

Optentia symposium
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Prof Mark Bussin

**Total rewards strategy for a multi-
generational workforce**

- What do the youth want from work?

Content

- Background
- Problem statement
- Research questions
- Methodology
- Research instrument
- Results
- Business recommendations
- Suggestions for future research

Background

- The presence of different generations in a workforce can cause several complications in terms of employee performance and rewarding a workforce effectively
- The study is aimed at uncovering if there are any generational specific preferences for certain rewards
- The proposition that the multiple-generations have different values, could present managers with an opportunity to adapt their current rewards strategy to a more specified total reward strategy
- This could encourage performance and results and lead to an increase in employee satisfaction and engagement

Problem statement

- The different work ethics and expectations expressed by the different generations have challenged both the employees and the employer in achieving their goals
- Compensation only motivates a temporary compliance from the staff member where they make temporary adjustments to what they do
- As the older generations move closer towards retirement, their organisations have the responsibility of attracting and retaining members of the younger generations
- Organisations do not know how to structure reward systems for maximum attraction, motivation and retention

Research questions

- Research Question 1: Is there a preference in reward from the multiple-generational workforce?
- Research Question 2: Can a total reward strategy be formulated to address the preferences of each of the multiple generations?
- Research Question 3: Can generational specific rewards improve the company's ability to attract, motivate and retain their employees?

Methodology

- Descriptive, quantitative approach
- A large South African financial services company
- Made use of primary data collected from the population, and then analysed using statistical tests
- Approximately 26 000 employees in population, 7 768 employees responded to the survey, resulting in a 29% response rate and 6316 responses were usable.
- Convenience non-probability sampling by distributing a survey

Research instrument

- A combination of questions in the survey, aimed at uncovering the overall impression from the workforce on the rewards offered to them by the employer
- Multiple questions were asked in relation with the components from the WorldatWork Total Reward Model (WorldatWork, 2008).
- A 5 point Likert scale was used where “1” is the extreme negative towards the statement and “5” is the extreme positive towards the statement, and “3” means the person has a “Neutral” feeling towards the statement

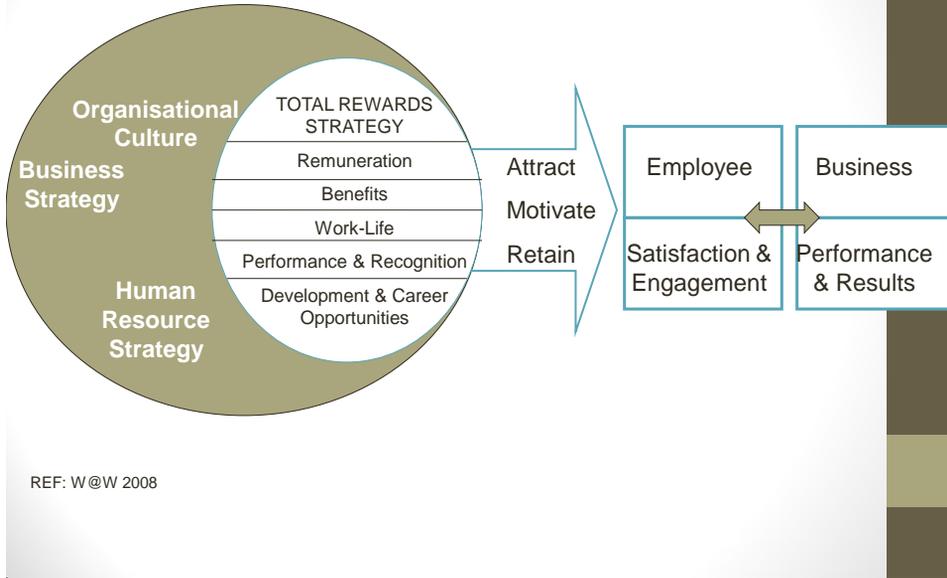
Research instrument

Questionnaire focussed on the following categories taken from the WorldatWork Total Reward model:

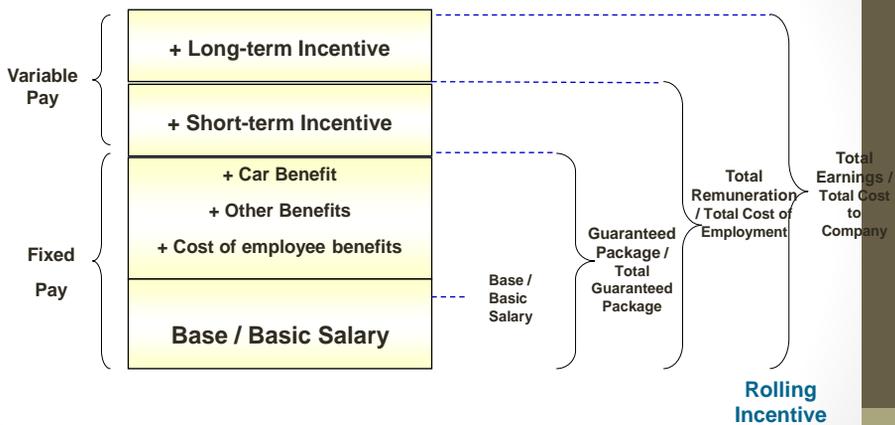
- Compensation / Remuneration
- Benefits
- Work-Life
- Performance and Recognition
- Development and Career

The Cronbach Alpha values for the questions used in the analysis individually were all above 0.70 with an overall value of 0.82 for all the questions.

