

The Ultimate Guide to Employee Recognition

Build culture.

Incentivize performance.

Power engagement.

Table of Contents

| | |
|--|-----------|
| The High Cost of Disengaged Teams | 3 |
| When Employees Feel Recognized | 4 |
| Why Recognition Matters | 4 |
| The ROI of recognition | 5 |
| Case Study: Wow! Mobile Boutique | 5 |
| Case Study: Children's Nebraska | 6 |
| The proven plan for employee recognition and engagement success | 6 |
| Best Practices #1: Gather sentiment data, then act | 6 |
| Data Gathering Best Practices | 7 |
| Measuring success | 7 |
| Case Study: Exact Sciences | 7 |
| Best Practice #2: Deploy multiple recognition programs | 8 |
| Find your foundational recognition program | 8 |
| Onboarding programs | 8 |
| Work anniversaries | 9 |
| Holiday programs | 9 |
| Events | 9 |
| Case Study: Paramount | 9 |
| Best Practices #3: Consider spot recognition | 10 |
| Peer-to-peer | 10 |
| Manager-to-peer | 10 |
| Best Practices #4: Build recognition solutions for remote and deskless employees | 10 |
| Recognition Without Limits | 11 |
| External Recognition Programs | 11 |
| AwardCodes™ | 11 |
| Best Practices #5: Implement incentive programs | 12 |
| Sales incentives | 12 |
| Case Study: Aptive | 12 |
| Safety programs | 13 |
| Case Study: Southwest Gas | 13 |
| Value-driven programs | 13 |
| Focus on wellness and wellbeing | 14 |
| Lifestyle Spending Accounts | 14 |
| Wellness incentive programs | 14 |
| Case Study: Sworkit | 15 |
| The essential element of any HR strategy | 15 |

The high cost of **disengaged teams**

Work and the workplace has transformed dramatically over the past five years, bringing profound changes that have reshaped personal and professional lives, workplace cultures, and the bottom line of every organization.

Leaders everywhere, from managers to the C-suite, are focused on hiring, retaining, and engaging the best talent available to ensure their organizations are healthy and profitable in the face of any challenge. Yet with how quickly the landscape of work has changed over the last five years, achieving target goals is still a problem. Why?

Because employees are more disengaged than ever, and it's costing employers **billions**.

Disengaged employees cost the global economy \$438 billion last year alone.¹

Disengagement takes many forms and ranges from passive disinterest to active detachment—and is at the root of many important organizational challenges like retention, productivity, and profitability. Business leaders are realizing that a remote and hybrid workforce can create disconnected teams, and that recognition is the connective tissue that keeps teams cohesive.

Employee recognition and rewards are the key to effective employee engagement, providing meaningful touchpoints throughout the employee journey. These touchpoints are critical factors in keeping employees engaged—no matter the industry or where work is accomplished—and directly influence everything from productivity to quality assurance, shaping how an organization operates while elevating both the employee and customer experience.

To be effective, employee recognition must be rooted in purpose and be driven by a defined strategy. It can't be a simple list of perks to entice employees to work harder. Employees need to feel appreciated and seen for their efforts, especially those efforts that embody the values and purpose of an organization. When they feel that connection to purpose, and when they feel recognized regularly for their efforts, they'll be more engaged and motivated to give their best.



When employees feel recognized²

4x

more likely to be engaged when recognized at least once a month

5.2x

more likely to recommend their workplace to friends

68%

less likely to feel burned out

55%

less likely to look for a new job

Furthermore, effective employee recognition and engagement strategies, supported by the right tools, are essential to fostering a sense of purpose and culture for both organizations and their employees. Without the proper tools, these engagement efforts will fall flat.

This guide explores the foundations of employee recognition and engagement, shares proven strategies and tools for building effective recognition programs, and illustrates the true ROI of recognition at every touchpoint of the employee journey.

In an era where workforce dynamics, economic uncertainty, and employer priorities seem to change so frequently, companies that prioritize employee recognition have the upper hand in performance, productivity, and employee resilience now and in the long term.

Why recognition **matters**

Investing in employee recognition to drive engagement is essential. Put simply: engaged employees drive meaningful results, and nothing impacts engagement more than effective recognition.

Numerous studies show a direct link between recognition, engagement, and business success—yet these are often ignored under the guise of recognition being “nice to have” instead of an essential piece of any HR strategy. In reality, a robust employee recognition program creates a flywheel of self-sustaining success where employees willingly go above and beyond, are recognized, and the organization benefits as a whole.

