



Center of Excellence



The State of Recognition **2027**

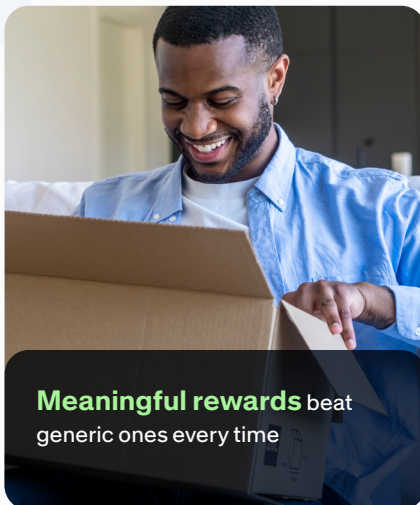
Explore global data on manager-led recognition, reward thresholds, and the sentiment around AI

Picking up where we left off

Historically, the impact of recognition has been hard to quantify and visualize. Many recognition, rewards, and engagement vendors extol the virtues of recognition, yet there was sparse data to reinforce that claim.

So the Awardco Center of Excellence decided to do something about it.

Our first State of Recognition report in late 2025 was incredibly insightful, and the data was clear: recognition has a major impact on engagement, wellbeing, intent to stay, and a host of other results leaders care about. Here are some of the highlights:



This year, the Awardco Center of Excellence went back into the field with a larger, more global study to see how the numbers held up. After surveying 4,792 employees across 21 countries, 11 industries, and in organizations of 250 or more employees, what we found might surprise you.²

The takeaways from this year's study span multiple areas:



The **importance of multi-channel methods** when it comes to recognition

(including a recognition platform)



What we found to be the **cornerstone of effective recognition**



Understanding about **what makes rewards meaningful**



Insights on **the place of AI** in recognizing colleagues at work

With that in mind, let's dive into what we learned.

Why **channel mix** beats channel choice

Last year's research found that recognition method and recognition frequency both had a meaningful impact on engagement. In this year's data we took it a step further and honed in on the employee experience as a whole.

With that in mind, we took a comprehensive measure of the employee experience itself, diving into topics such as career prospects, company vision and strategy, and learning opportunities—all of which enabled us to uncover deeper insights on the impact of recognition.



Our research revealed some interesting signals. The first is the impact of a recognition platform on recognition more broadly in an organization. Companies that don't use a recognition platform lean heavily on private 1:1s to recognize their employees.



No dedicated platform

62% of employees in these companies had received recognition in a private 1:1 in the last 3 months, which drops to 37% in the next most popular method, shout outs.



Dedicated platform

In companies with dedicated recognition platforms, 58% of employees have received recognition in private 1:1s in the past 3 months, but that's supplemented much more by recognition through shoutouts, email, and their recognition platforms (52%, 48%, and 46% respectively).

Put briefly, companies who use a recognition platform still lead with in-person recognition, but **complement it with written recognition** much more. It may be that the implementation of a platform elevates and formalizes the practice of recognition, so that it is not just part of a manager/employee conversation, but looked at as a practice in its own right.

In addition, our research also shows that recognition platforms almost completely eradicate the problem of employees not receiving recognition at all. By calling out recognition as a formal practice and making it easier to give, work is more frequently acknowledged.

Here's what we found:

When companies don't have a recognition platform, 15% of their employees report that they had **not been recognized at all in the last three months**. This number dropped to 3% for companies that did use a recognition platform—which is an **improvement of 80%!**

The research clearly shows that investment in a platform does increase recognition behavior in an organization, and that increase has an effect on overall engagement.



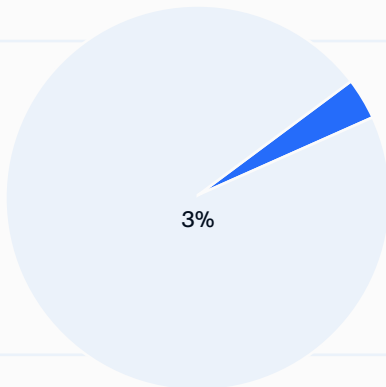
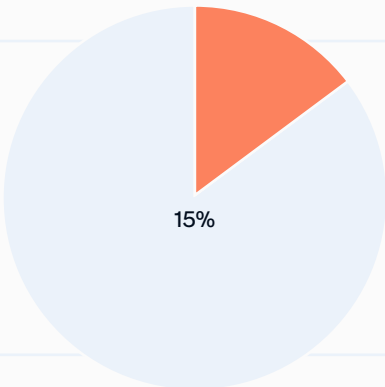
Percentage of unrecognized employees in last 3 months



Company doesn't use one / not sure



Company uses a recognition platform



The study further found that the engagement score for employees who do not feel recognized at work is 30% – a clear indicator of the importance of recognition in creating a healthy workforce.

