people behind it.

So, the question for you is: How will you use recognition to elevate your business?

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