Organizations with high levels of engagement enjoy measurable improvements in nearly every aspect of their operations, improvements that can’t be dismissed so easily as marginal gains. The hard facts show that when employees feel recognized, they feel valued, and therefore make a more meaningful impact on the organization.



The Return on Recognition™

It's clear that recognition is one of the top drivers of employee engagement, which, in turn, is a top driver of business success. Gallup recently surveyed companies with high-performing teams. These teams reported high levels of engagement, and

78%

less absenteeism

63%

fewer safety incidents

51%

lower turnover

10%

more customer loyalty

Additionally, another Gallup study revealed these key findings in organizations with high engagement:³

18%

lower productivity

23%

more profitability

Given these insights, it's no surprise that employee engagement has become a top priority for today's business leaders, shaping strategies and driving organizational success.

CASE STUDY⁴

wow!
mobile boutique™

It's clear that recognition is one of the top drivers of employee engagement, which, in turn, is a top driver of business success. Gallup recently surveyed companies with high-performing teams. These teams reported high levels of engagement, and

120%

increase in performance

50%

increase in productivity

30%

decrease in turnover

CASE STUDY⁵

Children's Nebraska Hospital saw a huge improvement in engagement using Awardco. Their implementation of the platform led to an overall employee engagement of +11.4 points above the overall healthcare benchmark for their industry.

How did they do it? They surveyed their employees and healthcare practitioners and discovered what meant most to them. Using this data, they deployed Awardco and created a data-driven "Sunshine Recognition Program" that produced incredible results.

Children's Nebraska Hospital now has multiple recognition programs across the board, and their employee base has seen a huge jump in morale and engagement overall. Think of the ripple effect this has on the care and experience of every patient who walks through their doors.



The proven plan for employee recognition and engagement success

Employee engagement isn't achieved through a single initiative—it requires a well-rounded, purpose-driven strategy that incorporates strong employee recognition strategies. Here are the keys that leading organizations use to increase engagement.

BEST PRACTICE #1

Gather sentiment data, then act

Data is crucial for understanding the current state of any organization's employee engagement. Many companies send out employee surveys at least once a year, either as part of an annual review process or as part of a pulse survey strategy.

Regular surveys are an effective way to better understand the sentiment of an organization, but collecting data isn't enough. **To have an effective employee engagement strategy, leaders must use the data they gather and take action to make a plan for improvement.**

Data gathering best practices

Organizations must gather employee sentiment data through multiple channels. These channels can include regular pulse surveys, detailed 1:1s with written follow up, employee review cycle information, and more.

At the very least, if organizations don't already have a regular employee sentiment survey, they must invest in collecting this data. A simple, self-produced survey can often be an effective alternative to an expensive vendor-provided one if budget is tight.

And it's important to remember that while it is critical to gather the data, the data alone isn't enough. Companies must take action, and communicate those actions back to their employees.

"Data is like garbage. You'd better know what you are going to do with it before you collect it."

—Mark Twain

Measuring success

You can gauge the success of your data gathering through the following indicators:

- A statistically significant number of responses is submitted in relation to your employee base (Generally anything above 70% is significant enough for enterprise-level organizations)
- The survey is anonymous, allowing genuine feedback
- Quantitative as well as qualitative data is gathered, allowing for a broad spectrum of feedback
- Regular 1:1s between managers and employees provide real, actionable 360-degree feedback

Additionally, success of any actions taken can also be measured by:

- Participation in recognition programs created from gathered data
- Follow-up employee sentiment surveys (see Children's Nebraska Hospital case study above)
- Productivity measures to determine employee engagement's impact

EXACT SCIENCES

CASE STUDY

Exact Sciences utilized an annual employee engagement survey and supplemented it with regular, concise pulse surveys to gather additional insights from their employees. Using those insights, they determined that employee recognition was one of the top goals that would help them achieve greater engagement.

After more information gathering on what types of recognition their employees wanted, Exact Sciences took action and implemented a strategy of regular recognition through Awardco. Their results? By taking action on their gathered data, Exact Sciences improved their employee engagement score by nearly 10%, leading to a host of other benefits including increased productivity, reduced attrition, and more.

87% of employees feel a high level of inclusion at their company when there is a strong culture of recognition.⁶

Deploy multiple recognition programs

Recognizing employees for their contributions is one of the simplest and most effective ways to foster engagement. Recognition programs allow managers and peers to highlight achievements, big or small, that contribute to team success.

