

The State of Recognition

New research reveals how recognition impacts teams,
builds leaders, and unlocks motivation

A time of **historic** transformation

Like the introduction of the personal computer, the advent of email, and the widespread adoption of differently-colored post-it notes, the workplace is in the midst of historic transformation with the rise of AI tools. Through all-new research, [Awardco's Center of Excellence](#) has uncovered how recognition serves as the enduring human advantage for every organization in an increasingly digital world.

[Gallup](#) estimates that rates of AI adoption at work have doubled in the last two years alone, with use expected to rise even further (and faster) in coming years. This acceleration has already reshaped how organizations operate, with industry hiring disrupted for roles that AI agents can complete for a fraction of the cost. For many employees, this trend sparks anxiety about the future of their work.

But with every change comes an opportunity. The future of work will depend not only on what machines can do, but on human qualities that simply can't be automated by AI: qualities such as **creativity, connection, and authenticity**. The rise of AI is a chance for leaders to look beyond mere cost efficiency and reimagine what actually makes work meaningful, and what motivates people beyond a simple paycheck. What's more, AI has allowed many tasks to be offloaded so leaders can and should focus on what makes them and their teams unique.

As AI agents emerge, it is the things that make us distinctly human that will become more valuable. [Research from Harvard Business School](#) shows that so-called "soft skills," often incorrectly dismissed as mere niceties in the past, are now among the most important leadership capabilities any employee can possess. They are what foster belonging, collaboration, and trust—key attributes that build culture and power engagement in any industry.

At the center of these uniquely human outcomes lies recognition and appreciation.

JPMorgan Chase CEO Jamie Dimon has described recognition as "[a form of humility and acknowledgment](#)," underscoring its role as a leadership practice as much as a cultural one. Recognition meets multiple human needs at once—needs that are critical to every business function—yet is often overlooked by stakeholders as merely "nice to have" but not essential.

However, frequent and sincere recognition in the workplace builds confidence, empowerment, and intrinsic motivation while also fulfilling external needs: being noticed by leaders, keeping pace with peers, and, when paired with rewards, achieving material benefit.

This intersection of transformation in the workplace with intrinsic human needs is why [Awardco's Center of Excellence](#) set out to understand how recognition practices shape the way people feel about work—and what kind of impact that has on organizations as a whole. This new research spanned industries, location, age, and many other demographics to uncover key insights that will inform how successful leaders can drive motivation and productivity in an increasingly AI-focused world.



The ROI of recognition has been well-proven in the scientific community. For our summary of the scientific literature findings you can find it here. Awardco's own research found that employees who say they've been meaningfully recognized are more than twice as likely to be engaged, feel a sense of inclusion at work and have high well-being.

Employees who say they've been **meaningfully** recognized are...

2.3x

as likely to be engaged

1.7x

as likely to want to stay with the company

2.1x

as likely to feel a sense of inclusion at work

2.4x

as likely to have high well-being at work

This whitepaper goes a step further than simply proving the benefits of recognition—it helps organizations truly understand how to get the best return from their recognition program design. Notably, the way recognition is delivered, who delivers it, how often it happens, and what rewards accompany it all play a significant role in determining whether recognition creates real engagement or falls flat.

Our research revealed four central 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

The evidence is clear: in an age when AI is challenging our notions of what it means to have meaningful, purposeful, and productive work, recognition is a powerful and under-utilized leadership tool to improve engagement, increase retention, and boost motivation among their employee base.

The method can make the meaning: how recognition is delivered defines its **impact**

Recognition cuts through the noise of daily work to affirm an employee's value, and reinforces ties between employee and employer. But the impact of recognition can depend on *how* recognition is delivered.

We examined six common types of performance-based recognition (specific acknowledgement when someone does a good job) to understand which of those had the biggest relationship to engagement and commitment to the organization. What we found was striking: the method of recognition truly matters.

Our research found that the most common mode of recognition in the workplace today, across most industries, is a private 1:1 conversation, with nearly two-thirds of respondents saying they've received recognition this way. Meeting "shout-outs" (i.e. acknowledging good work in public) and manager emails were also common, while recognition via instant messaging, company awards, or recognition platforms were less prevalent.