Multi-channel recognition's impact on engagement scores

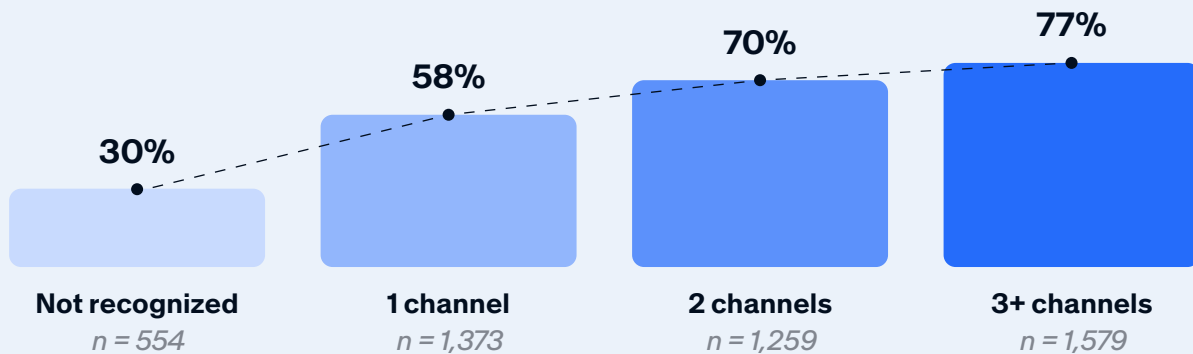
The research shows that engagement scores for employees tie directly into how often they're recognized and through which channels.

When employees aren't recognized, their engagement score is 30%. Not great. However, when they'd reported being recognized through one channel in last three months, **their engagement score nearly doubled to 58%**

Even more interesting, engagement scores for those who'd received recognition through two channels in the past three months **jumped to 70%**, while those who reported being recognized through three channels **scored at 77%**.

Recognition compounds – 2 modes are better than 1

Engagement score %



Realizing the **highest gains** across employee experience

With the expanded scope of this year's research, we wanted to understand what would have the broadest impact on the employee experience as a whole. In expanding our scope, we confirmed that manager recognition and service anniversaries remain the cornerstone of recognition activities that have the broadest impact on employees.

As practitioners, both manager recognition and service anniversaries have been a recommendation for years to those organizations just starting out with recognition, and now we have the data to prove that these remain foundational to any recognition program. Organizations that aren't embedding these two practices into their HR and management systems are missing a huge opportunity to increase employee experience.

Here's something perhaps even more striking: employees who say their manager recognizes them show double-digit gains across nearly every dimension of the employee experience, not just engagement. Compared to employees who don't feel recognized by their manager, employees that DO feel recognized report incredible impact across many different indicators:

Employees who feel meaningfully recognized by their managers have:

Goal alignment: ↑ 35 points and work objectives: ↑ 36 points

Unsurprisingly, employees who receive manager recognition have more clarity on how their individual objectives align with the team and organization. This shows how the recognition is about reinforcing what good looks like - creating clarity and alignment for employees.

Work-life balance: ↑ 38 points

Employees who had received recognition reported that they had a healthy work life balance, that their workload was reasonable, and that their manager did a good job of managing their work intake.

Career prospects: ↑ 42 points

Employees who received recognition had a much more favorable perception of their career prospects than those who had not. This makes sense—when you receive recognition you naturally feel you are doing a good job and have better chances of growth and success at the company. Career prospects are critical to seeing a future with a company and wanting to stay there long term.

