



Employee Rewards

How Effective Incentives Boost
Engagement, Retention, &
Culture

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Across the U.S. and Canada, companies are still grappling with a persistent challenge: attracting and retaining top talent. Despite a recovering labor market, many organizations continue to face hiring difficulties due to shifting employee expectations, rising competition for skilled workers, and growing demands for workplace flexibility and fairness.

In the wake of the Great Resignation—and now amid what some are calling the “Great Rebalancing”—employee well-being has taken center stage. Workers are no longer settling for the status quo. They’re seeking employers who recognize their contributions, invest in their growth, and create meaningful workplace cultures.

Today, recognition and rewards aren’t just “nice to have”—they’re essential to a strong employee experience. While there are many factors that impact retention, consistent and personalized recognition is one of the most powerful ways to build loyalty, engagement, and long-term commitment.

In this report, we explore the ongoing challenges surrounding labor shortages and employee satisfaction in the U.S. and Canada. We’ll also introduce proven strategies—including recognition and reward programs—that can help organizations strengthen retention, boost morale, and thrive in a competitive talent landscape.



Current state of workforce and labor in North America

In 2020, the COVID-19 pandemic forced widespread business closures, resulting in over 30 million job losses in the U.S. While the economy has since rebounded and unemployment rates have fallen, labor shortages continue to plague many industries. Despite millions of job openings across the U.S. and Canada, companies still struggle to fill roles—and it's not just about availability. The issue is deeper: many workers are simply not satisfied with the jobs being offered.

Today's labor challenges are shaped by more than just pandemic aftershocks. Workers are re-evaluating what they want from their careers, and outdated compensation models or stagnant work environments no longer cut it.

According to recent surveys, the most common reasons workers hesitate to accept or stay in jobs include:

- Wages that don't reflect the cost of living or skill level
- Limited opportunities for advancement or growth
- Lack of flexibility and work-life balance
- Poor workplace culture and lack of recognition

Even employed individuals are increasingly open to new opportunities. In Canada, reports show a continued wave of job switching, with many workers actively seeking better compensation, flexibility, and purpose-driven work. What began as the “Great Resignation” has evolved into a long-term recalibration of employee priorities across North America.

The importance of employee rewards & recognition

A recent [Pew Research Center](#) study highlighted key reasons why U.S. employees left their jobs during the Great Resignation—low pay, lack of advancement, and feeling disrespected topped the list. These insights underscore a clear message: **people want to feel valued at work.**

With inflation still high and recession concerns lingering into 2025, employee well-being is more critical than ever. Companies that fail to invest in their workforce risk losing talent to more forward-thinking employers.

Recognition and rewards programs aren't just retention tools—they're strategic investments in culture, engagement, and performance. Businesses that prioritize meaningful recognition are better positioned to attract top talent, boost morale, and drive long-term success.

Why employee rewards matter more than ever

In today's competitive labor market, recognizing and rewarding employees isn't just a nice gesture—it's a strategic necessity. According to research by [Bersin & Associates](#), companies that implement employee recognition programs experience 31% lower turnover than those that don't.

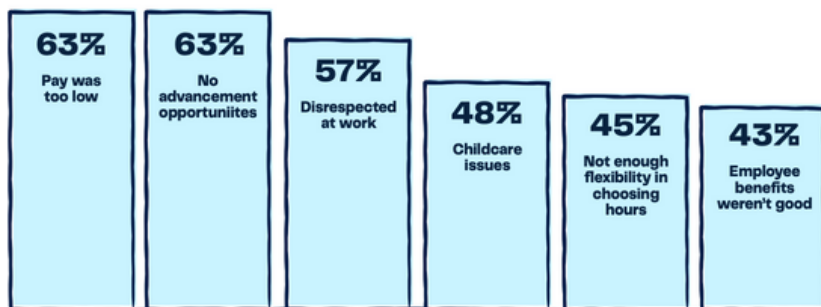
With retention continuing to be a challenge across North America, investing in meaningful recognition has never been more important. When employees feel genuinely appreciated for their work, they become more engaged, motivated, and connected to their organization's mission.