Six common types of spot recognition:



A private 1:1 conversation



Meeting "shout-outs"



Manager email



Slack/Teams message

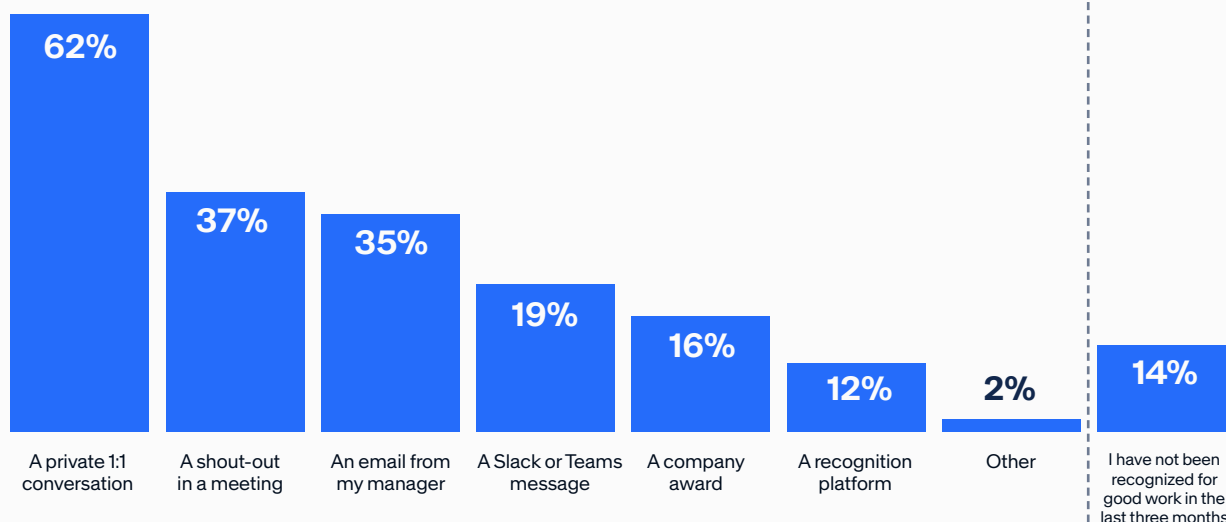


Company award



Recognition platform

In the last three months, how have you been recognized for good work? (select all)



AVERAGE ENGAGEMENT
SCORE: 76%

AVERAGE ENGAGEMENT
SCORE: 38%

Whatever the method, one crucial finding emerged: employees who reported receiving no recognition at all experienced a nearly **40 point drop in engagement scores, from 76% down to 38%**. Disappointingly, 14% of employees in our study fell into this category. This serves as a stark reminder of how costly inaction can be, for if leaders don't recognize their employees, engagement suffers dramatically.

How did we measure engagement?

For this research we defined engagement as having three main components:



Pride in the employer



Likelihood to recommend the employer as a place to work



Motivation to go above and beyond in the role



When we examined how each method of recognition predicted engagement and intent to stay, the differences were noteworthy. In our sample, recognition method accounted for **13% of variance in engagement scores and 6% of variance in intent to stay**, almost as high as recognition frequency.

What does that mean? It means the method, as *well* as the frequency (more on this later) of recognition can account for a meaningful share of whether employees feel engaged.

TL;DR: How recognition is given matters to employees more than you might think, and has a measurable impact on employee engagement.

Interestingly, the research shows that the most common methods of recognition are not necessarily the most impactful. The recognition methods that had the most impact are ranked as follows:



Company awards



Manager emails



1:1 conversations

Understanding the most powerful methods of recognition

It's perhaps not surprising that company awards outperformed other methods of recognition when it comes to its impact on engagement and intent to stay. Company awards tend to be a very public and peer-driven method of acknowledgement. However, these awards are resource-intensive to organize, and are reserved for only a comparatively small portion of employees. And while our research indicated that the investment in company awards was well-spent, it needs to be well-supplemented with more everyday recognition methods.

Email remains a dominant communication tool in most organizations, and it translates well as a recognition instrument. Emails transcend borders and time zones, and can become a publicly visible thread across teams. It doesn't matter if someone's on a job site in another location, on the manufacturing floor, in a retail shop, or in a hospital, they'll generally have easy access to their work email through a mobile phone.

