

WORKHUMAN-GALLUP RESEARCH

Recognition and Productivity:

# The Impact on the Bottom Line



workhuman\*



Amidst layoffs, disengagement, and budget cuts, productivity has taken a hit. Employee disengagement has risen since 2020 and remains elevated. In fact, Gallup data shows only 23% of employees in the U.S. and 33% of employees globally are engaged.

It's times like these when you need a silver bullet to keep your organization from becoming part of this unfortunate trend.

**Employee recognition is that silver bullet. And we've got the numbers to back it up.**

In a recent study, *The Human-Centered Workplace: Building Organizational Cultures That Thrive*, Gallup and Workhuman® outline the measurable impact employee recognition can have on both workplace culture and business.

These findings show that recognition isn't just a perk. It's essential for your

organization's bottom line. Recognition has the power to engage and inspire employees, build connection and rapport across teams, drive productivity and adaptability, and ultimately fuel business performance.

At Workhuman, that's what we call **recognition done right**. We believe so deeply in the power of recognition that we've built our business of 25+ years around the practice of creating workplace cultures of recognition. It's the belief that powers our #1-rated employee recognition solution and fuels our industry-leading product innovations.

Let's take a deeper look at the impact of recognition – and what it can do for your business.



# How recognition makes work meaningful

To produce quality output, your employees need a sense of motivation. And they're motivated by more than just one thing.

There are extrinsic factors, like salary and benefits, that drive them to work hard. There are also intrinsic factors, like enjoying the work they do, getting along with their coworkers, and seeing meaning and purpose in their work, that push them to contribute their best efforts.

**Recognition supports all those criteria by:**

- **Celebrating individual work**
- **Bonding teams together**
- **Connecting personal achievement to organizational success**

With these pillars in place, employees are more motivated to show up and do their best.

Gallup finds that employees who strongly agree they know how the people they work with like to be recognized are 2.6x as likely to strongly agree that they have meaningful connections with their coworkers and 2.9x as likely to strongly agree that they feel connected to their organization's culture.

Employees work harder under a successful recognition program. They feel a deeper connection to their work and their colleagues, so they want to do better work. That connection fosters a sense of pride and ownership that leads to higher-quality contributions.

Under these conditions, employees are more productive and less prone to burnout, making the whole organization more successful and driving greater business outcomes.



# The connection between productivity and recognition

Recognition is often touted as a culture strategy to boost engagement, decrease turnover, and make for an overall more satisfied workplace. But, beyond these qualitative metrics, recognition has a tangible effect on your bottom line, too.

**Productivity compares the output of goods and services produced to the inputs required to produce them. Simply put: It's how much an employee produces compared to what they are paid.**

Based on previous research, Gallup estimates that if a U.S. organization with 10,000 employees (the median company in Gallup's database) doubled the number of employees who strongly agree that they have received recognition or praise for doing good work in the last seven days, they would likely see a corresponding 9% increase in productivity.

