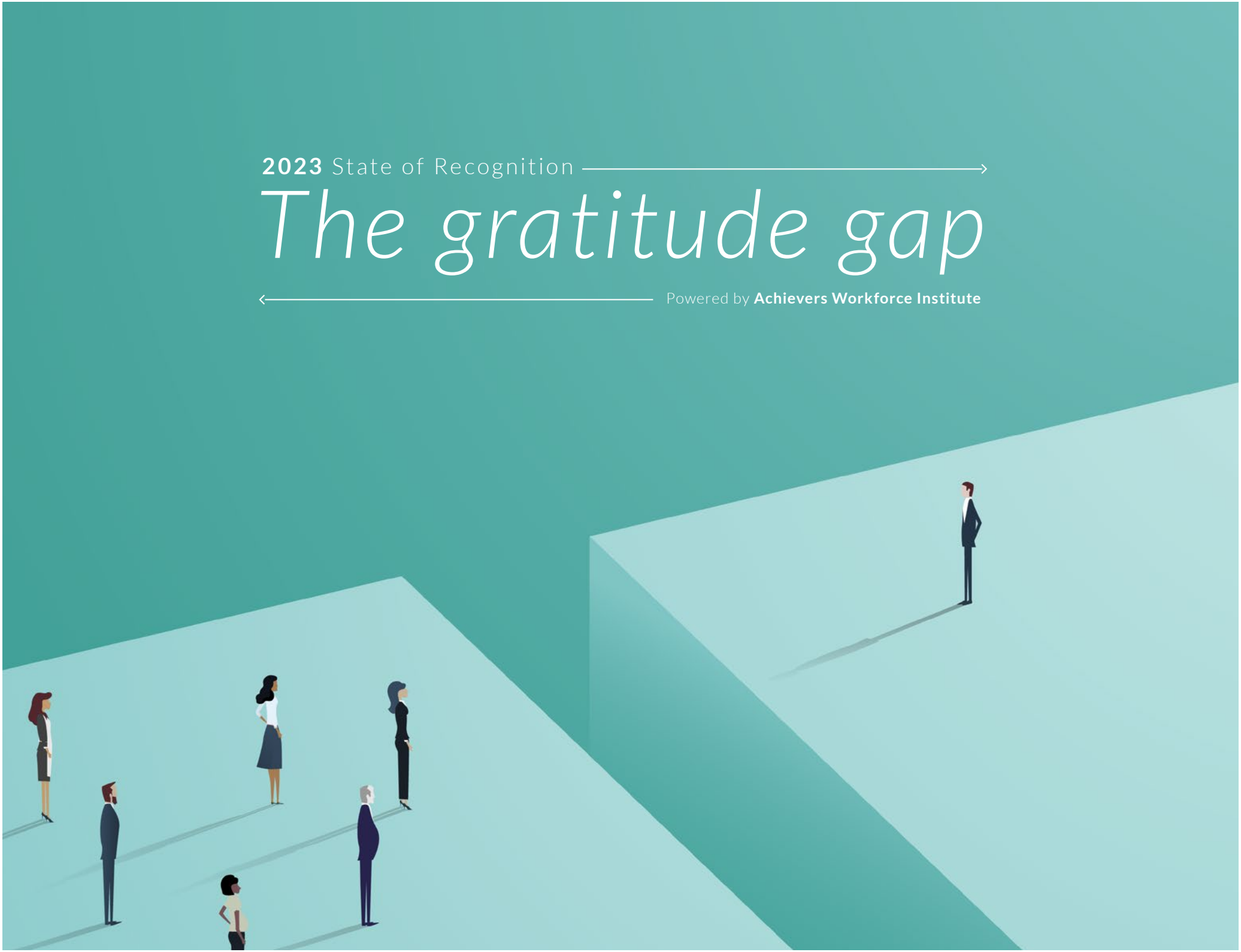
2023 State of Recognition

The gratitude gap

Powered by **Achievers Workforce Institute**



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Executive summary

A slowing economy, tightening labor market, and lingering challenges from the COVID-19 pandemic have HR leaders squarely focused on how to motivate and retain their employees. This is no easy feat after more than three years of constant change and challenge.

There's good news and bad news when it comes to attracting and keeping talent. The good news is that the 2023 Engagement and Retention Report from Achievers Workforce Institute (AWI) found that job hunting intentions have returned to pre-pandemic levels. The bad news? Two-thirds of HR leaders report that the seemingly entrenched labor shortage is only getting worse. So, turnover may be lower, but replacing those that do leave will be more of a challenge than it was in previous years. In addition, a poor economic outlook could see companies choosing not to replace people who leave, requiring existing staff to operate with fewer resources but the same expectations for performance and outcomes.

When an organization must both cut costs and maintain or improve retention and productivity, it is crucial that leaders get laser-focused on areas that will have the highest possible impact and return on investment. The latest AWI research points to a very effective tool for driving both retention and productivity: frequent, meaningful recognition.

Employees who receive frequent recognition — at least monthly — are more likely to report being engaged, committed, and productive, compared to those recognized less frequently.

In addition, three-quarters of employees say that feeling recognized inspires them to work harder. These powerful trends are consistent for all workers, regardless of where and how they work.

Now, I can almost hear some of you frowning and asking, "What about keeping costs low?"

Well, these powerful outcomes are seen with both monetary and social, or non-monetary, recognition. In other words, a simple, meaningful "thank you" can move the needle on engagement and retention as much as a recognition that comes with points or money.

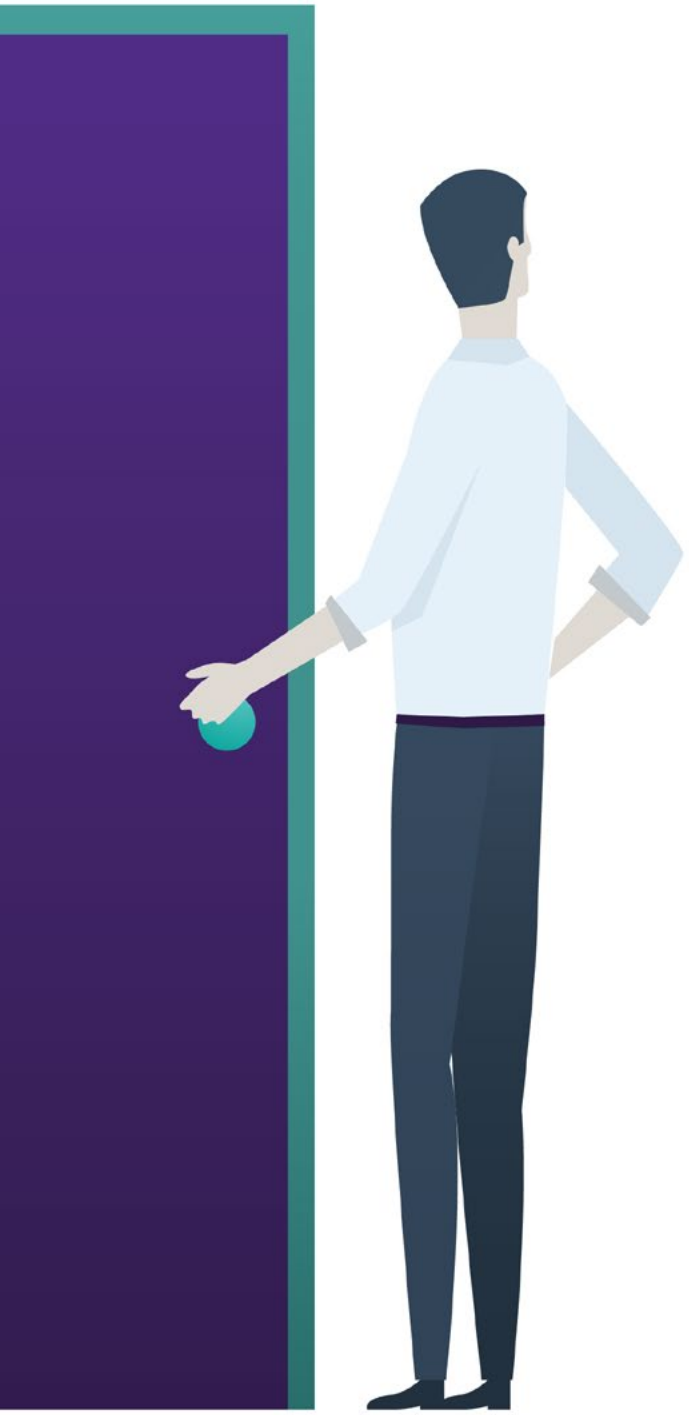
Overall, a recognition program with a monetary component does drive more impactful results than those that are social-only (we'll discuss why later in this report), but the majority of recognitions sent and received can be social and still produce great outcomes.

There's no question that leaders are feeling tired and overwhelmed after managing countless hurdles over the past few years. However, confronting the coming challenges head-on is critical if we're to ensure that both employees and organizations thrive. Implementing creative, data-driven strategies, such as effective recognition programs, can help your organization more successfully navigate any rough waters encountered and come out ahead.



Dr. Natalie Baumgartner
Chief Workforce Scientist

AWI



Key findings

1. HR faces new challenges with a tight labor market and looming economic downturn

Ongoing talent shortages mean retaining top talent while increasing productivity must be a top priority for HR despite the slowing economy. It's a change from past downturns, when employers weren't as concerned about retention because of a more robust talent pool.

2. Recognition protects against the negative impact of necessary business decisions

Recognition is a protective factor against many of the business challenges being navigated in the face of the recession, including layoffs, salary freezes, and heavier workloads.

3. Social recognition drives engagement, retention, and productivity

While budgets are tight, organizations should focus on social recognition that is low cost and still drives positive results for key outcomes including engagement, belonging, productivity, and job commitment.

4. Monetary recognition is key in fostering a culture of recognition

Monetary recognition is a critical lever for ensuring employees feel meaningfully recognized and can contribute to feelings of fair overall compensation.

5. Investing in an effective recognition platform drives business results

An effective recognition platform is key to driving sufficient monetary and social recognition frequency to deliver the outcomes outlined above.

2023 HR trends

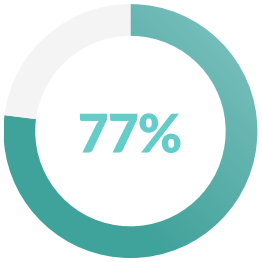
Three-quarters (77%) of HR leaders are worried about a recession, and just **24%** are confident that their company is prepared.