Perhaps it is the reach and public nature of email threads that means that when employees are recognized this way it has an outsized impact on their subsequent engagement and commitment.

After email, a 1:1 conversation was the next most powerful form of recognition, showing that a personally-delivered recognition still has power to cut through the noise and holds significant meaning with employees.

Interestingly, recognition platforms (like Awardco) also proved effective, even though they were less commonly used. **This represents untapped potential.**

A well-designed, easy-to-use platform provides the same meaningful impact as other highly effective methods, with the added benefits of scalability, visibility, and data collection. Leaders who overlook digital recognition tools are missing a critical opportunity to build culture, incentivize performance, and power engagement amongst their employee base at scale and with added benefits of time savings and data collection.

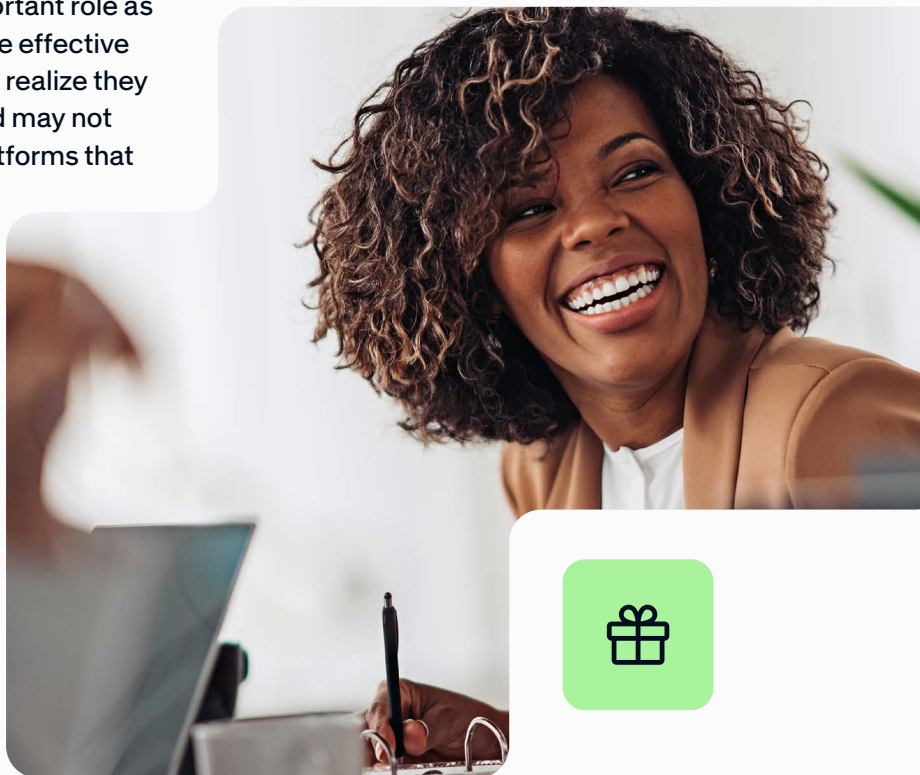
Instant messages don't equal instant engagement

And lest leaders think a simple instant message is sufficient, consider this: our data shows that instant messages stood out for their comparative *lack* of impact. Despite being a runner-up for most popular method, recognition via Slack, Teams, and other such communication methods had **no measurable effect on engagement as compared to others**. This finding suggests that convenience can sometimes come at the expense of meaning.

However, this doesn't mean leaders should abandon digital messaging entirely—quick pings play an important role as informal reinforcement, and certainly are more effective than no recognition at all. But it is important to realize they cannot *replace* more intentional methods, and may not be sufficient as a standalone. Recognition platforms that integrate with messaging tools provide the best balance, combining multiple benefits at once including increased visibility into company recognition and rewards, email capabilities, and ease of use with the weight of a formal recognition channel.