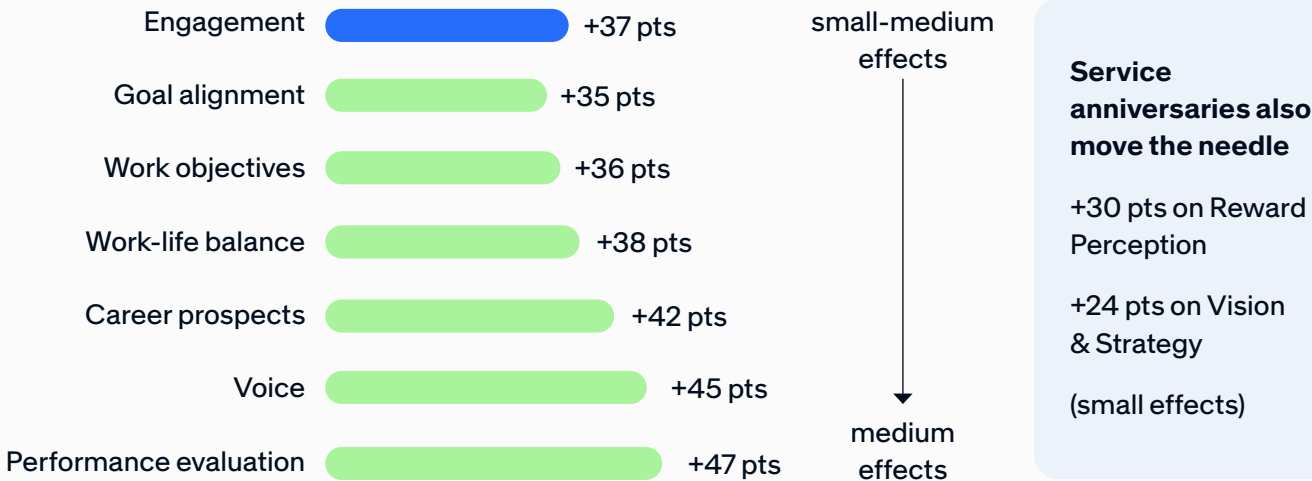
Voice: ↑ 45 points

Employees who felt recognized scored more highly on whether they had a voice with the organization. This could be due to feeling more empowered in general or feeling more valued.

Performance evaluation: ↑ 47 points

This was the biggest area of impact for recognition. Feeling recognized had a significant moderate effect on whether an employee felt their performance was evaluated fairly.

The manager recognition uplift



The impacts of manager recognition speak to much of the foundations of management; setting goals, aligning employee work to organizational objectives and measuring progress against them, ensuring workloads are manageable, developing employee skill sets, and listening to employee concerns. It makes sense that manager recognition is strongly connected to all of these other management practices and can positively affect them.

Another complementary piece here is **service anniversary awards**. Where manager recognition is more about the day-to-day of employee experience, service anniversary awards impact some of the aspects of the employee experience that highlight the employees relationship with the company as opposed to only their manager or team. Service anniversary awards have an outsized impact on employees' perception of how they are paid, as well as how they feel about the organization's long-term vision and strategy.

Together, these two recognition practices build good habits and have a strong impact on the employee experience, both the day-to-day and the holistic organizational perspective.

And one final point here about **senior leader recognition**. While it is often the most sparsely given, its single strongest effect is on how employees feel about company values, a +32 point jump. Clearly **senior leaders shape culture by modeling it**, not by managing it day to day, and **this year's data is the first to show that distinction so clearly**.

The **dollar amount** of a reward matters...to a point

Last year's research established that a preference for meaningful rewards (team activities, company swag, personalized items) was a sign of more engagement in employees than generic cash-equivalent options like gift cards.¹ This year's study we wanted to dig a little deeper into what "meaningful" means.

We started by looking at the amount. It's important to acknowledge the difference between compensation and a reward in a Total Reward strategy. Compensation is our base salary or bonuses, it is the salary we are contracted to receive when we complete our work objectives or exceed those objectives. Rewards in this context refers to a different type of reward to base salary, it could be a birthday gift, a reward for completing a project or a piece of work, or a gift for reaching a milestone anniversary.