While recessions are not a new challenge — many current leaders have lived and led through the 2008 downturn — there are new patterns at play that could require different strategies from organizations.

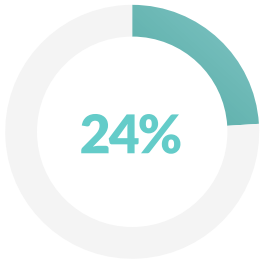
Despite the slowing economy, talent is still in short supply. In fact, **66%** of HR leaders say the labor shortage is getting worse. In 2009, unemployment in the US peaked at **10%**. In the first half of 2023, it has hovered around **3%**, a low not seen since the 1960s. Many factors are impacting this, from people leaving the workforce during the COVID-19 pandemic to a global aging population. There's no easy fix for governments or businesses.

What does this mean for business leaders? Employee retention cannot take a back seat in the midst of preparing for an economic downturn. **Leaders must find ways to increase engagement, job commitment, and productivity, even as they aim to reduce costs.**

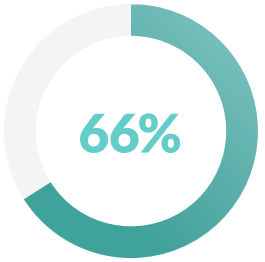
HR leaders say...



are worried about a recession



believe their company is prepared



think the labor shortage is getting worse



Recognition as a protective factor

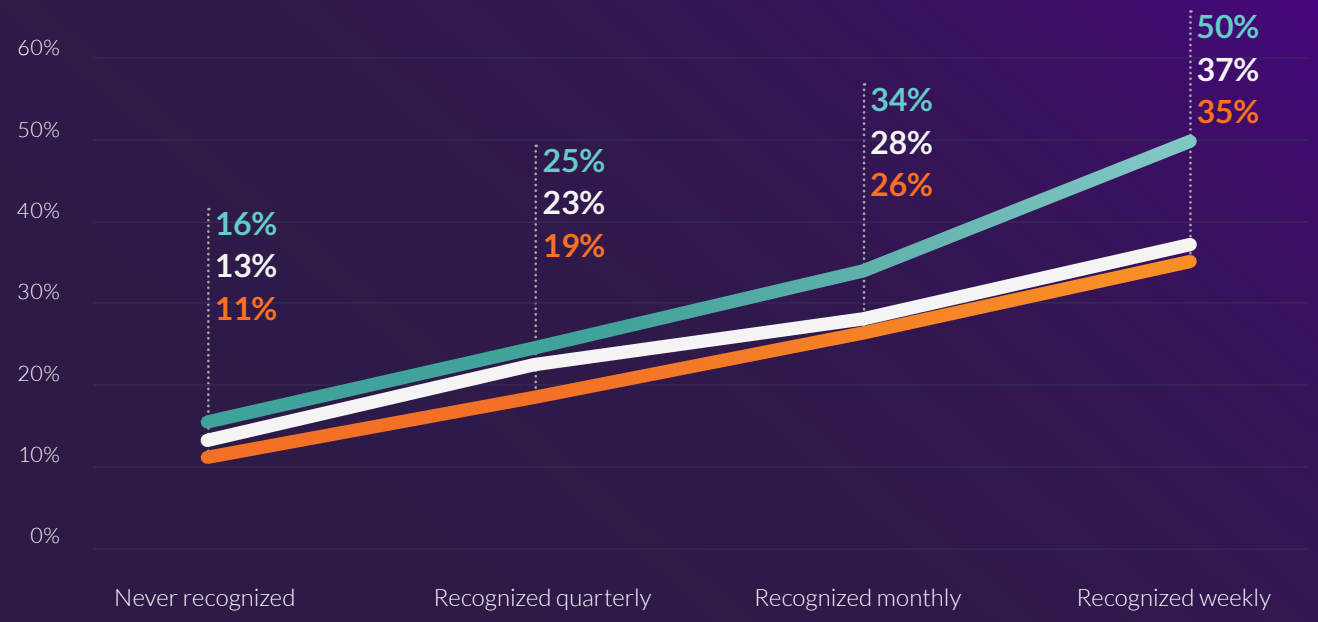
In this economic climate, what can HR leaders focus on to engage and retain employees? The results from this Workforce Institute research are clear: **recognition is a critical protective factor.**

Employees recognized at least monthly are more engaged, more productive, and less likely to job hunt.

Employees recognized weekly are three times more likely to say they are engaged, productive, and committed to their job, compared to those never recognized.

Even an incremental increase in recognition frequency can make a significant difference. Employees recognized monthly are **36%** more likely than those recognized quarterly to say they are engaged and productive and are **22%** more likely to have high job commitment.

Achievers Workforce Institute recommends aiming for one recognition received per employee per month to increase engagement and retention.



Recognition frequency drives key business outcomes

I am very engaged at work

I am rarely thinking about looking for a job elsewhere

I am my most productive self at work

Employees say feeling recognized would help outweigh a heavy workload, layoffs, and a salary below expectations.

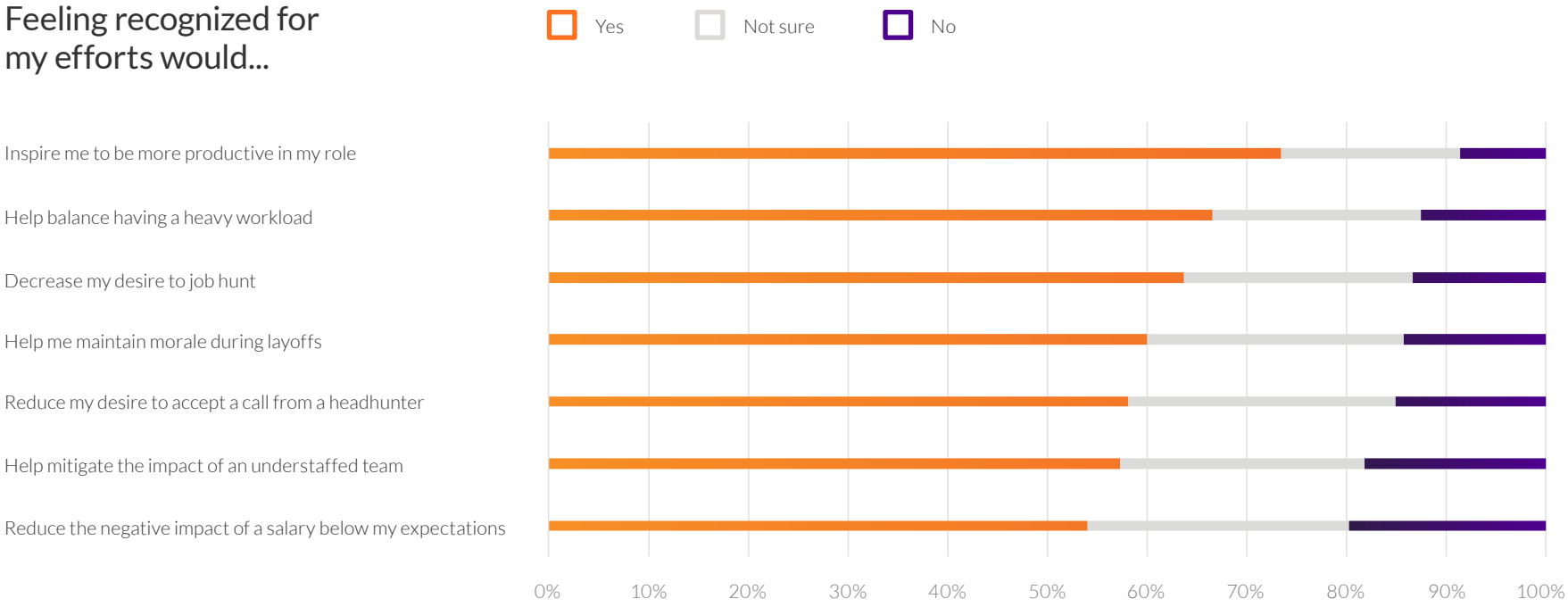
When asked whether feeling meaningfully recognized would help with a variety of workplace challenges, many employees said yes.

Three-quarters (73%) say feeling recognized would inspire them to be more productive.

Two thirds (64%) say it would reduce their desire to job hunt.

More than half (54%) say it would reduce the impact of having a salary below their expectations.

Feeling recognized for my efforts would...



These trends are consistent across all work styles: offline, onsite, hybrid, and remote.

Regardless of the employee group you want to motivate, recognition will impact these key outcome metrics. This research found no significant difference between any of the types of employee (offline, onsite, hybrid, or remote) and their answers to the question of whether feeling recognized would positively impact their productivity, job commitment, and morale.

HR leaders must measure and increase recognition frequency to support employees through recession -driven organizational changes.

Whether an organization is freezing hiring and salaries, going through layoffs, or simply holding budgets steady from previous years, recognition is a crucial tool to help offset any negative impact on employees.

One objection AWI often hears is about the cost of recognition, however, social recognition can have an impressive impact on these metrics. Read on to find out how.