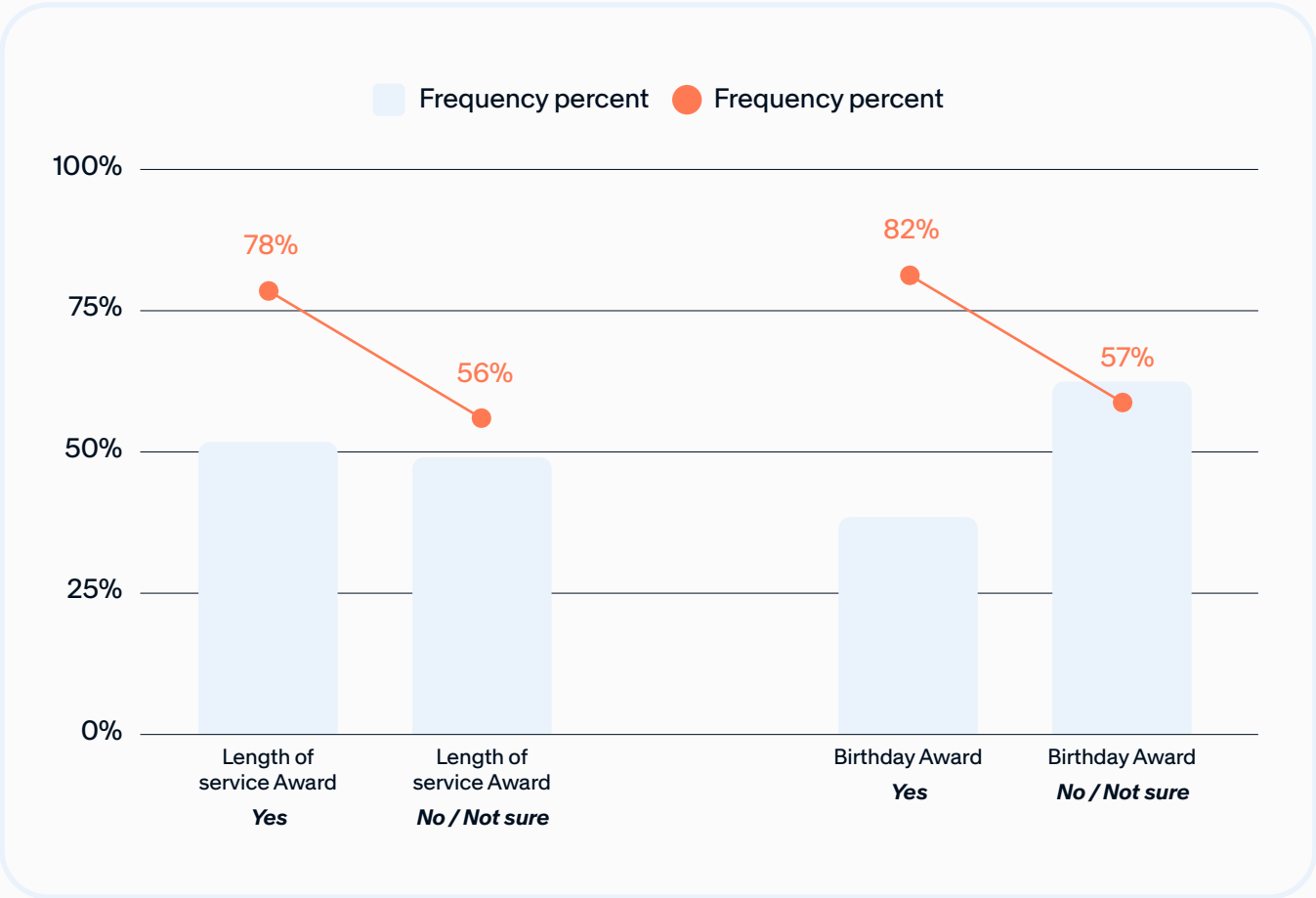
Milestones are missed opportunities for impact

Our research also revealed that milestone recognition—such as birthdays and service anniversaries—carries an outsized effect compared to the effort invested by HR practitioners.



The findings here were shocking: employees who received service anniversary recognition reported a **22-point boost in engagement**, while those who received birthday recognition saw an even larger **25-point boost**.

These touchpoints are powerful precisely because they apply universally. Everyone has a birthday, and nearly everyone marks service or milestone anniversaries. They provide built-in moments to connect with employees personally, without needing to search for an occasion. Over time, each added touchpoint builds connection and reinforces belonging.



And consider this: because milestones like service anniversaries and birthdays happen on a set cadence, the opportunity to introduce automation to assist in these recognitions is especially potent. With the assistance of automation, powered by genuine recognition, the benefits of celebrating milestones will increase.

