

Thriving Together

The link between modern rewards & recognition,
belonging, well-being, and engagement





Modern Rewards & Recognition

In a talent landscape where employee disengagement costs U.S. companies up to **\$550 billion** annually¹ and amounts to a staggering **\$8.8 trillion** in lost productivity at the global level,² it is time to embrace the power of modern rewards & recognition (RnR). HR professionals must look beyond

traditional compensation and benefits to consider how modern RnR – democratized (not just top down), consumer grade (digital and individualized), and social (recognizing the whole person, not just the work persona) – has been overlooked as a strategic component of a holistic well-being portfolio.

Why This, Why Now?

In today's competitive talent market, employees crave more than just surface-level connections; they yearn for emotional engagement and a genuine sense of belonging. To adapt, forward-thinking companies are revitalizing their approach from traditional to modern RnR to meet the evolving needs of their workforce.

To truly inspire engagement and productivity, employers must embrace flexible, democratized, and human-centric forms of RnR. This means moving from traditional methods, like years of service anniversaries and corporate awards, to adopting agile ways to connect and engage employees. By doing so, companies can create an environment where employees feel valued, appreciated, and emotionally connected, even in times of volatility.

RnR is not just a feel-good gesture; it's a strategic investment that pays dividends:

Employees are 20x as likely to be engaged ³	50% less likely to feel burnout ⁴	70% of employees feel strongly connected to their company culture ⁵	22% higher job commitment ⁶	For an organization with 10,000 employees, successful recognition generates:	
				\$16.1 million saved annually due to reduced turnover ⁷	\$91.9 million increase in employee output from productivity gain ⁸

By acknowledging and appreciating all levels of employees (let us not forget senior leaders – They are people, too!), employers can unlock a world of potential, fostering a sense of loyalty and commitment that drives performance and helps organizations thrive in an ever-changing landscape.



Mercer’s RnR Point of View

Mercer believes your RnR strategy, programs, and delivery model (including technology) needs to be designed around YOUR organization, rather than being designed around the technology.

We have helped many of our clients design and operationalize their RnR strategy to promote their people and business priorities. This means including your:

- Business objectives
- Organizational culture (mission, values, behaviors)
- Total rewards philosophy
- Talent management strategy (including talent acquisition and learning & development)
- Well-being portfolio
- Employee value proposition
- Existing RnR practices

By prioritizing **your** organization and **your** people first, we’ll help you design **your** program and select from over 140 vendors the one that’s best for **you**.



Connection to Mercer's Global Talent Trends

As 2024 kicked off, there are four prominent trends are defining the talent landscape. With a people-drive RnR strategy, your organization will be well positioned to meet evolving workforce needs.

Drive Human Centric Productivity

- Unlocking workforce productivity requires intentional, human centric work design.
- RnR programs are a powerful driver of performance, with $\frac{3}{4}$ of employees reporting that feeling recognized inspires them to work harder.⁹

Boost the Corporate (and Human) Immune System

- In 2024, employers are seeking ways to reduce employee burnout and invest in tools that enhance the employee experience.
- RnR boosts employee and employer resilience amidst layoffs, salary freezes, and heavier workloads.

Anchor to Trust and Equity

- Employees report that belonging and feeling valued are top motivating factors at work.
- Democratized RnR coming from all levels increases affinity and helps employees feel valued in their workplace.

Cultivate a Digital First Culture

- Unprecedented technological advances and the rise of generative AI will bring positive, but significant changes to the workforce.
- Modern RnR capitalizes on these advances, with 140+ flexible virtual platforms offering personalized programs to ensure employees feel valued in a digitized world.

Note: The four Global Talent Trends listed above are reported in the Mercer 2024 Global Talent Trends Report

Case Study

See how employees thrive with thoughtful RnR.

Callout	Description/stat/anecdote
The Power of Giving	Giving recognition can be just as powerful as receiving it. When employees express gratitude for their peers, it raises their own happiness by 25%. ¹⁰
The Power of Receiving	Receiving recognition, particularly in front of peers, teammates, and leaders, boosts employee morale and fosters a sense of value to the organization. ¹¹
Democratized Recognition	Promoting peer to peer recognition in a team setting rather than a strictly top-down approach enhances collaboration and overall wellbeing.
Recognition for all types of achievement	Employees thrive when they are recognized for performance achievements, whether big or small. Seventy-two percent of employees who have great recognition experiences say their organization frequently gives recognition for little things. ¹² When recognition moves beyond milestone work achievements and celebrates accomplishments outside of the workplace, employees see that you care about what matters to them, be it a new family member, a big move, or another important chapter of their life.
Frequent Recognition	Frequent recognition for smaller performance achievements also matters. Opportunities for recognition on a monthly or weekly basis improve employee engagement, productivity, and retention in comparison to less frequent recognition. ¹³
Social Recognition	Social recognition is low cost but effective in promoting employee engagement and well-being. Weekly social recognition is just as impactful as weekly monetary recognition in driving employee engagement at work, sense of belonging, productivity, and job commitment. ¹⁴
Monetary Recognition	Employee recognition can also be monetary, such as awarding points that can be redeemed for merchandise, gift cards, and experiences. Monetary programs can still be cost-conscious, and Mercer can help you leverage the total rewards spending to restructure recognition without adding additional costs.
Effective recognition drives retention, even more so than a salary increase	When employee recognition programs succeed in making employees feel supported, cared for and valued, employees prefer to stay with their organization, rather than accepting a higher offer from somewhere else that does not foster wellbeing and a sense of belonging. ¹⁵



Call to Action

What Now?