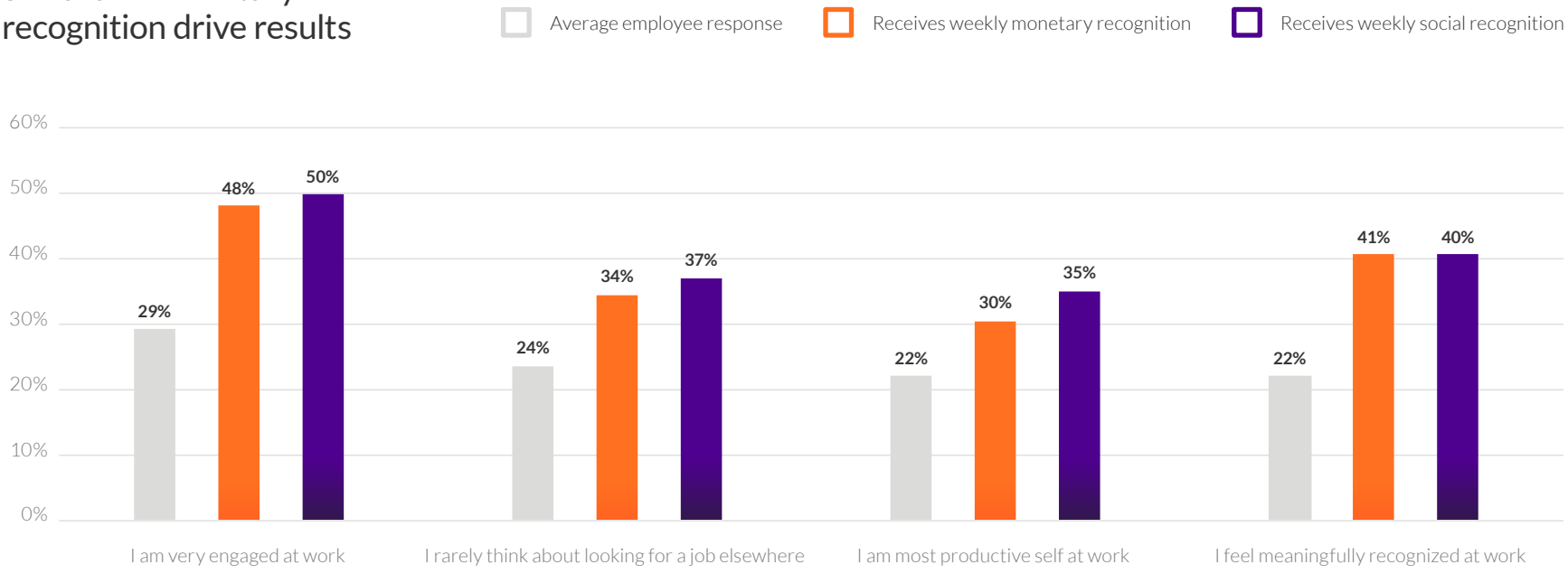


The power of social recognition

Social, or non-monetary, recognition is the foundation of any recognition program, regardless of whether an organization has a recognition platform. For those running in-house or ad hoc recognition programs, think about the moments that matter between manager and employee, or between two colleagues. A simple and heartfelt "thanks" can make a big difference in how an employee feels about not only a specific task or project but also their contributions to the company.

In a recognition platform, social recognition can be overlooked as leaders and employees focus on recognition with points or dollar value. This is a mistake because the data shows that weekly social recognition is just as impactful as weekly monetary recognition on outcomes such as engagement, belonging, productivity, and job commitment.

Social and monetary recognition drive results



THE SOCIAL RECOGNITION PARADOX

Despite the data showing the power of social recognition, we do see that social-only recognition programs often slightly underperform compared to those with a monetary component. What could explain this discrepancy?

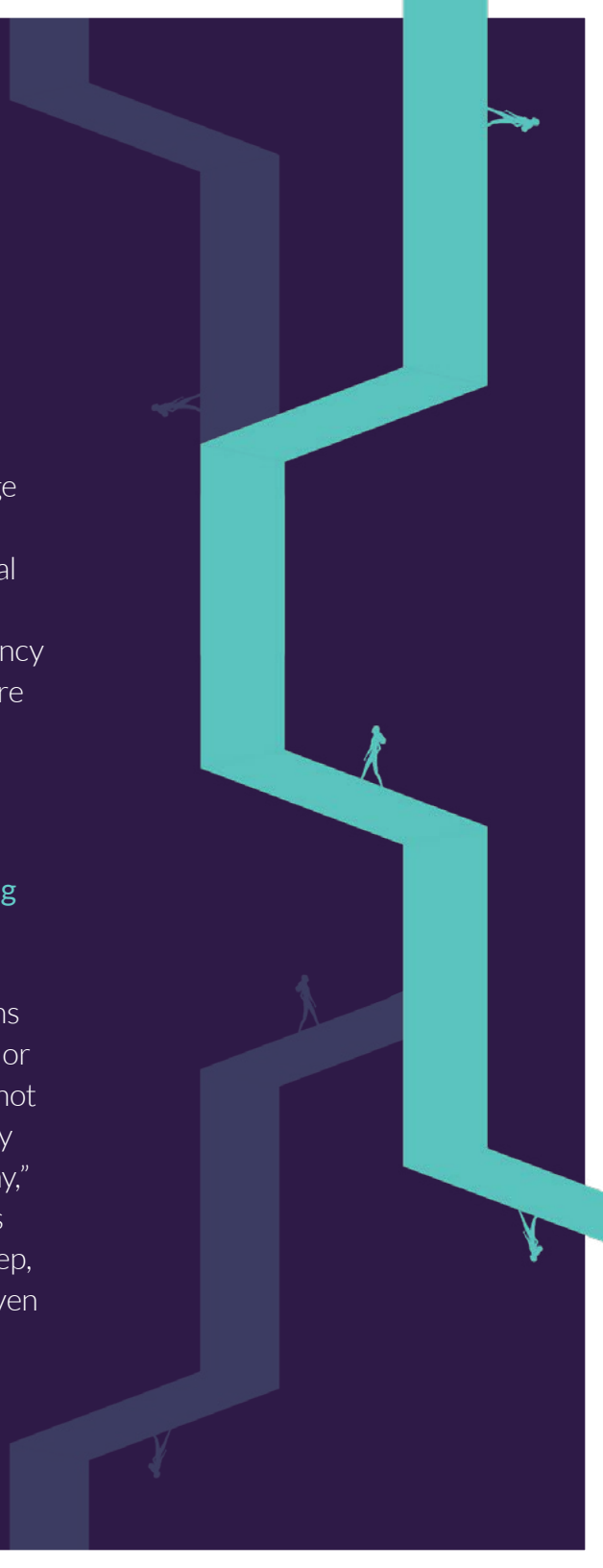
" One trend we see is that points get people into the program initially — it's a pull factor encouraging employees to log into the website or mobile app," says Chief Customer Officer Matt Tremmaglia. "Once these employees are in the habit of logging in, social recognitions increase as well. Regular points uploads, quarterly campaigns, and nudges to use expiring points create new reminders to log into the recognition platform. A culture of recognition doesn't happen on its own, it requires effort to get momentum."

Organizations that start with a social-only program must commit equal time and effort to increasing usage to ensure that they are showing leaders and employees the value of using the program regularly.

" We have some social-only programs that go against this trend and have tremendous usage and measurable results," Tremmaglia says. "If HR leaders want to drive results with social recognition, they must look at how they're measuring and increasing recognition frequency across their employee base at all levels. There should also be a clear link to your broader employee strategy which is communicated clearly and regularly reinforced."

Does that mean there's no point in investing in a social-only platform?

" In the current economic climate organizations need to make careful investments, so adding or increasing the points in your platform might not be possible right away. A well-run social-only program is a strong first step for any company," Tremmaglia says. "Once your organization is ready to take recognition to take the next step, you can add the monetary component for even greater impact."



Upleveling with monetary recognition

If social recognition is as impactful as monetary, why introduce a points component? Despite the effectiveness of social recognition overall, when a platform has no points or monetary component, it does not drive the same results as those with points.

Employees with a recognition platform but no points are no more likely to feel meaningfully recognized at work than those without a platform.

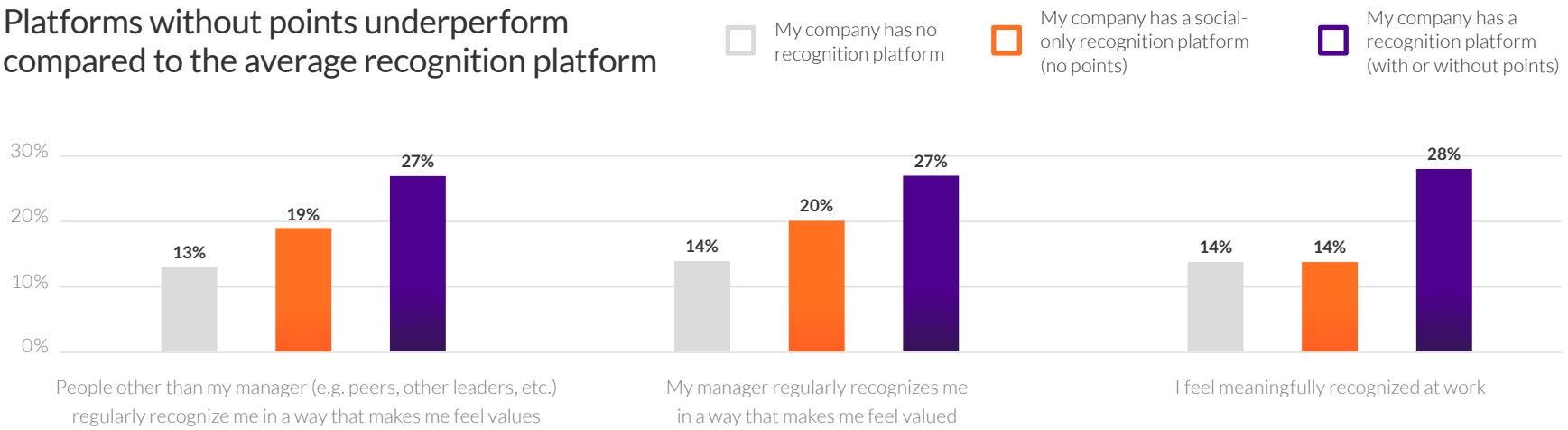
While those with a social-only platform are more likely than those without a platform to say they are regularly recognized by managers and peers, these recognitions are not being felt as strongly. These employees are equally likely as those without a platform to say they feel meaningfully recognized at work, which is only half as likely as the overall average for those with a recognition platform.

One benefit we see for a monetary component is that it nudges to use points, which remind employees and managers to log into the platform, and point expiry increases the urgency to use available budgets. Frequent social recognition drives results, but the availability of monetary recognition increases overall platform usage.

What does this mean for HR leaders who want to move the needle on recognition? While social recognition will have an impact on outcomes such as engagement and retention, adding a monetary component to your program increases the impact and frequency of recognition.

In addition, AWI research shows that monetary recognition is seen as part of the total rewards package for employees, so it has a bigger impact on issues such as perception of compensation fairness. In fact, we encourage those with a monetary recognition program to include it in their employee value proposition to stand out to prospective employees.