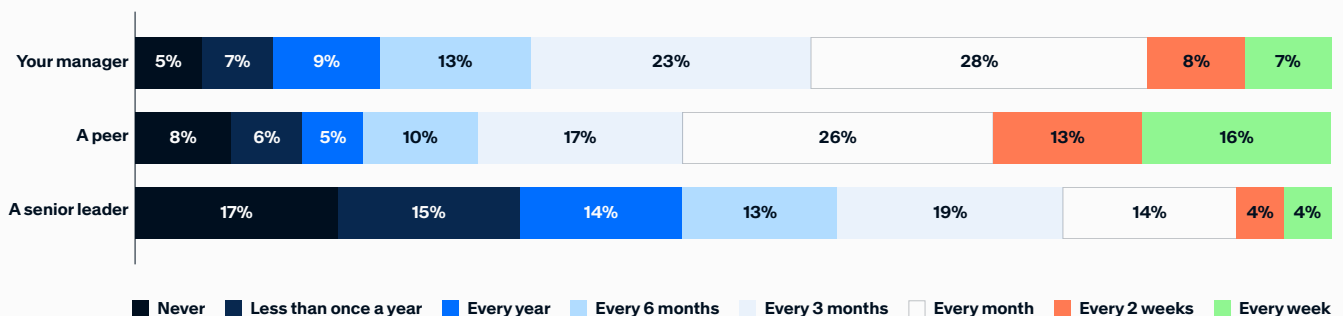
The **frequency factor:** engagement's strongest predictor is recognition frequency

While the method determines how meaningful recognition feels, *frequency* of recognition is the most critical factor for ensuring that the feeling of engagement is sustained.

To better understand frequency and its impact, we first had to understand how often employees say they are recognized at work. The data shows that nearly half (43%) of employees say they are recognized at least once a month by their manager—a good number. That percentage decreases to 22% of employees who say they are recognized at least once a month by a senior leader.

However, 34% of employees are recognized by their manager every six months or less, and 5% report that they never get recognition from their manager. Nearly half (46%) of employees get recognition from a senior leader once a year or less, with 33% of employees reporting it was less than once a year or never. **It seems that organizations have done a good job of building regular recognition into manager-direct report work, but less for recognition from senior leaders.**

How often are you recognized by...