Recognition fosters loyalty and encourages people to go above and beyond—not because they have to, but because they want to.

Here are some of the key benefits of consistent employee recognition:

- Greater job satisfaction
- Higher engagement and productivity
- Lower turnover and absenteeism
- Stronger company culture and morale

A recent Pew Research Center survey showed why so many employees walked away from jobs during the Great Resignation—and the reasons still resonate:



These findings reflect a broader shift: employees expect more from their employers. And recognition—especially when paired with tangible rewards—can go a long way in meeting those expectations.

Turning recognition into impact

While a sincere “thank you” is always valuable, pairing recognition with a reward makes it even more impactful. Whether it's a gift card, extra paid time off, or a personalized experience, rewards show employees that their contributions are seen and valued.

Digital gift cards remain one of the most effective and popular options. They're easy to send, flexible, and let employees choose something they truly want—all you need is an email address.

Do employees prefer gift cards?

Employees overwhelmingly prefer tangible rewards that have clear financial value over recognition alone. While some companies choose to offer cash, many workers perceive cash rewards as impersonal or easily forgotten. Personalized digital gift cards offer a more thoughtful and impactful way to show appreciation.

For example, if an employee enjoys coffee, you could send a thank-you message along with a \$5 Starbucks gift card. This kind of reward feels personal and meaningful while still offering flexibility. These small gestures of appreciation can lead to greater satisfaction, loyalty, and stronger employee relationships.

Gift cards also take the guesswork out of gift giving. Instead of trying to find the perfect item—like a mug or branded company merchandise that might not be used—gift cards allow employees to choose something they actually want from trusted retailers.

The convenience of digital gift cards

Digital gift cards offer a seamless experience for both the company and the employee. There are no shipping fees or packaging concerns, and rewards can be delivered instantly via email. You can also include a custom message and branded visuals to make the experience more personal and aligned with your company's identity.

Digital rewards can be integrated into your existing systems through employee rewards software.

By recognizing contributions in real time and offering rewards that matter, companies can improve morale, reduce turnover, and build a more engaged workforce.

Open-loop vs. closed-loop reward cards

There are two main types of reward cards you can use for employee rewards: closed-loop and open-loop cards.

Closed-loop gift cards are retailer-specific and can only be used at the designated stores. Examples include Amazon, Target, and Apple gift cards. These are great when you know an employee's preferences and want to offer something personalized.

Open-loop prepaid cards, such as Visa or Mastercard, can be used anywhere those cards are accepted. This makes them the most flexible option, giving employees the freedom to choose how and where they want to spend their reward.

Whether you're offering a favorite brand or full purchasing freedom, gift cards remain a simple, effective, and appreciated way to reward your team.



Employee motivation strategies for retention

A [2022 survey](#) found that 44 percent of U.S. workers were actively looking for new jobs. Since then, the trend has continued, and while the peak of the Great Resignation may have passed, the need to focus on employee well-being, engagement, and retention is just as important today.

If your organization wants to attract and keep top talent, it is essential to prioritize employee happiness and workplace experience. Your team members should feel like the valuable contributors they are, not just in words but through meaningful action.

Here are a few proven strategies to improve retention:

Offer flexible work hours

Nearly half of the workers who left their jobs during the Great Reshuffle cited a lack of schedule flexibility as a key reason. Since the pandemic, many employees have adjusted to remote or hybrid work and value the ability to manage their own time.

Offering flexible work hours not only improves work-life balance but also makes your company more attractive to job seekers. When people are allowed to work during their most productive hours, both engagement and output tend to increase.

Recognize milestones and achievements

Recognition is one of the most powerful drivers of employee satisfaction. Acknowledging personal milestones—such as birthdays or work anniversaries—alongside professional accomplishments creates a culture where people feel seen and appreciated.