Platforms without points underperform compared to the average recognition platform



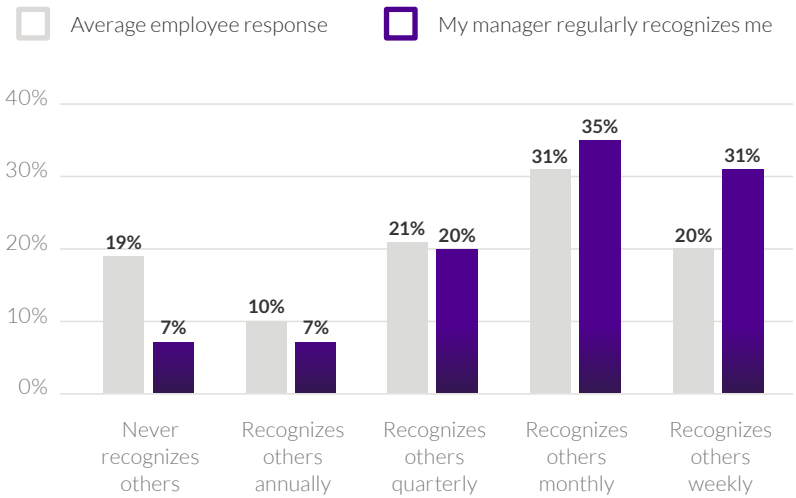
Drivers of recognition frequency

We have established that recognition frequency correlates positively with a number of business outcomes, including engagement, job commitment, and productivity. What can HR leaders do to increase recognition frequency?

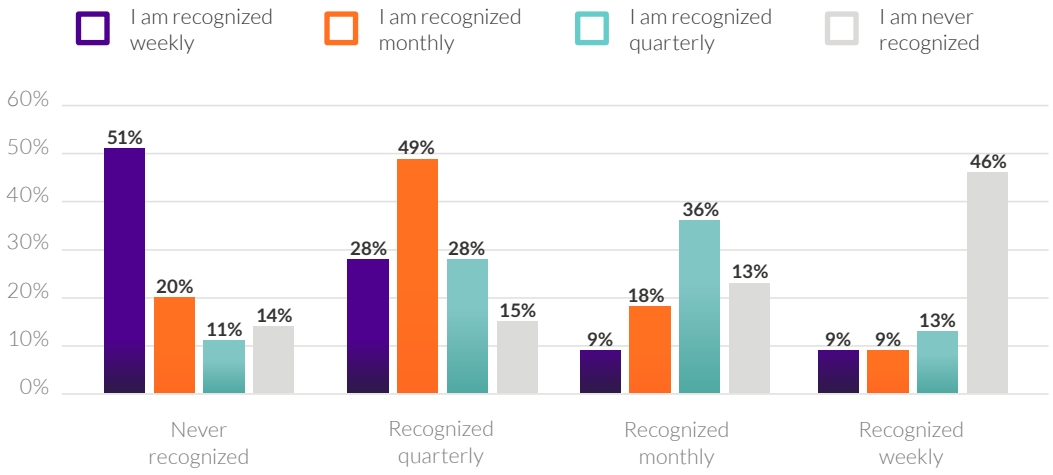
1. Implement a top-down strategy

People who say their manager regularly recognizes them are more likely to also report frequently recognizing others. HR leaders must train and reinforce the importance of recognition for managers so they will help start and spread a culture of recognition. It is crucial to get buy-in from front -line managers as they will have the biggest impact on the organization in the shortest amount of time.

Those recognized by their manager are more likely to frequently recognize others



Being recognized frequently increases how often employees recognize others

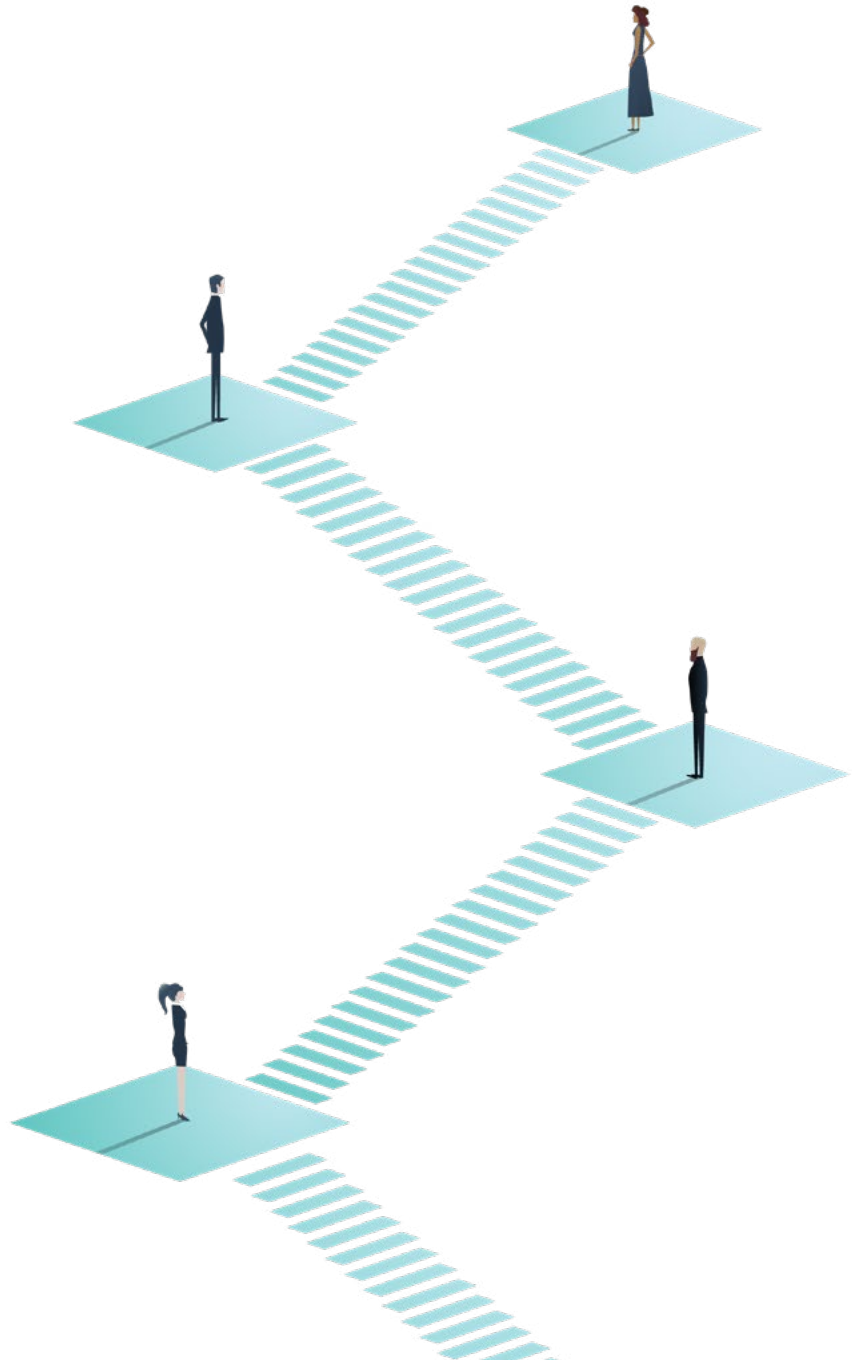


2. Lean in on the snowball approach

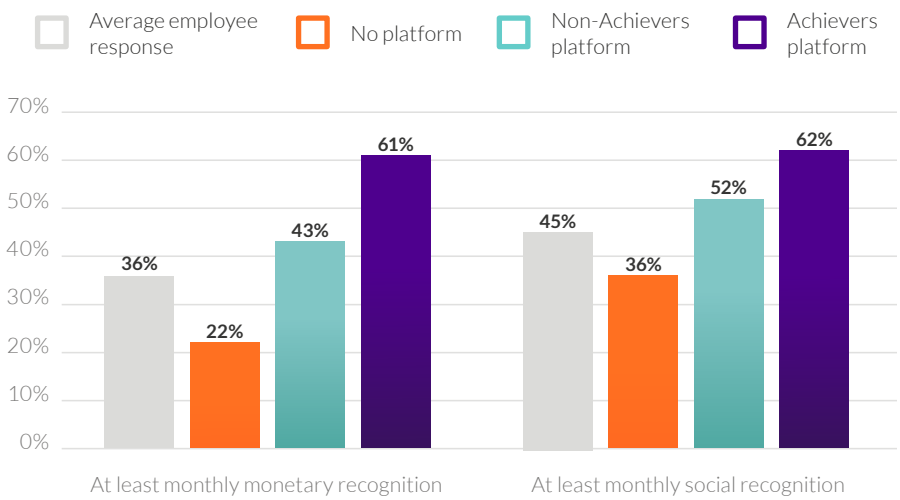
The more frequently someone is recognized, the more likely they are to recognize others. In fact, there is a strong correlation between these two results – those recognized monthly are most likely to recognize others monthly, and so on. HR leaders should identify program ambassadors to recognize others and evangelize the platform. This will spread to others on their team and will contribute to an overall culture of recognition.

3. Invest in an effective recognition platform

Any recognition platform will drive higher recognition frequency than having no program in place. Employee data indicates that those with any platform are twice as likely to receive at least monthly monetary recognition. However, when asked which platform they were using, there is a clear significant benefit to those using the Achievers platform, who were **19%** more likely to receive at least monthly social recognition and **46%** more likely to receive at least monthly monetary recognition, compared to those using other platforms.



The right recognition platform increases recognition frequency



Three reasons your employees aren't recognizing each other, and what to do about it

Employees say:

What obstacles do you face for giving regular recognition?

1. I don't know how to give a meaningful recognition

2. People don't recognize each other around here

3. I don't have enough budget to recognize

HR actions:

1. Educate on giving recognition

Ensure managers and employees understand when and how to recognize. A meaningful recognition is personal, specific, and impact oriented. It should be given in a timely manner, and managers should consider employee preferences for aspects such as whether it is public or private.



2. Boost and highlight top recognitions

Reinforce the culture of recognition by putting the spotlight on specific instances. For example, highlight a recent recognition in every one-to-one meeting and town hall, make space for real-time recognition in team meetings, and ensure that public recognitions are spread around the team or company, rather than consistently focusing on a small group of high performers.

3. Use nudges to increase program usage

From reminders to recognize to point expiration, company-wide campaigns to team-level initiatives, there are lots of ways to encourage people to log into your recognition platform weekly. This regular usage will translate to more frequent recognition.

4. Emphasize the impact of social recognition

We have proven the value of social recognition. Ensure that everyone in the company understands that there is value in showing appreciation, even if there isn't an associated monetary reward.

5. Set clear, consistent budgets for recognizing

Sometimes different teams have different resources for recognizing, which can lead to inconsistent monetary recognition across the company. Ensure everyone has the same available budget for monetary recognition to prevent this issue.

Traits of an effective recognition platform

An effective recognition platform stands out in a number of ways. Here are five traits to look for in your recognition platform:

Frequent AND meaningful recognition

Recognition should be provided at least monthly to each employee, with a combination of social and monetary recognition throughout the year. Ensure the solution you use reinforces meaningful recognition. Employees say recognition is meaningful when it is personal, specific, and impact oriented.