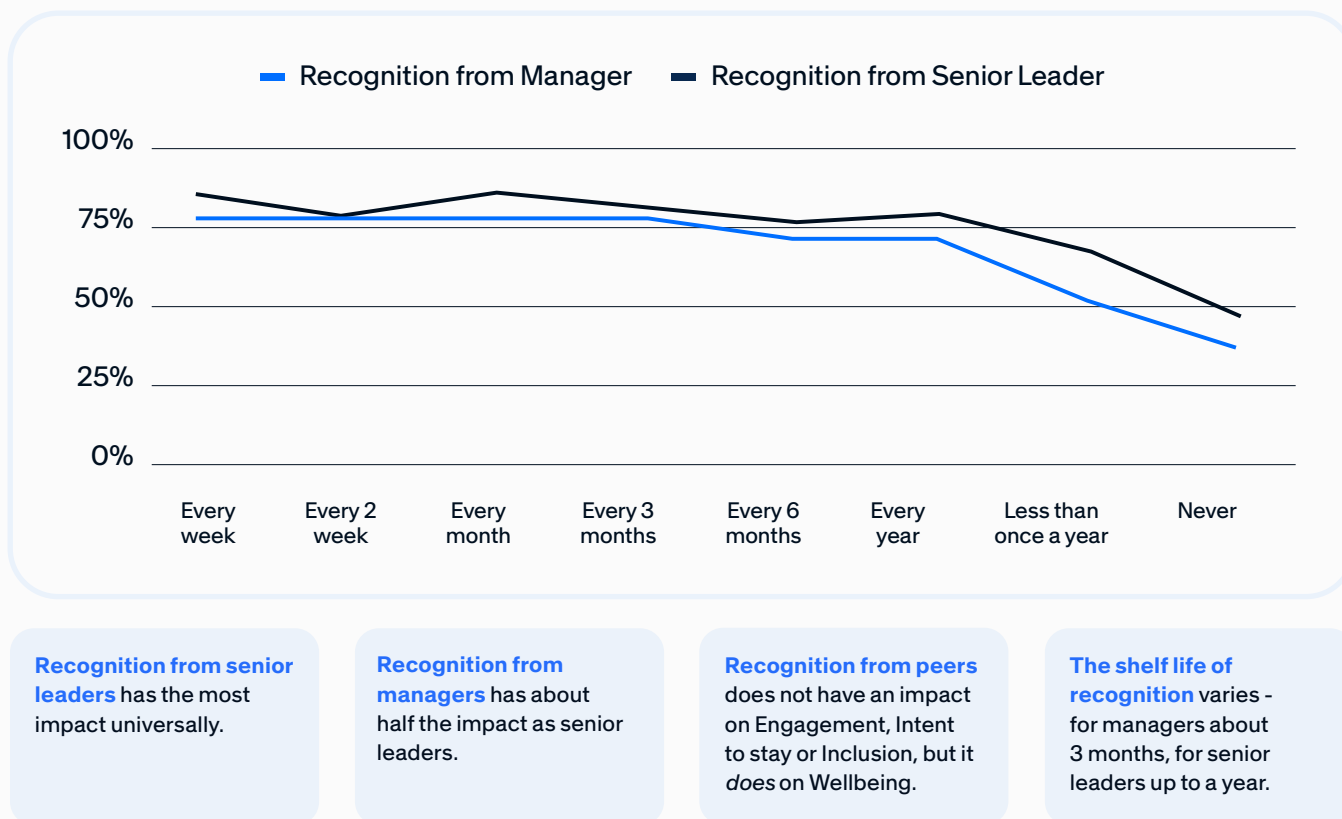
This is important because continuous reinforcement (i.e. frequency) has a major impact on the effects of recognition. Our research shows that recognition frequency had the strongest effect on engagement in our study, explaining 15% of the variance in engagement scores. **In short, the more often recognition is given, the more engaged employees are.**

And it also matters who the recognition comes from. Our research showed that senior leader recognition has about twice the positive effect on engagement and other outcomes as manager recognition. Food for thought for any senior leader.

Of course, senior leaders will have far more employees in their sphere than managers and so recognising at the same frequency as managers won't be practical. There is, however, good news in this regard: the "right" frequency of recognition varies depending on the source. Recognition from **managers** needs to happen at least quarterly to maintain engagement. Go longer than three months without recognition, and engagement scores drop sharply. Recognition from **senior leaders** is "stickier," meaning it will sustain employee engagement scores for as long as a year, suggesting employees don't need to receive it as often.

However, this all doesn't mean that senior leader recognition should be infrequent and that is sufficient for engagement. Rather, it underscores that manager recognition remains the most frequent and essential form of acknowledgment, sustaining engagement for about three months, and that employees need it more often than any other type of recognition for it to have the same effect.

It matters who the recognition is coming from



It's clear that organizations have made real progress in helping managers build recognition habits, but manager recognition alone isn't enough. Senior leader recognition, though less common, delivers a powerful and lasting impact, with effects that can strengthen engagement for up to a year. Balancing both is key to long-term cultural and performance gains.

The power of **meaningful rewards:** reward choices can create deeper meaning and motivation

While many of the benefits of recognition come whether there is a **reward attached or not**, recognition can have an extra effect when paired with a tangible token of appreciation. But which rewards mean the most to employees and will have the most impact on engagement? Our findings show that preferences and outcomes do not always align.

When asked what they preferred, nearly three-quarters of employees chose gift cards or vouchers. The signal is clear: flexibility is appealing, and gift cards as such remain the most popular option. However, when we examined the relationship between reward type and engagement, a **different pattern emerged**.

There were three reward preferences that had the largest impact on engagement levels. Employees who favored **personalized gifts, company swag or team activities** were more likely to be engaged. In contrast, a preference for the ever-present gift cards in many rewards programs often signaled *lower* engagement.

The implication is not that gift cards should disappear. Rather, they remain a baseline expectation. But leaders who rely solely on flexible spending as an employee reward may be missing an opportunity to foster engagement and use rewards to tap into employee desires to build more connection with their employer.