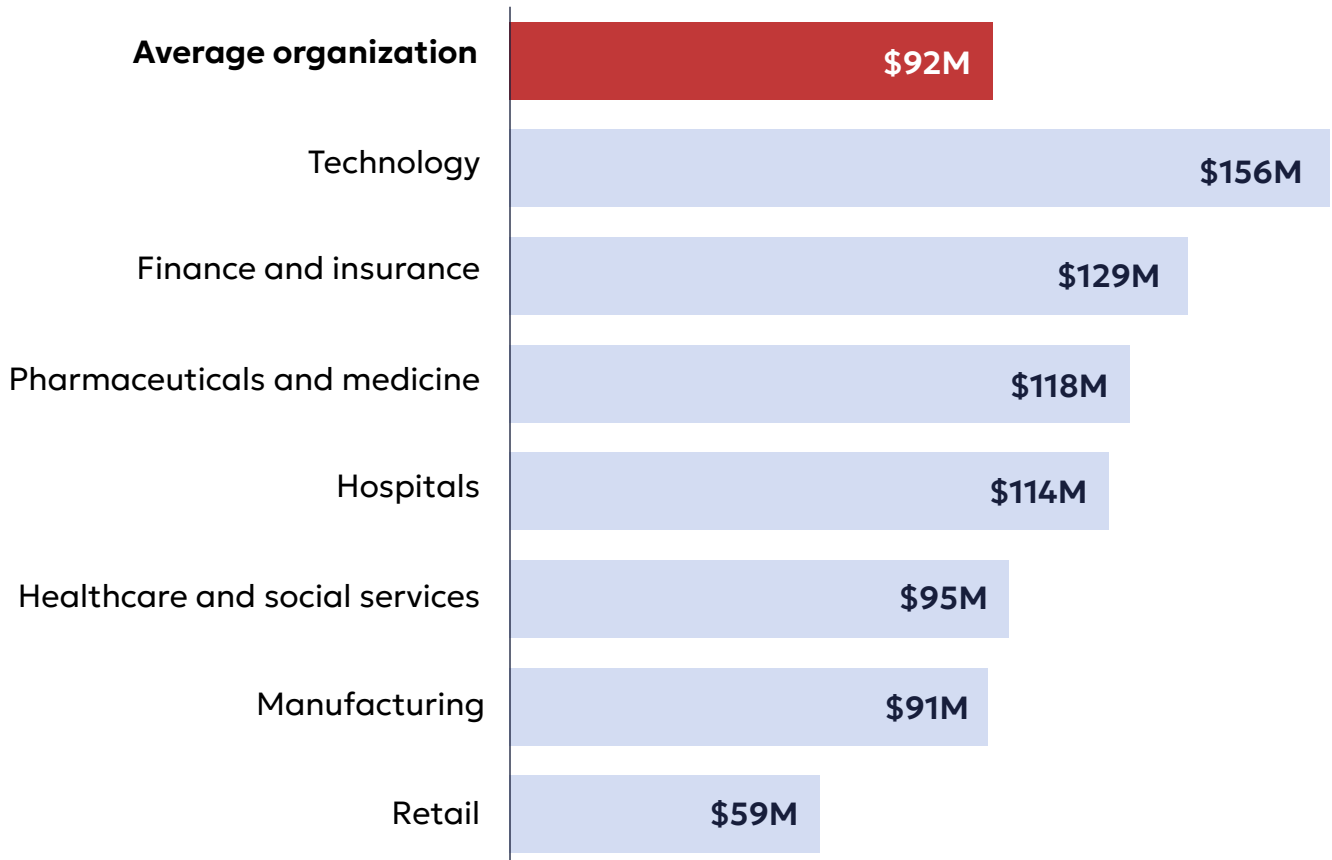
For this median company, based on data from the Bureau of Labor Statistics, that gain in productivity amounts to a whopping **\$91,989,4741 in employee output.\*** Companies in technology, finance, and medicine stand to save even more.

Those numbers are, truthfully, too big to fathom.

But that makes the impact of recognition all the more evident: A small change in the **frequency of recognition** amounts to monumental benefit.

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**9% productivity gain due to doubling recognition**  
(per 10,000 employees)



\*Productivity value per employee was calculated using average salary and labor share estimates from the Bureau of Labor Statistics. Results assume that per-employee productivity value to an organization is a ratio between average salary of an employee (\$58,260 across all occupations in 2021) and U.S. labor share (57% in 2022).



## How recognition drives cost savings

Workhuman and Gallup research shows that consistent, meaningful recognition fuels a more productive, efficient workplace.

A culture of recognition improves productivity by decreasing the hindrances to it. And it's not just productivity, either. For example, using the same model (i.e., doubling the number of employees who strongly agree that they have received recognition or praise for doing good work in the last seven days), a median business in Gallup's database could see \$2,807,200 because of decreased injuries and \$3,801,336 because of fewer unscheduled absences.

Consider that for a moment. Fewer unplanned absences translate to fewer deadlines missed and fewer on-the-job accidents.

**Employees who rate their recognition program as very good or excellent are 2.5x as likely to be engaged as employees who have a recognition program they rate less favorably.**

In frontline industries, plants with strong cultures of recognition had an 82% lower recordable injury rate. That amounts to incredible cost savings in efficiency.

For industries with client-facing businesses, a culture of appreciation leads to higher client satisfaction rates.

Fewer absences, fewer accidents and injuries, better client relations – all of these metrics ladder up to your bottom line. So, yeah, you could say a “thank you” goes a long way.



# Cultivating a culture of recognition

All of this sounds great – but how do you actually build a culture of recognition across your own organization? How can you reap the benefits of recognition while uplifting your employees, appreciating them for who they are as people as well as the work they contribute to the organization?

While the numbers and data are compelling, recognition doesn't work without intention. To operationalize what great recognition

looks like, Gallup and Workhuman have identified five essential pillars of strategic recognition in the workplace.

Recognition needs to be embedded in your company values in order to take hold. This means participation across the board at all levels. It also means enabling in-the-moment recognition by using embedded tools across your tech stack.

## 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.

Get started now by downloading [The Human-Centered Workplace: Building Organizational Cultures That Thrive](#) to learn more about **recognition done right**.

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