Offering impactful rewards

Platforms that offer a wide range of redemption options for employees to spend their points on outperform those without many options available. From offering gift cards and physical merchandise, to charity donations and bespoke rewards, look for a solution that lets everyone choose something meaningful to them.

Available in the flow of work

Employees don't want to be switching between applications all day. Solutions that integrate with everyday work programs such as Zoom, Outlook, Teams, and Slack mean employees can recognize where they already are. In addition, make things easier for the HR team by finding a platform that integrates with their HRIS, making it simple to look at specific employee groups when analyzing performance.

Supported by a robust communication strategy

It takes time and education to build a culture of recognition, but even once you have achieved your objective for recognition frequency, ongoing communication is important. Look for a platform with turnkey resources for front-line managers to achieve your training goals and that supports ongoing communications and campaigns to encourage usage and activity. The AWI recommendation is to have four campaigns a year to increase visibility and awareness of the platform.

Measuring the metrics that matter

When the recognition platform and HRIS integrate, it's possible to compare platform usage to engagement and retention data to see the impact the program is having on results. In addition, connecting a voice-of-employee solution as well enables HR leaders to gather feedback in the same platform, increasing the total data available to compare and correlate.

Next steps for HR leaders

Measure recognition frequency — with or without a platform

How often do employees get meaningfully recognized? Do they feel seen and valued in their roles? The first step for any improvement program is to understand the starting point. Include questions on recognition in your engagement surveys and aim to increase recognition every quarter. This is easier with a recognition platform, but we understand that isn't accessible for every organization.

Train leaders to recognize

The number-one reason people give for not recognizing is that they don't know how. Train managers and company leaders on recognition best practices and ensure they understand the impact recognition can have on engagement, performance, and retention. Last year's State of Recognition report found that just **41%** of employees and **53%** of managers say they have been trained on recognition best practices. Organizations that can successfully increase top-down recognitions will see peer-to-peer recognitions also begin to rise.

Invest in an effective recognition platform

It is certainly possible to increase recognition without an online or mobile solution, but these types of platforms make it much easier to measure frequency and correlate it with results. The evidence is clear that employees with a recognition platform are more likely to be frequently recognized than those without one.



Centering recognition in your people strategy

When HR leaders are worrying about both a recession and a labor shortage, it presents a new challenge to be able to attract and retain while simultaneously ensuring that every program is having enough impact to justify the spend.

The strong correlation between recognition, both social and monetary, and key outcomes including engagement, retention, and productivity, gives data-backed direction to HR leaders who want to ensure they see results from every dollar spent.

From measuring the right metrics to training on recognition best practices, there are many ways leaders can use this information to better meet objectives. And for those organizations without a recognition platform, now may be the time to consider investing in a technological solution that you know can increase outcome metrics.

If an existing recognition platform isn't driving results, review the traits of an effective platform and ensure you have all these elements in place. Consider specific program elements such as social *vs* monetary recognition, the ability to boost or share recognitions, and whether employees know about and use the platform every week.

Want to learn how Achievers can help?

Book a demo today >



Appendix 1:
Improving recognition equity

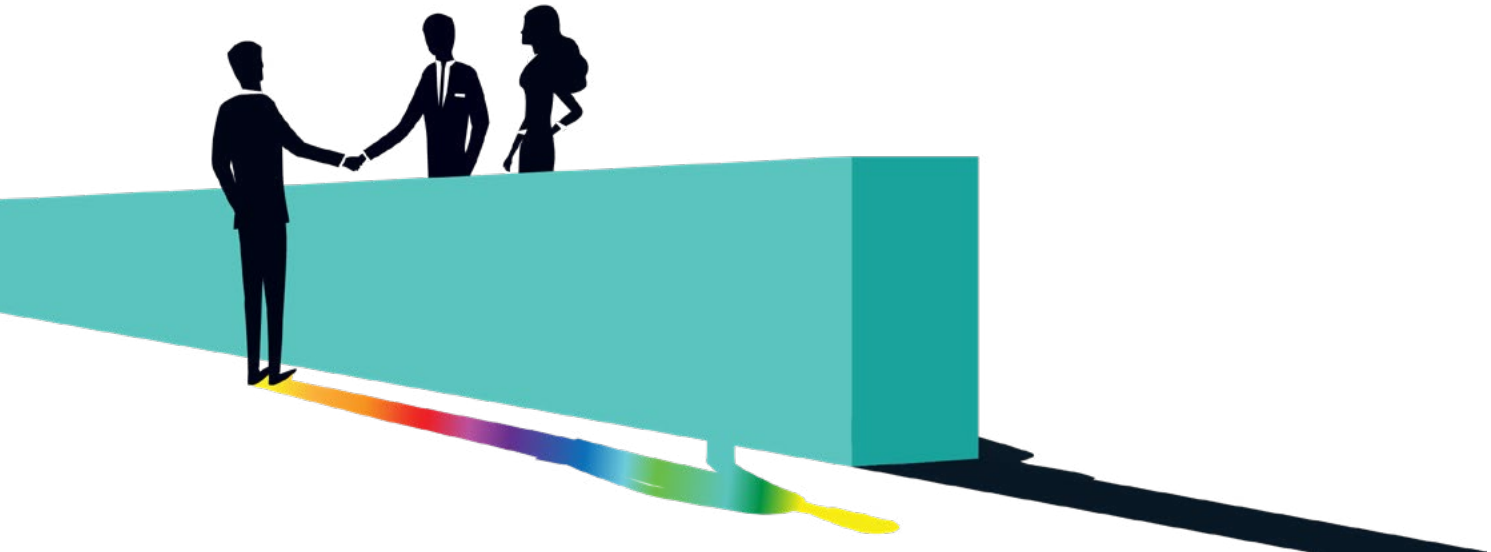
The power of recognition has been well established, but like many internal programs, HR leaders need to include recognition in their DEI metrics and initiatives. A common complaint from employees is that the same people receive awards or recognition every year, quarter, or month.

The good news is that when we look at demographics such as those who are part of the LGBTQIA2S+ community; are Black, Indigenous, or People of Color (BIPOC); or who have a disability are all more likely than average to say they are recognized at least monthly.

However, one group is falling behind. Women are **28%** less likely to receive at least monthly monetary recognition and are **39%** more likely to say they never get monetary recognition, compared to men.

These trends are important but won't be true for every organization. Ad hoc programs are especially vulnerable to these kinds of unconscious bias because it's difficult, sometimes impossible, to track what proportion of employees are being recognized and which groups may be left out.

Having a recognition platform that integrates with the organization's HRIS can contribute to tracking who gets recognized and how often. If the HRIS includes gender, race, or disability data then it is possible to compare recognition frequency for these marginalized groups and introduce specific training or campaigns to improve recognition equity.

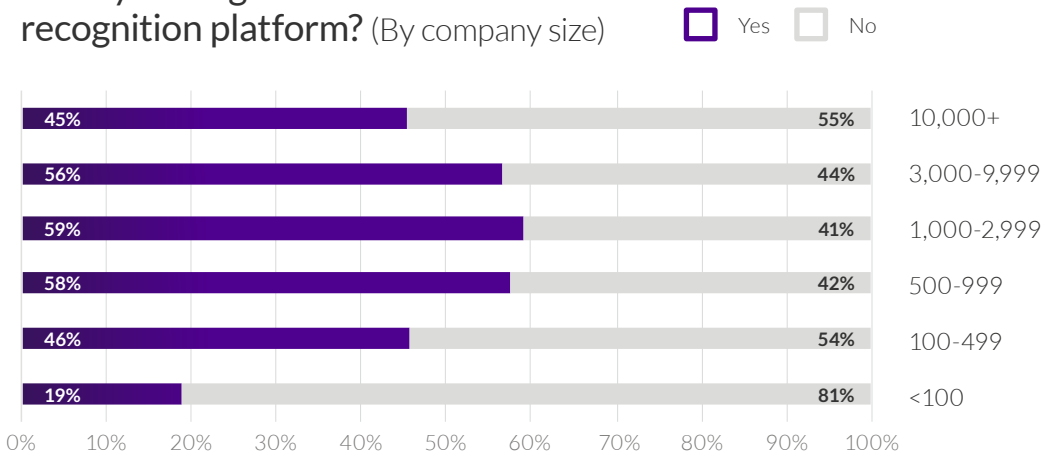


Appendix 2:
Recognition platform trends

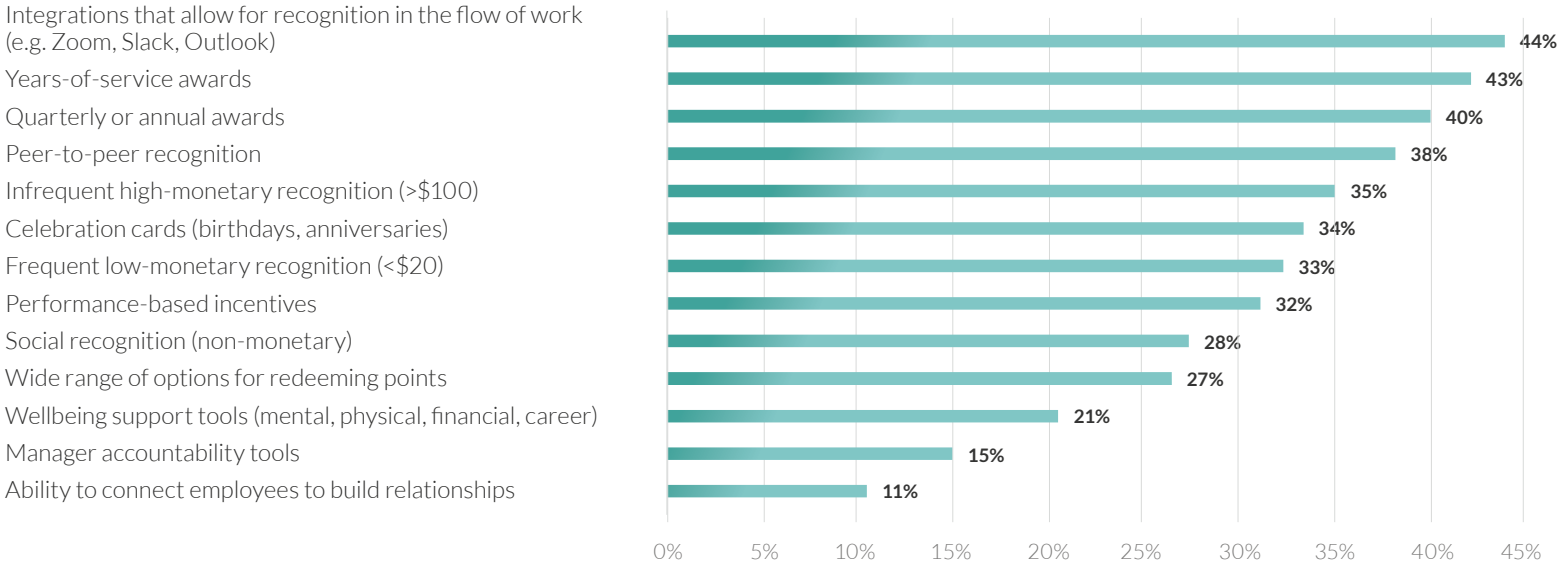
How are other organizations structuring their recognition platforms?