Creating a strong culture of recognition can be done in multiple ways. Many organizations start with birthday and service anniversary celebrations. While this is a great foundation, it is only the beginning. Consider the following to augment your recognition and engagement strategies:

Find your foundational recognition program

Implementing a service or anniversary award program is a great way to kick off your recognition strategy. These foundational programs ensure consistent acknowledgment for everyone and create a strong base to expand your recognition efforts.

There are many foundational employee recognition programs to consider, and most are made easy through tools like Awardco that utilize automation and AI to enhance your work.

Pro Tip: Awardco Connect, our proprietary integration product, allows any organization to connect with any HRIS service to easily automate employee birthdays, service anniversaries, and more.

Pro tip: Automation, including the use of AI to augment the human element of work, will ease the administrative burden of regular foundational recognition programs and will help ensure no employee is forgotten.

What foundational programs might you explore?

Onboarding programs

Onboarding programs strengthen employee engagement from the very beginning. In fact, **good onboarding processes increase retention by 50%!¹⁷**

Organizations often use recognition programs to automate a 7, 30, 60, 90-day message to be sent to the employee, checking up on them and making them feel supported beyond their first day. Additionally, giving new hires points to spend on company swag as part of their onboarding can simplify a previously time-consuming and manual task for program administrators.



Work anniversaries

Work anniversaries provide a meaningful occasion to celebrate employees and recognize them simply for being who they are. It may seem cliché, but it's been a staple of employee recognition programs from the beginning—and organizations have the opportunity to modernize the traditional offerings by giving service awards beyond the typical every-five-year reward cycle.

Holiday programs

Celebrating holidays is an easy way to provide a boost of recognition to every employee. These celebrations are a built-in method of reminding employees that they matter during a special time of the year. No matter what holiday you celebrate, there's one for everyone.

Events

Employee recognition day takes place every year on the first Friday in March. Don't miss this chance to appreciate employees during what is arguably the hardest time of the year—and the time when employees are celebrated the least.

Additional program ideas could include National Nurses Week, Teacher Appreciation Week, and more.

These programs are foundational to your employee recognition and engagement success—and all can be automated through a platform like Awardco, saving you time, energy, and money.



Paramount

CASE STUDY

Paramount saved **52 days** of total annual time when they implemented Awardco to assist with their regular recognition programs.⁸ Before Awardco, their processes were manual and cumbersome, and the prospect of a future merger became even more daunting when they realized the challenge of uniting dispersed teams and locations.

Awardco changed the landscape for Paramount, leading to a streamlined recognition solution that brought teams together better than ever before and saved the HR team time and money.

"I was really looking for a user-friendly, up-to-speed, and easy-to-use program that can expand in different ways, and I found it with Awardco."

—Shaye McCoy
Senior Analyst Total Rewards

BEST PRACTICE #3

Consider spot recognition

Recognizing individuals on the spot for achievements and great work helps build culture, incentivize performance, and power engagement strategies.

Peer-to-peer

Peer-to-peer recognition programs enhance team support and engagement by providing a way for coworkers to participate in recognizing their teammates. Those who work closely with each other know the achievements and sacrifices their coworkers make and are uniquely positioned to provide regular feedback.

Keep in mind that not all recognition needs to be monetary. In fact, the impact of recognition on both the giver and the receiver is the same if the recognition is non-monetary vs monetary. The brain doesn't know the difference and dishes out oxytocin regardless. Providing a simple method for employees to recognize each other can have far-reaching effects.

For example, consider that peer recognition and feedback raises employee performance by 14%.⁹ Why? Because teams are often working more closely together than managers and employees. Receiving recognition from a peer therefore has a much more immediate impact.

Manager-to-peer

Manager-to-peer recognition programs drive team and company values—and perhaps more than anything provide leadership opportunities for managers as they develop strong relationships with their employees.

In a study by Gallagher in 2023, only 1 in 5 managers were viewed as supportive, and employees that work for non-supportive managers are much more likely to be disengaged. **Regular recognition that is timely and genuine from a manager can make all the difference.**

BEST PRACTICE #4

Build recognition solutions for remote and deskless employees

By some estimates, over **70% of the global workforce is not at a desk regularly.**¹¹ This includes retail, food and beverage, manufacturing, field workers, healthcare providers, and more. With so many employees not at a desk, and often not with their teams, what is the best way to provide recognition opportunities?



Recognition **without limits**

External Recognition programs

Allowing external parties to recognize employees is a great way to build a culture of recognition, but how do you do that beyond a simple thank you box? There are many creative solutions, but gathering and disseminating that feedback—and making it easy for customers or clients or patients to provide it—can be tricky.