Rewards don't have to be big to be effective. Digital gift cards can be scheduled in advance and sent automatically, ensuring your employees are recognized at the right time without adding more to your workload.

Check in with your team regularly

Consistent, genuine communication is key to a healthy work environment. One-on-one check-ins create space for team members to share feedback, voice concerns, and feel heard. This helps build trust and strengthens team morale.

According to a [study by Harvard Business Review](#), 40 percent of employees said no one at work had ever asked how they were doing. These employees were more likely to report a decline in mental health following the pandemic. Making space for regular, caring conversations can have a significant impact on both well-being and performance.

Listening to feedback and taking action on what you learn shows employees that their experiences matter. It also gives your organization a better understanding of how to evolve and improve the employee experience.

How much should you spend?

How much you spend on gift cards for employee rewards depends on the size of your organization and the budget for your recognition program. You can develop your spending strategies based on this common standard, which shows amounts per employee:



Special days

Employee Appreciation Day, Earth Day, etc.

\$15-25



Big events

Christmas, End of year bonus

\$50-500



Milestones

Work anniversary, special achievement

\$50-500

Having a set spending amount for each type of reward keeps it fair among all employees and makes it easier to predict expenses and manage the budget. Creating a rewards plan that tracks events throughout the year is possible, helping you determine the right amount to spend for each team member.

With a cap on annual spending, you might need to get creative to ensure your employees receive rewards throughout the year instead of just once or twice. Rather than go all out with a \$50 gift card on their birthday, you might save some of that money to surprise them with gifts for achievements or small holidays.

For example, you could buy \$5 Starbucks gift cards to reward your team with a free coffee one month, and the next month you can spend \$10 or \$15 on gift cards that pay for your employees' lunch one day. Multiple small rewards can be more meaningful and memorable than one big reward at Christmas or their work anniversary.

How to launch an employee retention program

With more employees leaving jobs in search of better opportunities, having a strong retention strategy is essential. Traditional approaches like "Employee of the Month" plaques or branded merchandise no longer resonate with today's workforce.

Modern rewards programs that use digital tools are more effective at keeping employees engaged. In fact, a survey by Achievers found that nearly 70 percent of employees said recognition and rewards would encourage them to stay with their current employer.

If your organization is facing high turnover, we can help you build a rewards-based retention strategy that works. You'll get practical tips and fresh ideas to create a program your team will truly value.

Using rewards

When designing employee rewards, make sure they align with your company's goals and culture. Tie incentives to specific outcomes like hitting sales targets or encouraging positive customer reviews.

Choose rewards that reflect your values—for example, offering eco-friendly gift cards if sustainability is a priority. A purpose-driven rewards program helps employees feel connected to the company's mission and more invested in its success.

Employee rewards for the modern workplace

Gamification is a powerful way to boost engagement through rewards. By using game-like elements—such as leaderboards, achievement badges, or points systems—you can create a fun, competitive environment that motivates employees.

A survey found that 79 percent of employees said gamification made them more productive. With digital tools, you can automate rewards that trigger when team members reach key milestones, aligning incentives with company goals.



Why recognition still matters

Digital rewards and recognition are more important than ever for keeping employees satisfied and engaged. Recognition not only boosts confidence but also shows that contributions are valued.

The shift in employee expectations since the pandemic has made it clear: workers want more than just a paycheck. They want to feel seen, appreciated, and supported by their employers.

Giftbit is an easy-to-use tool for buying, sending, and tracking digital rewards, with features that allow you to send your personalized travel incentive gift cards instantly.

Our powerful Gift card platform is everything you need to launch a one-time project, need a better solution to replace a clunky process, or are launching a robust incentive program; the Giftbit platform is for you.

- Operational simplicity
- Visibility
- Customization
- Flexible pricing

With flexible reward selection, messaging and branding ability, you can customize, order, send, and track all in one place today!



We're here to help

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