FOUNDATIONAL

Compensation

Primary job

Create fairness, security, and the economic foundation of work

How it feels

Structural, formal, and less frequent

Examples

Salary, merit increase, annual bonus, incentive plan

OCCASIONAL

Rewards

Primary job

Adds tangibility and weight to a moment worth evaluating

How it feels

Memorable, reinforcing, and often more structured

Examples

Spot bonus, points, gift, nomination prize, milestone gift

FREQUENT

Recognition

Primary job

Creates visibility, encouragement, and momentum in the day-to-day

How it feels

Relational, timely, human, and specific

Examples

Thank you note, shoutout, manager acknowledgment, peer appreciation

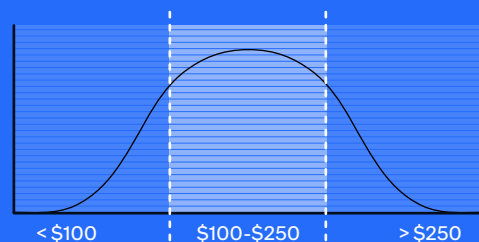
We asked employees to think of an example of this type of reward they had received from their employer, and we asked them how much it was. We then asked them how significant that reward size felt to them.

The results were enlightening!

The first signal was that there was a clear floor of how much a reward/gift needs to be to feel significant to employees. (Hint: it's \$25) This number is true **regardless of the salary band of the employee**, even if that employee is paid extremely well. For leaders in any organization, if you are looking to offer employees a meaningful gift, \$25 is the minimum number to shoot for.

However, there is a point of diminishing returns for rewards. While it's true that generally, the more money you give an employee as a gift or reward, the more significant it feels, the increase in significance **starts to decrease after \$250**. Our research shows that \$100-\$250 was the "sweet spot" for balancing cost against impact.

A key point to understand when it comes to rewards is that even though there is certainly a "floor" for a reward to feel significant or appropriate, to truly unlock the meaning of a reward will take more than just money.



The data supports this, too. When we asked employees why they felt a reward was significant, they said that the number one reason was the acknowledgement of a contribution and achievement—**not the monetary amount**. And hot on the heels of this finding is the number two reason employees felt a reward was significant: the sense of pride associated with it. The monetary value came in much lower as a reason for feeling that the reward was significant.

Why employees feel a reward is significant



Acknowledgement of a contribution and achievement



Sense of pride associated with being recognized for an achievement

And if that wasn't enough: we uncovered some interesting findings when we looked at recognition and pay separately and their impact of engagement. There's no doubt that pay satisfaction has an effect on employee engagement. Indeed, in our model pay satisfaction explained 21% of variance in engagement.

However, when we added recognition into the analysis, we found that there was an extra 9% variance that could be affected in engagement **above and beyond just the pay**. In other words, recognition has a separate, additional effect to pay perception. We also found that the effect of pay perception on engagement weakened slightly when recognition frequency increased, **indicating that employees who are more recognized don't place as much emphasis on pay when it comes to feeling more engaged**.

These findings together very clearly show that recognition should strongly be considered as part of a reward strategy. Naturally a reward needs to hit a certain amount to be considered valid by employees, but at the same time, you may be leaving money on the table if you are not maximizing that amount by also ensuring that employee accomplishments are recognized and acknowledged.

And in regards to what forms of recognition move the needle on reward satisfaction, we found that two recognition practices had a negative effect on reward perception, albeit a small one. One was, perhaps unsurprisingly, **not receiving any recognition at all**.

The other was **only receiving recognition from peers**. When employees are getting reinforcement from their coworkers but that reinforcement isn't reflected by managers or senior leaders, it leads to employees becoming less satisfied with their pay over time.

This finding alone highlights that manager recognition cadence and milestone recognition are relatively cheap, operational moves to ensure that you are reaping the benefits of your reward spend.