Awardco's [External Recognition](#) feature provides the industry-leading solution to this challenge. External Recognition gives organizations secure control over recognitions coming in from the outside and provides a fantastic way for employees to truly see the impact they're having.

How does External Recognition work? Organizations create a QR code that can be placed anywhere, from a hallway poster to an employee badge. Clients, customers, patients, and more can scan this code to send recognition to those that help them. These recognitions are seen on the company feed, and help call out great work and build culture.

Here's an example: A healthcare worker has an External Recognition code on their badge. After providing exceptional care, the patient can scan the badge using their smartphone and leave a recognition to the employee, thanking them for their help. This recognition goes through several approval workflows to ensure HIPAA and other security and privacy compliance, including ensuring there is no inappropriate content, and then the recognition is published on the organization's internal recognition feed, allowing everyone to see and celebrate the great work of their colleague.

This is one example of many. Clients from industries ranging from retail, service, food & beverage, healthcare, and more have utilized External Recognition to improve their recognition and engagement strategies.

AwardCodes™

AwardCodes are an additional way to provide offline and deskless recognition easily and efficiently. Organizations that utilize AwardCodes create custom cards with a QR code. Everything from the design, the amount, and the message can be customized to ensure it reflects any organization's brand.

With these cards in hand, managers can recognize and reward any employee anywhere on the spot. For example: say a construction manager is on site and sees an employee doing a great job. They can hand that employee an AwardCode in the moment and express their appreciation. The employee can then scan the QR code and be taken directly to the company platform to redeem their points.

AwardCodes are a simple, elegant solution to deskless recognition.



BEST PRACTICE #5

Implement incentive programs

Incentive programs can have a somewhat negative connotation, almost as if they're driving people to do something they don't want to do. While incentive programs are indeed driving behavior, they don't have to be nefarious.

Incentive programs that are driven by recognition can include many different types. From sales incentives for quota to spiffs and bonuses, incentive recognition programs play a critical part in driving behavior and enhancing engagement.

Sales incentives

Sales incentive programs are impactful because they motivate and engage teams and individual employees. However, tracking spend and managing the overall budgets of such programs can be incredibly challenging, especially if there are multiple cost centers across the organization.

It is imperative to simplify and enhance incentive efforts by unifying them under one roof to streamline approvals and track spend. Organizations that do so will see an immediate benefit to their time and cost savings.



aptive®

CASE STUDY

Active Environmental has multiple sales centers across the U.S., and before using Awardco each team was utilizing a different method of tracking incentives. Managers each had a budget and would use it for anything from stacks of gift cards to large parties. Active's incentives and rewards budget was difficult to track and manage, and costs were through the roof.

By implementing Awardco, Active Environmental achieved **100% budgetary control and visibility** and prevented going over budget from that point forward.¹² Each team now has an allocated budget, and the Awardco platform automatically tracks spend and redemption. Additionally, because no money is spent until redemption, Active also removed all breakage in their rewards programs by using Awardco.

Safety programs

Building safety programs and encouraging employees to participate is an easy way to ensure compliance and job-site safety. Many organizations need employees to take part in safety programs, yet many struggle to get employees to do so in a timely manner.

To ensure active participation and save the organization time and money, **incentivizing safety program participation** increases compliance, saves administration time and follow up, and encourages greater employee buy-in for safety initiatives.



CASE STUDY

Southwest Gas is dedicated to strengthening their safety culture for every employee, both in the office and in the field. With a large mobile and remote workforce, Southwest Gas often struggled to build the culture of safety that they pride themselves on.

Using Awardco, Southwest Gas created a custom and comprehensive safety recognition program that increased participation, allowed admins to monitor compliance, and provided an opportunity to reward employees—all in one platform

"Our company is very safety-culture oriented, and Awardco offers us a way to acknowledge the impact that our employees have on that culture."

—Reuben White
Manager of Occupational Health
and Safety

Value-driven programs

Encouraging employees to embody company values is a difficult prospect in the best of times. Most organizations create a mission statement, tie it to values they'd like to see their employees exhibit, and leave it at that. This creates a culture where values are not top of mind for employees, which leads to a level of dissonance between what leaders expect and what employees understand.

Encouraging those behaviors that embody company values is made easy through strategic recognition programs that encourage and reward those values. Employees then have a clear understanding and reinforcement of what behaviors their organization values and can work towards embodying those.