Based on responses from 1,400 HR leaders, here are the biggest trends in recognition.

Does your organization have an online recognition platform? (By company size)

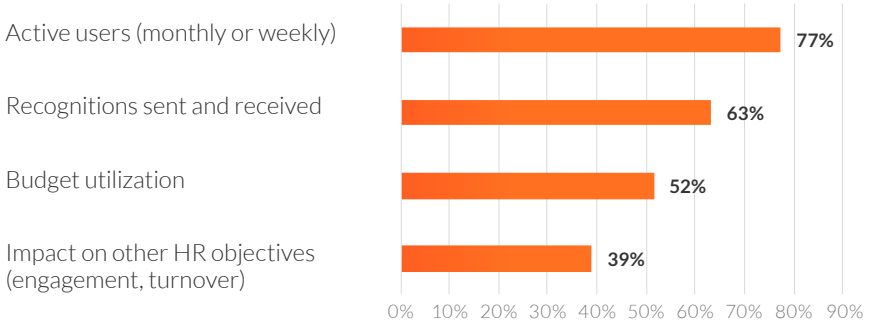


What features do you offer in your recognition program?

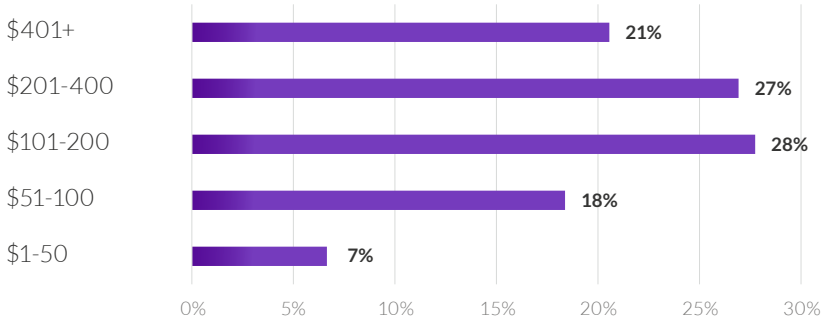


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Recognition platform trends

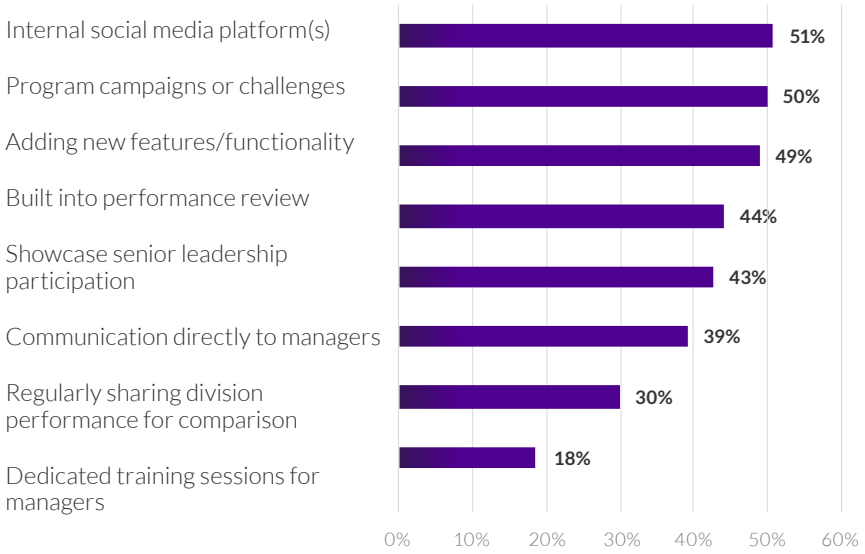
How do you measure platform success?



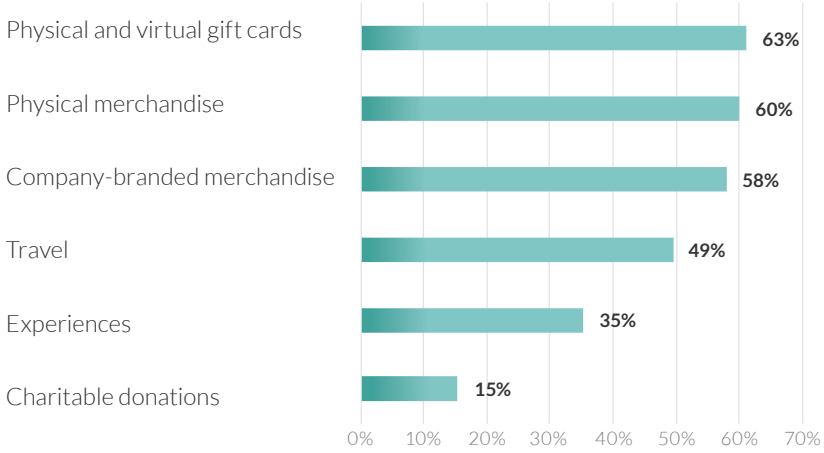
How much do you allocate per employee, per year, for recognition?



How do you promote your program?

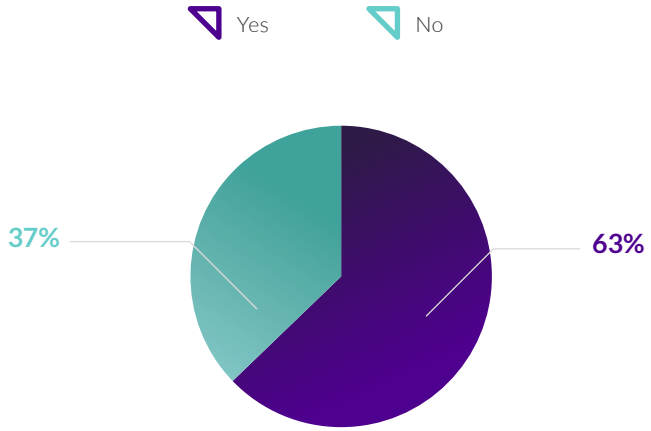


What rewards are available through your program?

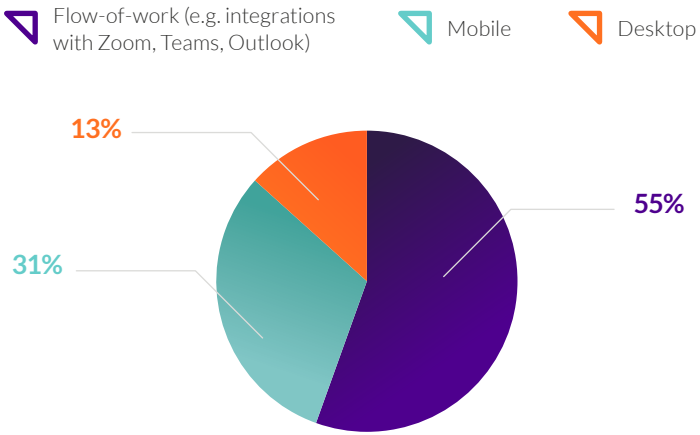


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Recognition platform trends

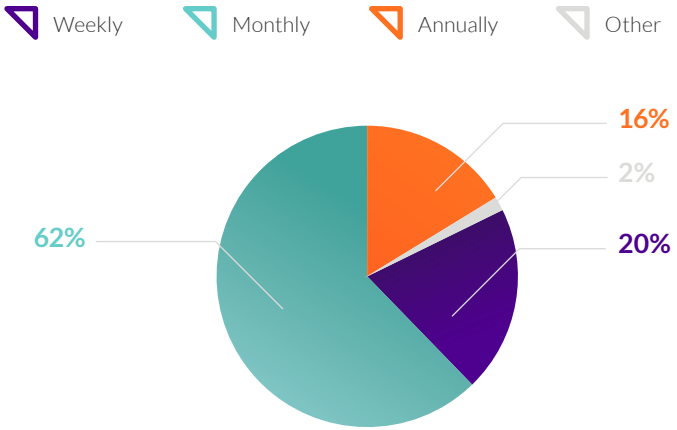
Do points for monetary recognition expire?



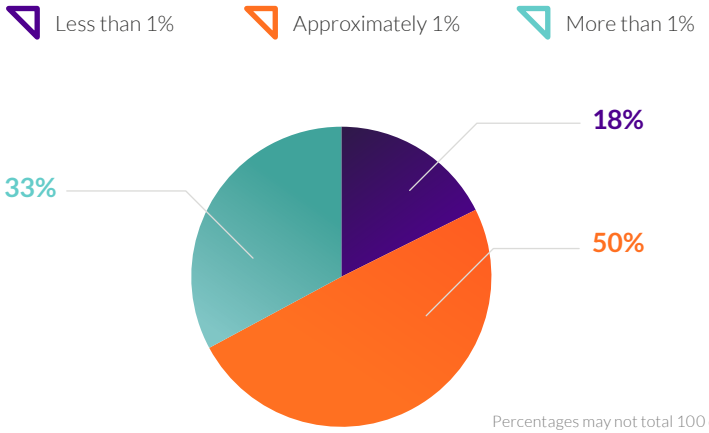
How are your employees most often interacting with your recognition platform?



How often do employees get a new points allocation?



As a percentage of total payroll, what does your organization spend on reward and recognition each year?