Total Reward Approach



Remuneration Definitions and Terminology



Statistical analysis

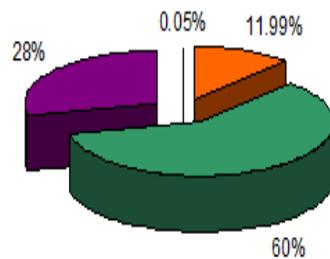
- Descriptive Statistics
 - Frequency distributions
 - Bivariate cross tabulations
- Inferential Statistics
 - Correlation coefficient
 - Analysis of variance (ANOVA) – Kruskal-Wallis test
 - Bonferroni correction

Results

Descriptive Statistics

Generation distribution	Number	Percentage
Baby Boomer	1 161	18,38%
Generation X	3 210	50,82%
Generation Y	1 945	30,80%
Total	6 316	100,00%
Gender distribution	Number	Percentage
Male	2 159	34,18%
Female	4 157	65,82%
Total	6 316	100,00%

"The Company's" Generational Composition



■ Silents/Veterans ■ Boomers ■ Gen Xers ■ Gen Yers

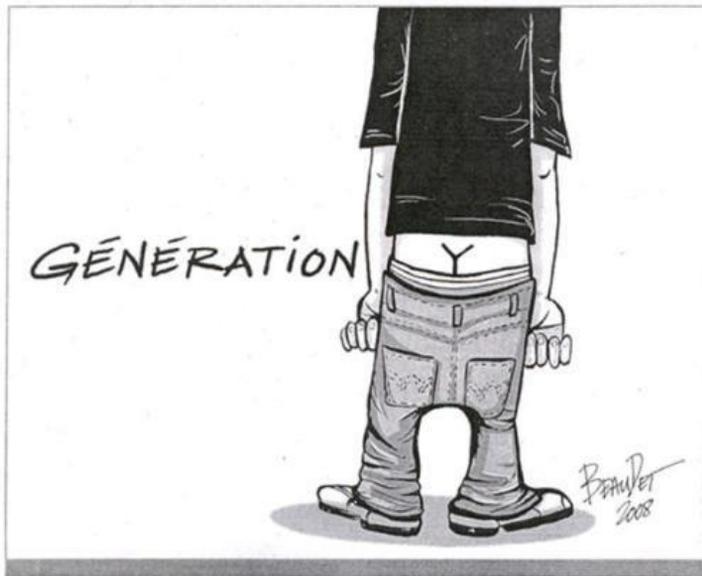
Racial distribution	Number	Percentage
African	1 876	29,70%
Coloured	1 146	18,14%
White	2 392	37,87%
Indian	900	14,26%
Foreign Nationality	2	0,03%
Total	6 316	100,00%
Years with employer	Number	Percentage
<1	295	4,67%
1-5	2 956	46,80%
6-10	1 087	17,21%
11-15	790	12,51%
16-20	356	5,64%
>20	832	13,17%

Research question 1: Is there a preference in reward from the multiple-generational workforce

Weakness of definitions of generations is acknowledged – but I found a good definition of Generation Y...