Understand what you're doing around RnR today:

- Do you have a formal RnR program, or is it happening mainly on the back of expense reports?
- Are your RnR practices consistent across all levels and departments within the organization?
- Do you have a way to track RnR activity, efforts, and costs?



Listen to what your employees think of your RnR program(s):

- Do employees receive and have the opportunity to give RnR on a regular basis?
- Do employees appreciate the RnR offerings available to them?
- What gaps do employees experience in your RnR practices?



Build a strategy before you select or change your RnR partner:

- Do you want your RnR program to correlate to your total rewards, well-being and/or talent management programs?
- How do you envision RnR impacting your overall employee experience (EX)?
- Do you plan to manage your RnR program in-house or by partnering with a third-party vendor/platform?

The Mercer Approach

Mercer can help you through each of these steps, whether it is your first time building a RnR program, or you are looking to revitalize your current RnR design or delivery model.

We know that it can be hard to understand and evaluate how RnR occurs across distinct locations, departments, and job levels of your organization. We have the resources and expertise to thoroughly review company data to assess your organizations' current internal environment and RnR practices. Our human-centric approach uses a combination of internal surveys, focus group and stakeholder interviews to understand the employee experience. This helps us identify which program aspects will drive your organization's desired outcomes.

After considering your business objectives and a review of leading market practices, we will help you design the RnR strategy, program, and delivery model that will be best for your employees and your business. We believe RnR is more than the old school service awards and top-down, annual achievement awards; the road to modern RnR is a strategic opportunity to link your business objectives, expectations, cultural values/behaviors, and employee experience factors to drive outcomes and results that make an impact on your workplace. The strategy we envision together will help us select the RnR program and partner that is fit-for-purpose for you.

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Edited January 25, 2024

¹ "10 Timely Statistics About The Connection Between Employee Engagement And Wellness," Forbes, 2019: [10 Timely Statistics About The Connection Between Employee Engagement And Wellness \(forbes.com\)](#).

² "Employee Engagement Strategies: Fixing the World's \$8.8 Trillion Problem," Gallup, 2022: [Employee Engagement Strategies: Fixing the World's \\$8.8 Trillion Problem \(gallup.com\)](#)

³ Empowering Workplace Culture Through Recognition," Gallup 2023: <https://www.gallup.com/analytics/472658/workplace-recognition-research.aspx>

⁴ "Empowering Workplace Culture Through Recognition," Gallup 2023: <https://www.gallup.com/analytics/472658/workplace-recognition-research.aspx>

⁵ "Empowering Workplace Culture Through Recognition," Gallup 2023: <https://www.gallup.com/analytics/472658/workplace-recognition-research.aspx>

⁶ "2023 State of Recognition: The Gratitude Gap," Achievers Workforce Institute 2023: <https://www.achievers.com/resources/white-papers/workforce-institute-2023-state-of-employee-recognition/>

⁷ "From Praise to Profits: The Business Case for Recognition at Work," Workhuman 2023: [From Praise to Profits: The Business Case for Recognition at Work | Workhuman](#)

⁸ "Empowering Workplace Culture Through Recognition," Gallup 2023: <https://www.gallup.com/analytics/472658/workplace-recognition-research.aspx>

⁹ "2023 State of Recognition: The Gratitude Gap," Achievers Workforce Institute 2023: <https://www.achievers.com/resources/white-papers/workforce-institute-2023-state-of-employee-recognition/>

¹⁰ "The Power of Gratitude And How It Raises Your Happiness Level," Forbes 2019: [The Power Of Gratitude And How It Raises Your Happiness Level \(forbes.com\)](#)

¹¹ "4 Ways to Adapt Employee Recognition Programs to the Virtual Workplace," SHRM 2023: [4 Ways to Adapt Employee Recognition Programs to the Virtual Workplace \(shrm.org\)](#)

¹² "Empowering Workplace Culture Through Recognition," Gallup 2023: <https://www.gallup.com/analytics/472658/workplace-recognition-research.aspx>

¹³ "2023 State of Recognition: The Gratitude Gap," Achievers Workforce Institute 2023: <https://www.achievers.com/resources/white-papers/workforce-institute-2023-state-of-employee-recognition/>

¹⁴ "2023 State of Recognition: The Gratitude Gap," Achievers Workforce Institute 2023: <https://www.achievers.com/resources/white-papers/workforce-institute-2023-state-of-employee-recognition/>

¹⁵ "2024 Engagement and Retention Report," Achievers Workforce Institute 2024: [2024 Engagement and Retention Report | Achievers](#)