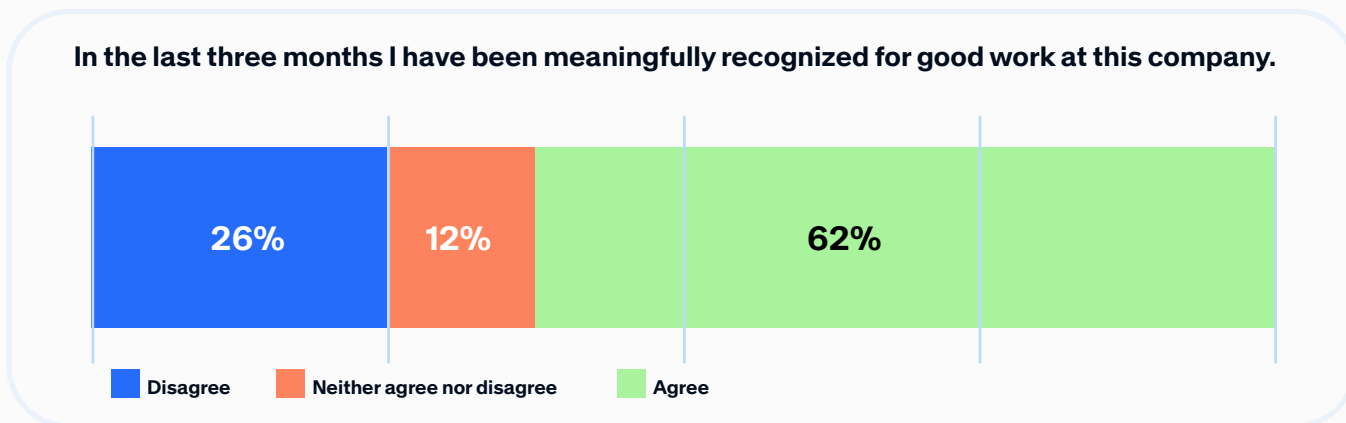
By reserving budget specifically for more meaningful reward options, organizations can cultivate deeper meaning and connection within their employee base—without having to scrounge for budget or buy-in when the time comes. Our research found that a preference for team activities, company swag and personal gifts was associated with higher engagement and retention, meaning there is an opportunity for employers to continue to build on good will and foster an engaged workforce from these types of rewards.

Because a holistic approach is what has the most impact, rewards and recognition platforms again come into play as an essential tool for engagement. With the power of a platform like Awardco, every recognition program, every reward, and every data point is wrapped into one cohesive whole that saves time and safeguards budget.

The **recognition gap**: current recognition practices leave opportunities for growth

Despite the clear, varied, and “biggest bang for your buck” benefits, our research shows that recognition remains inconsistent across all demographics of industry, size, and location.