Focus on wellness and wellbeing

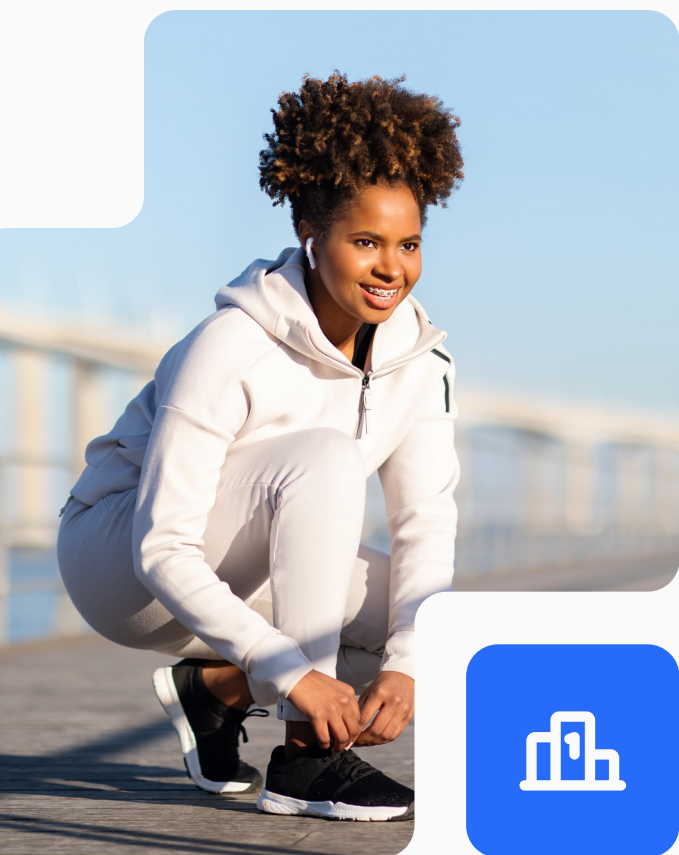
Important at any time and not only in a crisis, employee wellness and wellbeing improve company culture, productivity, and can even reduce overall insurance premiums. But how do you implement better wellness programs?

Lifestyle Spending Accounts

A Lifestyle Spending Account (LSA) is a wellness program that allows organizations to provide a wellbeing perk to support employees in the wellness initiatives of their choice. Think of it like an HSA, except employees can spend their funds on a greater variety of things to increase their personal wellness.

LSA's are often overlooked because they can be hard to track and manage. With the Awardco platform, organizations can create custom recognition and rewards programs that allow admins to customize rewards catalogs and point amounts. This customization allows a restriction of how much can be spent and on what, effectively removing the need for cumbersome reimbursements or monitoring of an LSA.

Many Awardco clients have implemented this type of LSA in their organizations, providing an additional wellbeing benefit that is unique in any industry. **Indeed, organizations with effective wellbeing programs typically see a 19% reduction in absenteeism and a 63% decrease in turnover.**¹³



Wellness incentive programs

Incentivizing wellness is increasingly important to many leaders. Doing so improves morale, productivity, and can even lower insurance premium costs over time. Things like step contests, gym memberships, mental health visits, in-office massages, and much more are how organizations currently incentivize wellness.

But what if it was even better?

Consider the power of unifying a dedicated wellness app with your recognition and rewards programs. Providing a place for employees to engage in wellness activities, guided workouts, goal-setting, and more—and then rewarding them using your existing recognition and rewards programs—is an extremely powerful way to build world-class wellness programs that are incorporated into your culture.



SWÖRKIT

CASE STUDY

Awardco's partnership with Sworkit, an industry leader in wellness and well-being, allows any organization to do exactly that. Sworkit's app focuses on fitness, mindfulness, disease prevention, nutrition, and everything any employee needs to increase their wellness and wellbeing.

By using Sworkit and rewarding employees for participation and goal achievement through Awardco, companies have seen increased wellness program participation, better morale, and improved employee health across the board.



The essential element of any **HR strategy**

Employee recognition is essential to creating a resilient, productive workforce, and organizations that invest in it see measurable improvements across the board. **Recognition transforms how employees view their work and feel about their contributions—and enhances employee engagement better than any other strategy.**

Whatever the state of your recognition and engagement efforts, you have been given a unique opportunity to improve them and make them more impactful. Any step you take that moves you forward will be a benefit, and armed with the best practices above, we're confident you will find success.

Ready to start building a more engaged workforce through simple, effective, rewarding employee recognition?

Contact us today to learn more about how Awardco can support your recognition initiatives with scalable, customizable recognition program solutions designed to meet the unique needs of your organization—all paired with the largest reward network in the world.

Schedule a demo at

awardco.com/demo

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