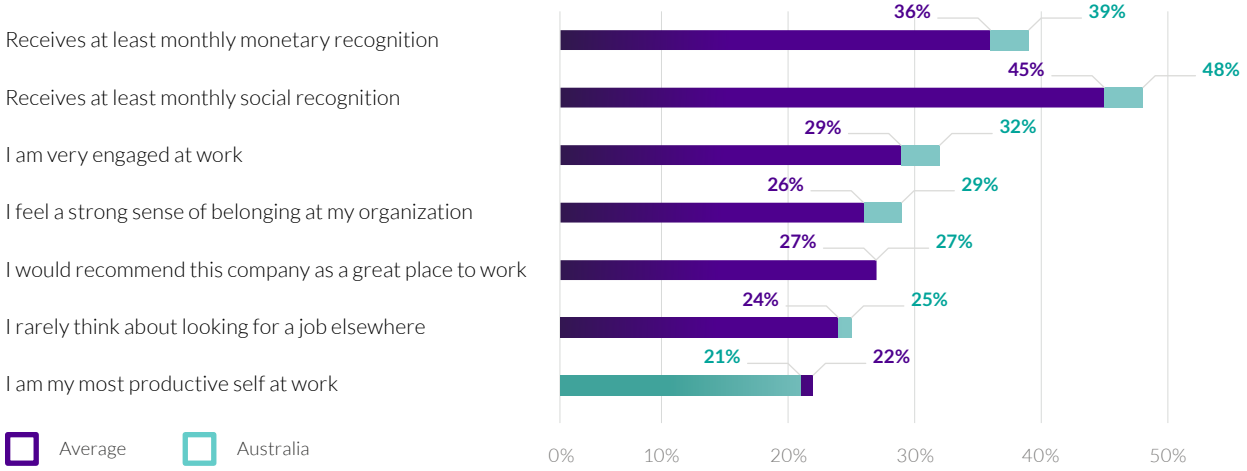
Percentages may not total 100 due to rounding.

Australia

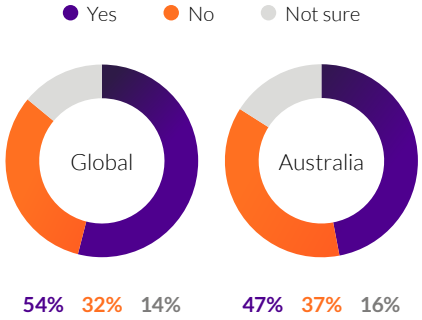
Appendix 3: Country trends



Employee insights



Does your company have an online recognition platform?





say the biggest obstacle to recognizing others is that "People don't recognize each other around here"

Global Avg. ***21%***



would prefer to receive a personalized reward over a generic option that everyone is given

Global Avg. ***61%***

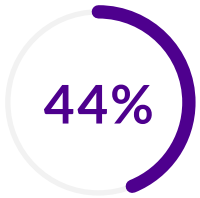
HR insights

Most common recognition platform features:

Years-of-service awards

Frequent low-monetary recognition

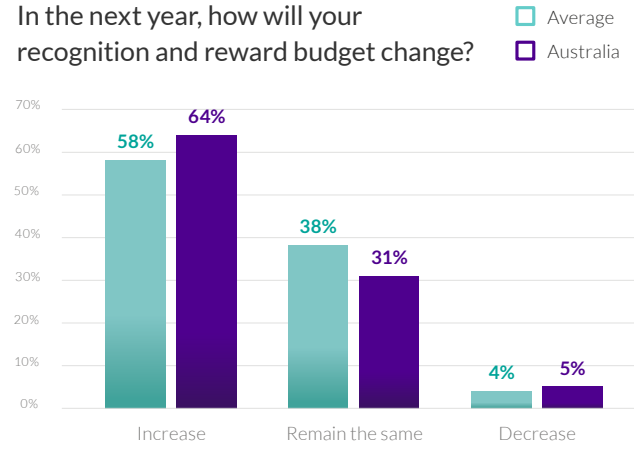
Infrequent high-monetary recognition



say their recognition program is effective at supporting their objectives

Global Avg. ***44%***

In the next year, how will your recognition and reward budget change?

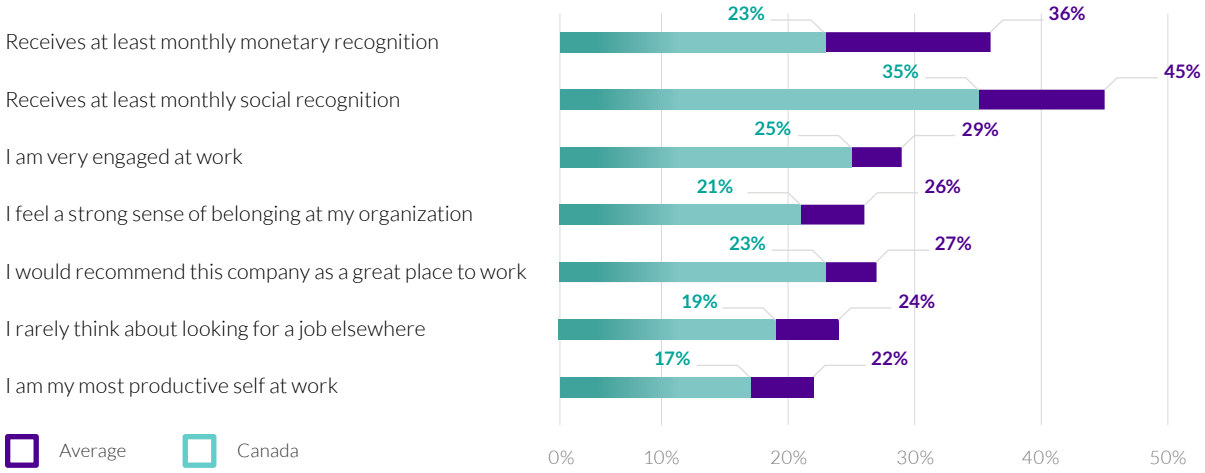


Canada

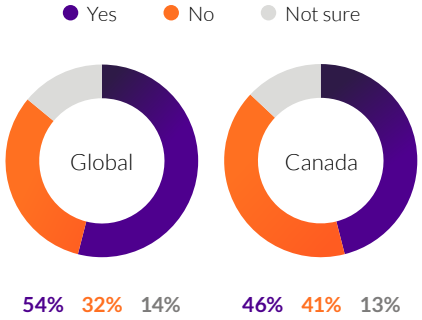
Appendix 3: Country trends

Employee insights

HR insights



Does your company have an online recognition platform?





say the biggest obstacle to recognizing others is that "People don't recognize each other around here"

Global Avg. ***21%***



would prefer to receive a personalized reward over a generic option that everyone is given

Global Avg. ***61%***

Most common recognition platform features:

Social recognition

Peer-to-peer recognition

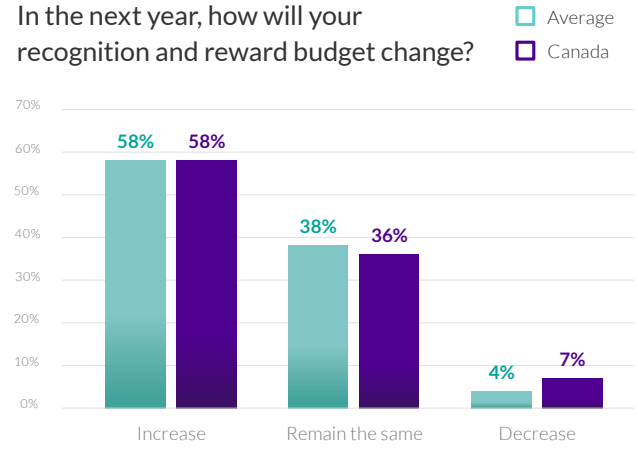
Infrequent high-monetary recognition

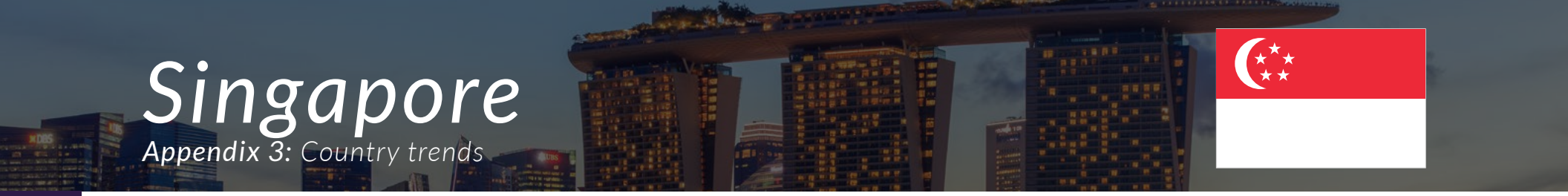


say their recognition program is effective at supporting their objectives

Global Avg. ***44%***

In the next year, how will your recognition and reward budget change?

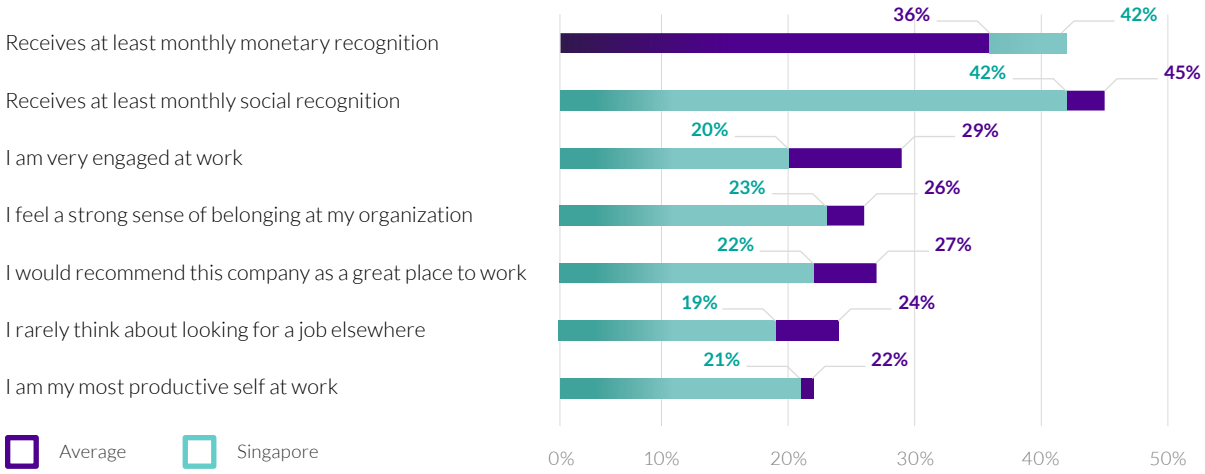




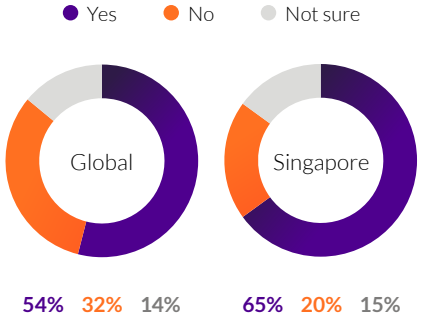
Singapore

Appendix 3: Country trends

Employee insights | HR insights



Does your company have an online recognition platform?