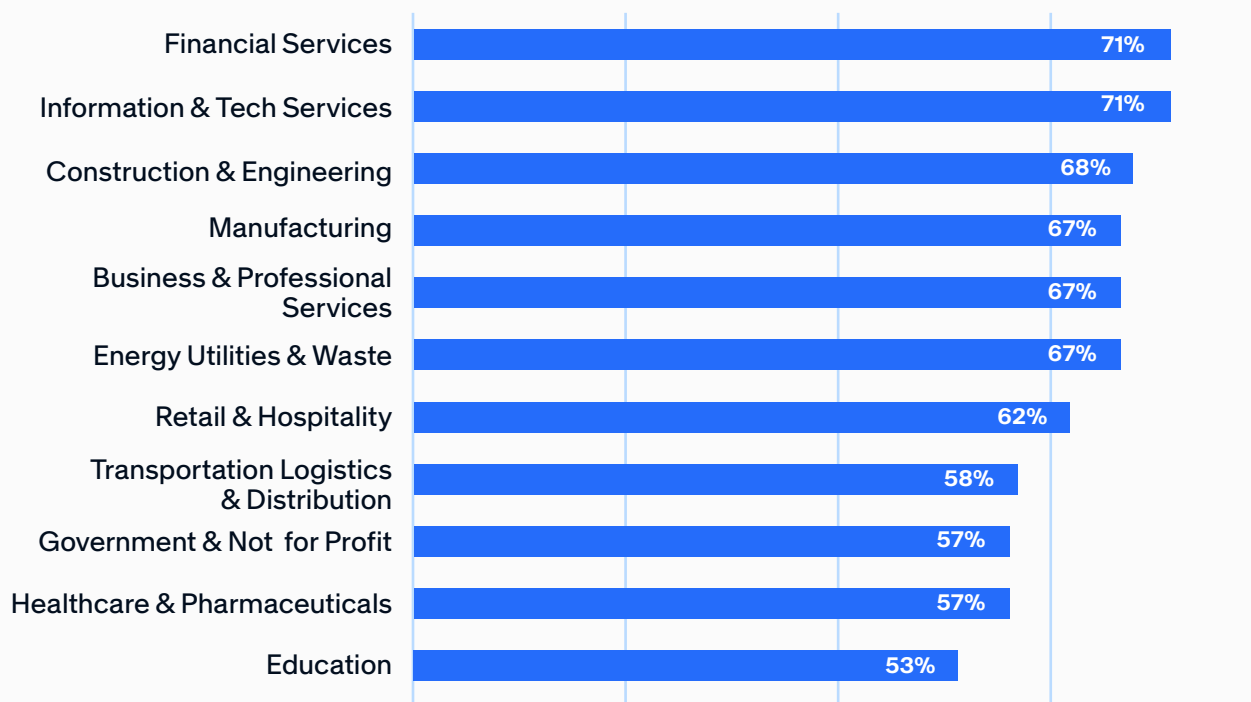
The research we conducted clearly shows that only 62% of employees reported receiving meaningful recognition in the past three months. More than a quarter of the workforce are feeling overlooked on a regular basis.



And the gap is even wider in sectors where recognition is arguably most critical: **Education and Healthcare**. In both of these industries, employees reported the lowest levels of meaningful recognition, even as they shoulder overwhelming emotional and physical demands.

As HR leaders, it behooves us to seriously consider these things—why two of the industries that arguably deserve the most recognition are in reality receiving the least. There is clear room for improvement.

In the last three months I have been meaningfully recognized for good work at this company.



Children's
NEBRASKA



11.4
points higher
than their
industry average

20%
drop in
attrition risk

Consider [Children's Nebraska](#), a pediatric hospital, who used recognition to bolster their engagement scores by 11.4 points more than the average in their industry, and saw a 20% drop in attrition risk. It is abundantly clear that recognition has a unique and lasting power that is too often ignored in every industry, but especially in those where it is needed most.

The lesson is simple but profound: recognition must **feel intentional, remain consistent, and be genuine to have the most impact—and every industry will benefit from the tangible outcomes recognition provides.** Without a strategy, recognition efforts may fall flat and risk being dismissed as hollow or transactional, leading to employees feeling empty and organizations believing recognition has minimal impact.

A **call to action** for leaders everywhere

Taken together, the findings of this research make a compelling case for any leader wishing to see more benefits from their recognition programs. Recognition is not a “soft” practice—it is a measurable driver of engagement, retention, and motivation. And yet, too many organizations treat it as an afterthought.

So where do organizations go from here as they look to realize the major impact and ROI of recognition?

- **If there is no program, start one. Something is much better than nothing.**
 - Consider a milestone and birthday program, something every employee will benefit from as your first step.
- **Improve on what you have by maintaining consistency, increasing frequency, and making recognition available to each employee.**
 - Remember to encourage managers to hit the key 3 month threshold for recognizing their team members or direct reports.
- **Provide multiple avenues for recognition.**
 - Email
 - 1:1's
 - Meeting shout-outs
 - Milestones
 - And more as you are able
- **Make recognition simple, scalable, reportable, and rewarding.**
 - Utilize a platform like Awardco to unify recognition efforts, build and manage more recognition programs, provide ultimate flexibility for rewards, measure your efforts to show program value, and integrate with existing systems to supercharge your strategy

In an era where AI is redefining work and removing much of our humanity in the workplace, recognition remains profoundly human, and profoundly simple. It is this regular practice of appreciation that affirms dignity, builds culture, and fuels performance in every industry, every workforce, and every location. And as this research shows, it is one of the most cost-effective levers leaders can pull to create workplaces where people don't just stay—they thrive.

