

The New ROI of Employee Recognition

Key Findings from the 2025 Employee Recognition Trends Report

In the 2025 Employee Recognition Trends Study, conducted by Kudos in partnership with The Starr Conspiracy and Sago, 332 HR leaders and people managers from U.S. organizations (500–4,999 employees) shared how they design, administer, and measure recognition today.

Employee engagement is no longer about perks or one-off programs. The message is clear: recognition has evolved from a “nice-to-have” program into a measurable performance-driving system.

Key Findings

More than **90%** of organizations now measure recognition outcomes such as engagement, retention, participation, and ROI.

- **85%** of HR leaders report engagement as a primary recognition outcome, and **42%** experience improvements in employee retention and turnover alongside it.
- **67%** report measurable productivity gains from their recognition program, reinforcing recognition as a driver of business performance, not just morale.
- **64%** of organizations report that budgets prevent them from giving recognition.

Top barriers to effective recognition

The biggest obstacles are not intent, but execution:

1. Limited budgets / point constraints (**64%**)
2. Manual administration and time burden (**58%**)
3. Lack of manager participation (**47%**)
4. Inconsistent program usage (**43%**)
5. Limited visibility into impact metrics (**39%**)

These challenges point to a common theme: organizations need recognition systems that are easier to use, effective with or without reward dollars, and designed with busy managers in mind.

What’s Driving Change

Three forces are redefining employee engagement:

CULTURE

Employees expect personalization, authentic leadership, and a culture where good work is seen and celebrated.

COST

Budgets are under scrutiny. Leaders want to know which investments truly move the needle on engagement and retention. They also want tools that work within their budgets.

CONNECTION & ACCOUNTABILITY

Distributed teams, AI-powered workplaces, and executive demand for results mean recognition must be measurable and scalable, not just symbolic.



Managers are more likely than HR admins to feel budget constraints: **29%** of managers say budgets significantly limit recognition versus **19%** of HR leaders.

The Four Priorities for Future-Ready Recognition

MAKE IT EASY

Integrate recognition into tools and workflows people already use.

EMPOWER MANAGERS

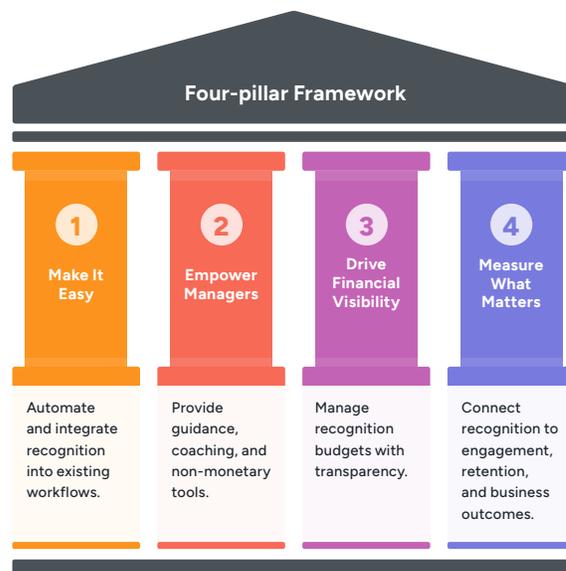
Equip leaders with guidance, coaching, templates, and non-monetary options so they can recognize meaningfully and in-the-moment.

DRIVE FINANCIAL VISIBILITY

Treat recognition like any other strategic investment: set clear budgets, track spend and give finance and HR shared visibility.

MEASURE WHAT MATTERS

Tie recognition metrics to business outcomes like engagement, retention, participation, productivity, and profitability.



What Great HR Leaders Will Do Next

Recognition leadership means linking culture and performance. HR leaders who use recognition as a business strategy are:

- Embedding recognition metrics directly into leadership dashboards.
- Using recognition analytics to inform talent decisions and culture investments.
- Balancing automation with authenticity so technology supports, but never replaces, genuine appreciation.
- Viewing recognition as the next frontier of workforce productivity.

HR leaders who embrace this evolution will shape stronger, more adaptive organizations. And Kudos embodies this shift — connecting recognition, analytics, and impact.



Review the full **2025 Employee Recognition Trends Report** for more key findings and insights.

[View Report →](#)