say the biggest obstacle to recognizing others is that "People don't recognize each other around here"

Global Avg. ***21%***



would prefer to receive a personalized reward over a generic option that everyone is given

Global Avg. ***61%***

Most common recognition platform features:

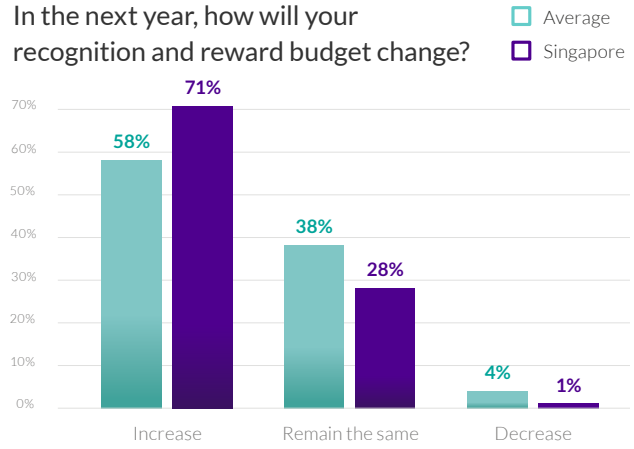
- **Years-of-service awards**
- **Frequent low-monetary recognition**
- **Quarterly or annual awards**



say their recognition program is effective at supporting their objectives

Global Avg. ***44%***

In the next year, how will your recognition and reward budget change?

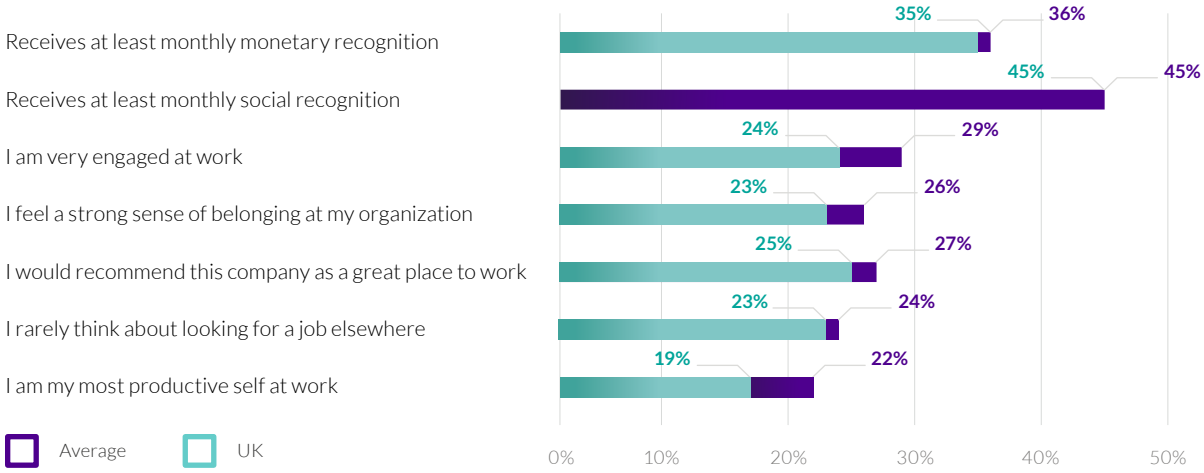


United Kingdom

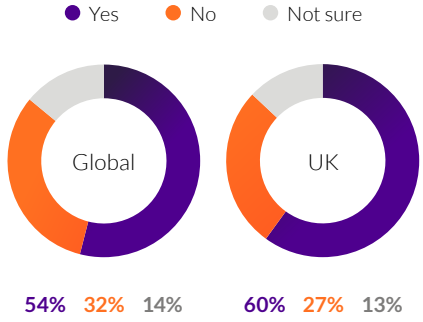
Appendix 3: Country trends

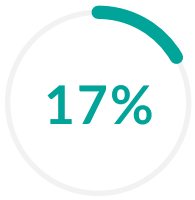
Employee insights

HR insights



Does your company have an online recognition platform?





say the biggest obstacle to recognizing others is that "People don't recognize each other around here"

Global Avg. ***21%***



would prefer to receive a personalized reward over a generic option that everyone is given

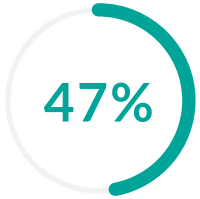
Global Avg. ***61%***

Most common recognition platform features:

Quarterly or annual awards

Years-of-service awards

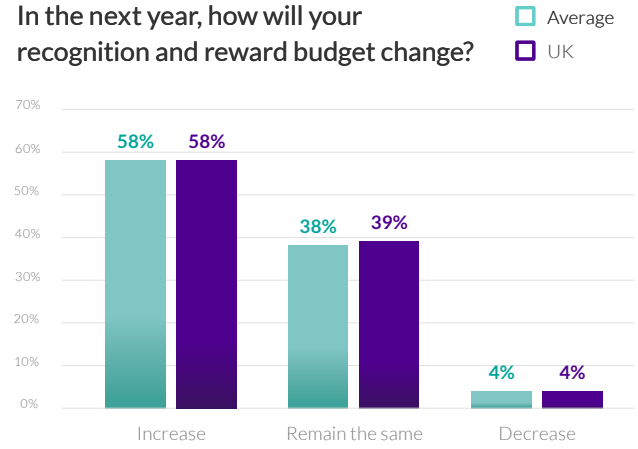
Peer-to-peer recognition



say their recognition program is effective at supporting their objectives

Global Avg. ***44%***

In the next year, how will your recognition and reward budget change?

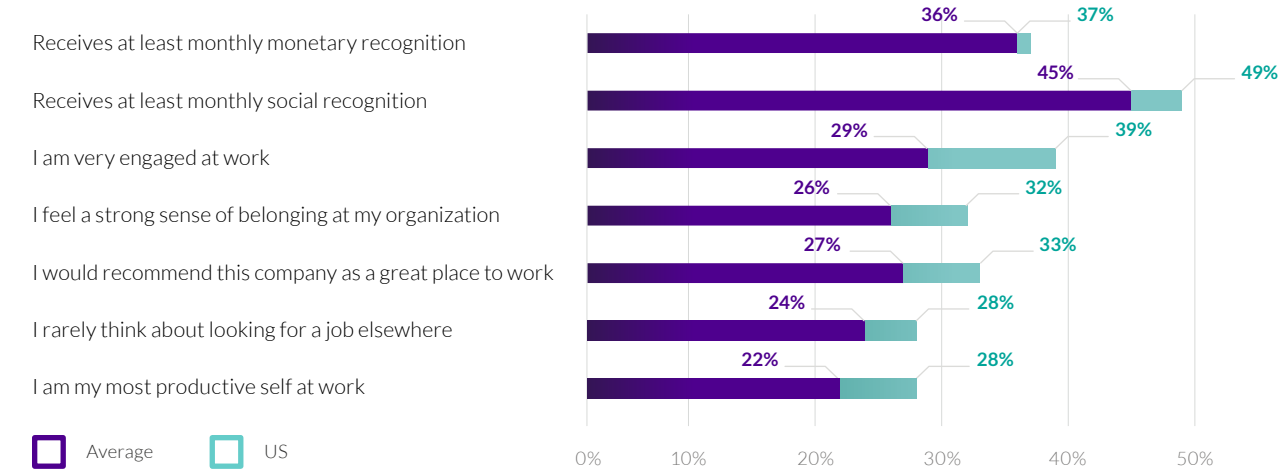


United States

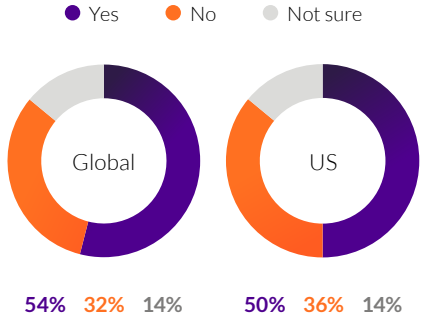
Appendix 3: Country trends

Employee insights

HR insights



Does your company have an online recognition platform?



22% say the biggest obstacle to recognizing others is that "People don't recognize each other around here"

Global Avg. ***21%***

60% would prefer to receive a personalized reward over a generic option that everyone is given

Global Avg. ***61%***

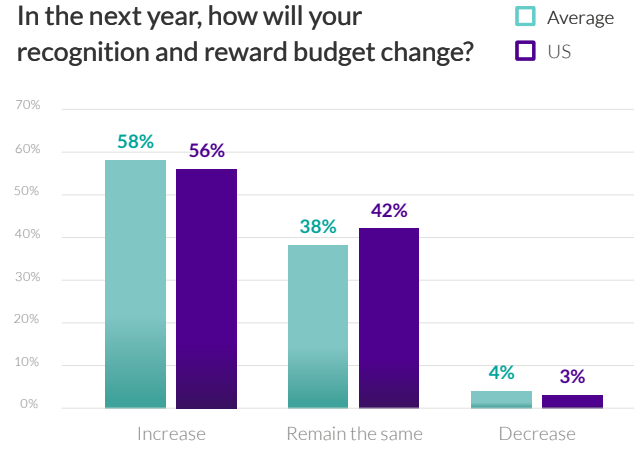
Most common recognition platform features:

- **Years-of-service awards**
- **Quarterly or annual awards**
- **Peer-to-peer recognition**

44% say their recognition program is effective at supporting their objectives

Global Avg. ***44%***

In the next year, how will your recognition and reward budget change?



About the report

This Achievers Workforce Institute research surveyed a total of **4,900 respondents conducted in February 2022.**



AUSTRALIA

500
Employed respondents

100
HR leaders



CANADA

500
Employed respondents

200
HR leaders



SINGAPORE

500
Employed respondents

100
HR leaders



UK

1,000
Employed respondents

500
HR leaders



US

1,000
Employed respondents

500
HR leaders

Achievers

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Achievers partners with hundreds of organizations around the world to elevate their engagement and retention strategies through our employee voice, recognition, and connection solutions.

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