What's **entirely new** this year: AI is changing how recognition feels

This is the one theme that didn't exist in last year's report at all because a year ago, AI wasn't yet a major factor in most employees' day-to-day work. However, that is not true today, and many employees are used to having an AI companion in their day-to-day work. **This gave us the opportunity to ask them how they felt about the use of AI when it comes to recognition.**

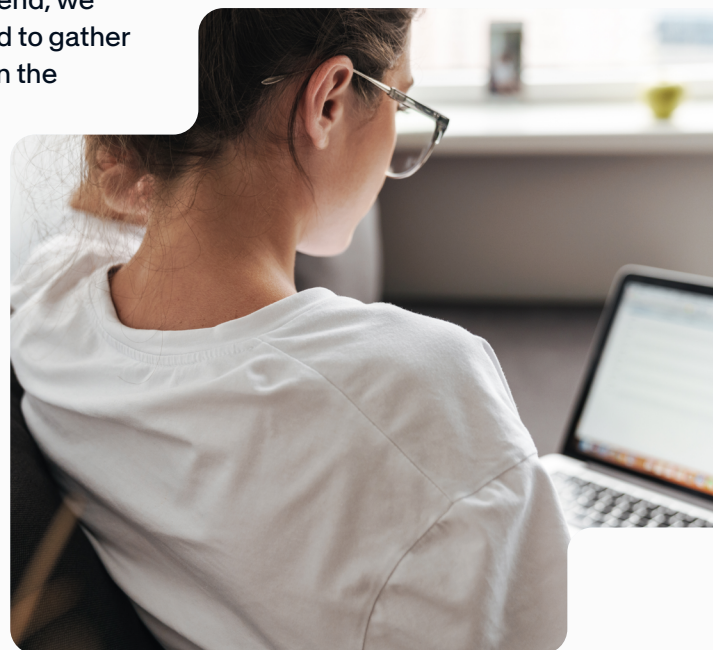
What we found was striking. We split use of AI in recognition into two categories: whether AI had been used to write the recognition (i.e. AI was responsible for writing the final product) and whether AI had been used to prompt the recognition (i.e. AI suggested that an employee had done a good job and a recognition could be a good idea).

No matter how it was used, **having AI involved in the recognition had a negative impact** either way. 58% of employees said that knowing that a recognition had been prompted or written by AI would make it feel less meaningful. Clearly there is still a desire from employees to preserve the human and natural nature of recognition. Recognition is a domain that needs to remain non-AI for the time being in order to feel meaningful and impactful.

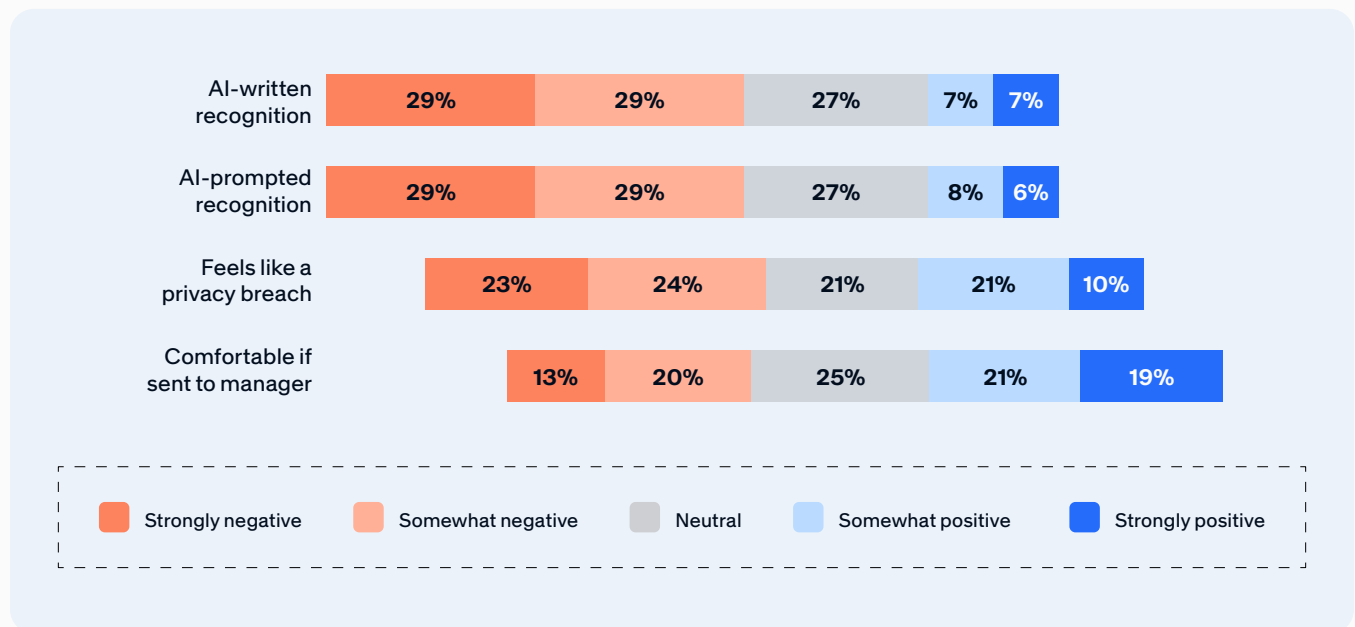
Because of this finding, we were curious to know if there were other ways AI could be used to help spread recognition in an organization that *did* feel meaningful. To that end, we asked employees about a different use of AI: what if it was used to gather examples of recognitions that had been sent in multiple ways in the organization and collate those for the employee? Would that reduce the distaste of AI in regards to recognition?

