The State of Rewards and Recognition 2023
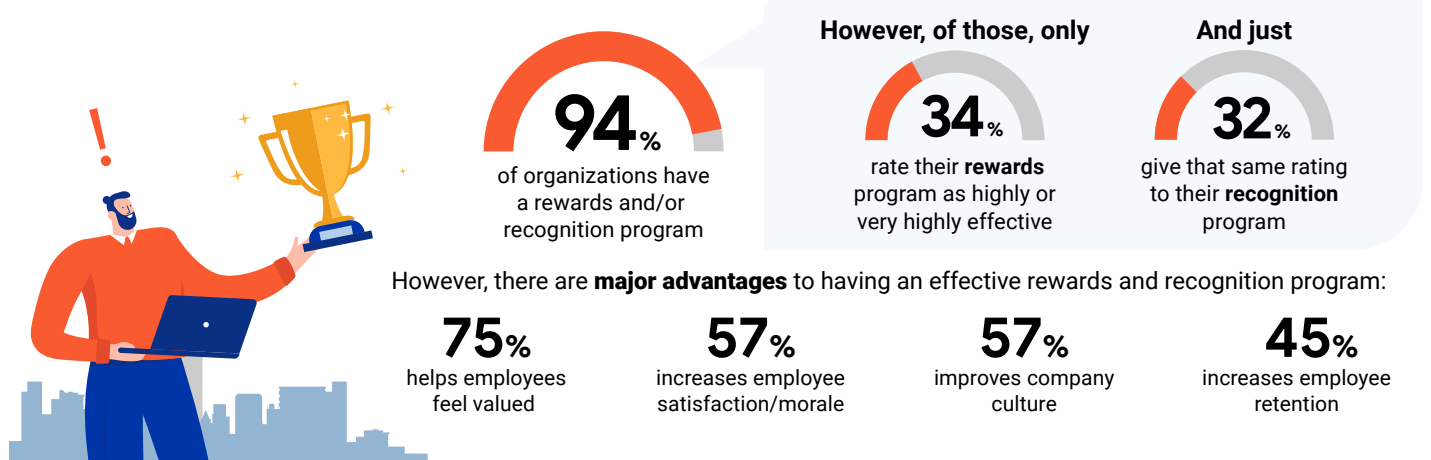
Maximize your investment in rewards and recognition

State of the Industry Research

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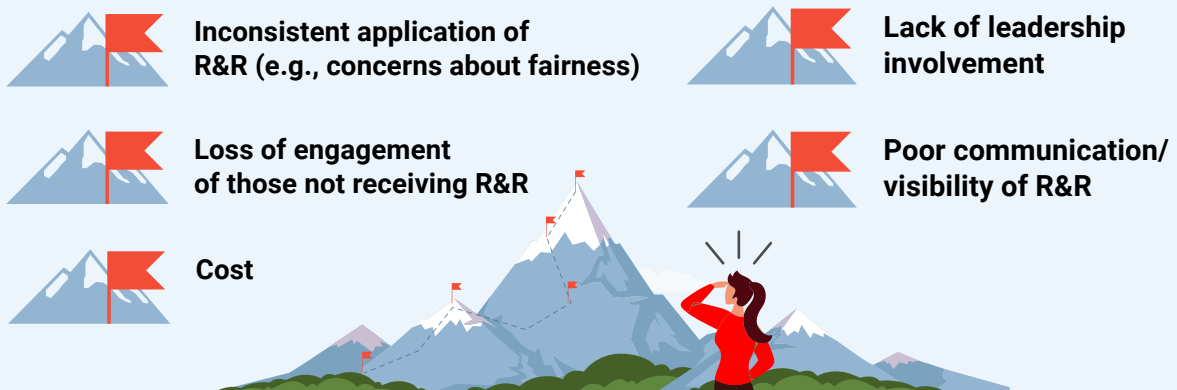
Thanks to our great sponsor: **abundantly**

Almost all organizations have a rewards and/or recognition program, but there's much to be desired when it comes to effectiveness

94% of organizations have a rewards and/or recognition program

However, of those, only
34% rate their **rewards** program as highly or very highly effective

And just
32% give that same rating to their **recognition** program

However, there are **major advantages** to having an effective rewards and recognition program:

75% helps employees feel valued

57% increases employee satisfaction/morale

57% improves company culture

45% increases employee retention

Some organizations struggle with offering R&R programs

As with any business initiative, organizations face multiple challenges when it comes to rewards and recognition

HR pros say the **biggest challenges** associated with offering R&R programs are:

- Inconsistent application of R&R (e.g., concerns about fairness)
- Lack of leadership involvement
- Loss of engagement of those not receiving R&R
- Poor communication/ visibility of R&R
- Cost

Organizations should consider employee feedback to improve their R&R programs

Only **25%** of organizations take **employee feedback** into account to a high or very high degree when creating new rewards or recognition initiatives

Of those that do incorporate employee feedback, the most common methods of feedback are:

49% Exit interviews

47% Annual surveys

47% One-on-ones with managers

However, organizations should also consider using the less widely used method of stay interviews

So, what do employees actually want when it comes to R&R?

According to the HR professionals in our study, the most popular **rewards** are:

77% Monetary incentives

56% Gift cards

The most popular forms of employee **recognition** are:

49% Peer-to-peer recognition

45% Award nomination

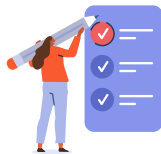**69**% Managers expression of gratitude

What is expected for the future of R&R?

*In the next two years, more than half of organizations say they will **nurture a culture that encourages rewards and recognition***

Many organizations also plan to:

Involve better **training** for managers

Plan to make initiatives more **personalized**

Improve related **communications**

Become more **inclusive**

How do R&R leaders* differ?

Compared to R&R laggards**, R&R leaders are:

19x more likely to take employee opinion into account when creating new a rewards or recognition program

Nearly **3x** more likely to say they track and recognize employees providing excellent customer service

Over **3x** more likely to say their organization's R&R program is closely tied to performance, attitudes and tenure to a high or very high extent

Almost **7x** *less* likely to say they have never reviewed the effectiveness of their R&R programs

Consider these strategies

1 **Regularly** review the effectiveness of your organization's R&R programs

2 **Train** your managers on how to properly reward and recognize

3 **Get** front-line managers involved

4 **Get** employee input before developing and modifying R&R initiatives