Definition of Generation Y ☺

JOURNAL DE QUÉBEC | MARDI 22 JANVIER 2008



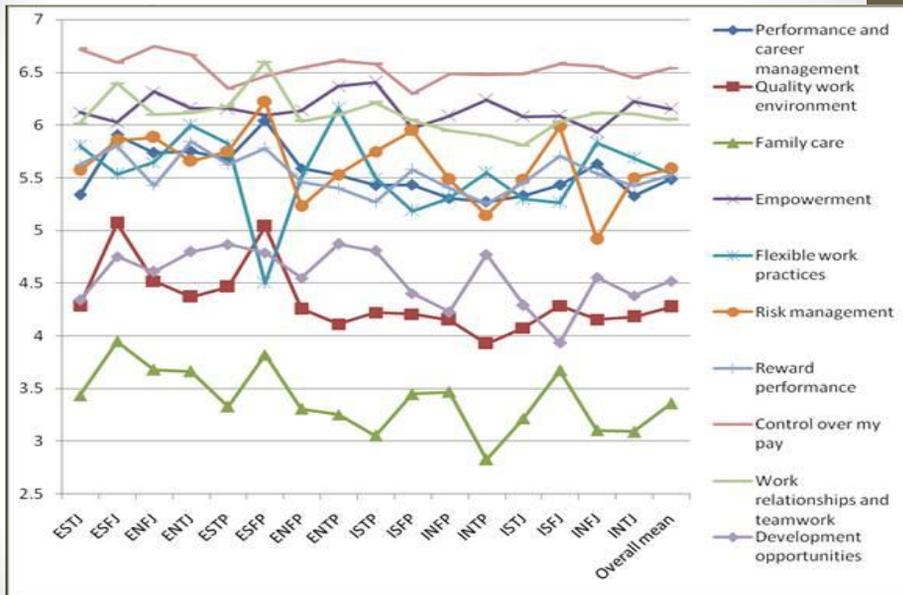
Generation	Preferred reward
Baby Boomers Ages 46 to 64	<ul style="list-style-type: none"> • <u>Fixed</u> and long-term compensation rather than variable compensation • <u>Long service recognition</u> • Development and career opportunities in the form of <u>informal training</u>
Generation X Ages 30 to 45	<ul style="list-style-type: none"> • More of a <u>balance</u> between fixed and variable compensation • Balanced <u>work-life</u> environment especially flexible working hours • Development and career opportunities with <u>no inclination to a specific type of training</u>
Generation Y Ages 21 to 29	<ul style="list-style-type: none"> • A balanced view on compensation, but <u>leaning more towards variable pay</u> rather than fixed • <u>Non-financial recognition</u> is very important • Development and <u>career opportunities were the highest</u> of all generations in all the different types of training listed

It seems Generation Y differs from Generation X and Boomers

Comparison between employees of reward package received

Reward Type	Difference in medians (Kruskal-Wallis analysis of variance)	Difference between groups (Bonferroni test)
Salary	p<0.01	Boomers and Gen X differ to Gen Y
Bonuses	p<0.01	Boomers and Gen X differ to Gen Y
Leave	p<0.01	Boomers and Gen X differ to Gen Y
Pension fund	p<0.01	Boomers and Gen X differ to Gen Y
Medical aid	p<0.01	All groups differ
Pleasant physical work environment	p<0.01	Boomers and Gen X differ to Gen Y
Wellness benefits	p=0.048	
Training and development	p=0.358	
Flexible working hours	p<0.01	Boomers differ from Gen Y

Personality type and reward



Nienaber & Bussin, 2009

Research Question 2: Can a total reward strategy be formulated to address the preferences of each of the multiple generations

- The results from question 34 in the survey indicated that the generations had mostly received rewards according to their preferences
- The trade off is the cost of administering the various choices versus the benefit derived from offering the choice
- The global trend is to offer the concept called “my-pay-my-way”
- The next wave is to offer “my-work-my-way”
- Everything is monetised and reflected in a Total Reward Statement

Research Question 3: Can generational specific rewards improve the company's ability to attract, motivate and retain their employees?

- To improve retention, it was concluded that a company should make use of the products/services it provides to the public, and offer it at a discount rate or free to its employees
- The study found that the employees were satisfied with most of the rewards they had received and they feel that the rewards they receive are market related
- A high percentage of employees indicated that they would increase their level of performance if they received **compensation for their performance**

Reward categories influencing attraction, motivation and retention of employees

	Attract	Retain	Motivate
Monthly Salary/guaranteed remuneration	73.5%	19.7%	9.8%
Variable Pay	5.4%	22.1%	29.7%
Benefits	3.1%	7.0%	1.8%
Performance & career management	8.9%	27.0%	34.3%
Quality of work environment	1.8%	3.3%	6.2%
Work/home integration	7.3%	20.9%	18.1%

Business Recommendations

- Employers should consider using the full scope of the total reward strategy
- The non-monetary rewards are becoming more and more important and it can be seen in the way the younger generations value them
- Practical applications of where an employer can make use of the findings are the following:
 - Interviews with job applications
 - (Re)Employment offer to existing staff / stay interviews
 - Improve engagement, retention and productivity

Suggestions for further research

- Include different industry sectors
- Use a different basis for categorising staff members
- A suggestion to an alternative research method would be to conduct the research with the use of a qualitative research method and can be divided into focus groups in a “Conjoint analysis” study
- The impact of the recession on this study cannot be quantified into a physical number or percentage, but there might be an opportunity to conduct the same research in a period when the “monetary focus” might not be as high, in order to discover if there are not other alternatives to the current findings

Conclusion

- The results for each of these questions confirmed what previous studies have found, and it is suggested that for an employer to engage staff on the sensitive issue of reward, they should apply the total reward strategy as there is so much more to rewards than just money
- Considering the future composition of workforces, Generation X and Y will occupy the workforces for many years to come
- An employer definitely needs to consider the preferences and motivations these generations have if they would like their companies to function with engaged and motivated staff

THANK YOU
for this opportunity
to be with you

Q & A