To find out, we asked whether using AI to find examples of good recognitions would feel like a privacy breach. The answer was yes, with about 50% saying it would feel like a privacy breach, 20% staying neutral and 30% saying it would not.

But what was really interesting was when we asked whether the employee would be comfortable if this collated report of all their recognitions—i.e all their good work—was sent to their manager. And voila, that's where we started to see AI being a bit more accepted by the majority of respondents: 40% said they would be comfortable, 25% were neutral and 15% were negative.



This is early data, but what it signals is that if an employee believes that using AI will benefit them they will be more tolerant of it (although still wary), but that intention, benefit, and general good feeling about the technology has to come first.



And interestingly, this perception changes when you look at different global groups. When we looked at the same perception of AI globally, we found that the apparent discomfort **isn't the same** depending on where you are based in the world. Employees in Europe are less comfortable with AI, and employees in the Asia Pacific are generally more comfortable. North American employees landed somewhere in the middle.

This all matters because recognition platforms are increasingly AI-enabled, and the temptation to let AI do more of the writing is only going to grow as the technology improves. The data suggests a limit: AI can help surface who deserves recognition and when, but the moment employees sense AI is doing the feeling on a human's behalf, the recognition loses some of its power.

Four takeaways from this year's research to make recognition **more meaningful**

1. Make sure you get the right channel mix. Are you stacking 2+ channels, or only leaning on one?
Blend your written and spoken channels
2. Systematize manager recognition cadence + milestones. Manager recognition frequency and service anniversaries are levers with real, independent effect.
3. Make the reward amount meaningful for one-off rewards. Never less than \$25, and \$100-\$250 is the best bang for your buck.
4. Be intentional in the use of AI. Lead with the benefit to the employee, and better to let AI surface what humans decided to write.

Recognition has major benefits that cannot be ignored, and wrapping recognition and engagement together makes it even more meaningful. Awardco® makes it easy to pull all these tools into one, and integrate with the tech stack you're already used to. Recognition, it turns out, ages well as a strategy for engagement. It just keeps getting more precise the closer you look.

Methodology & sources

2026 Awardco data is drawn from Awardco's Center of Excellence "COE Engage Research 2026" study: 4,792 full-time, permanent employees surveyed in May/June 2026, across 21 countries (North America, Europe, and APAC) and 11 industries, at organizations with 250+ employees. AI enablement findings are based on the U.S., UK, Canada, and Australia subsample (n = 2,572–2,575). 2025-2026 baseline data is drawn from Awardco's original State of Recognition report and research.

1. Awardco Center of Excellence, "[The State of Recognition: New Research Reveals How Recognition Impacts Teams, Builds Leaders, and Unlocks Motivation](#)" (2025-2026 report).
2. Awardco Center of Excellence, "COE Engage Research 2026" (internal research, May/June 2026).

Then vs. now findings

2026 key insights



The method makes the meaning

How recognition is delivered affects its impact



The frequency factor

When it comes to recognition, frequency is key



The power of meaningful rewards

Personalized rewards (not just cash) create deeper meaning and motivation



The recognition gap

Current recognition practices leave opportunities for growth and impact

2027 additional updates



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Understanding about **what makes rewards meaningful**



Insights on **the place of AI** in recognizing colleagues at work