

Rewards & Recognition alignment with life cycle of employees

S Indu Priya and Dipna Ramdas, Junior Consultants

Abstract:

“In the arena of human life the honours and rewards fall to those who show their good qualities in action.” --Aristotle

Introduction

What was quoted centuries ago still holds the same. In fact though there is lots of research done, aligning the right rewards to the right employee has always been a challenge. Hence the need to evaluate the current rewards and recognition structure, analyzing if it's in sync with the employee's expectation is vital. Unfortunately, many organizations imitate industry norms and do not weigh how their R&R system is making a difference in recognizing the superior performance and bonding. Organizations also do not realize the R&R systems must be aligned with the life-cycle needs of the employee. While cash incentives may be highly appreciated at junior level, they alone may not be enough to sustain senior professionals. This paper argues that there should be an alignment of R&R with the life cycle of the employees to fill those gaps.

While there are several research theories on motivation in the past, they talk about the needs of the employee which influence their behaviour at work but do not address the issue of how to appeal to their unfulfilled needs. To motivate and retain employees and make them feel to do best work is by aligning their needs with judicious rewards and recognition. Due to misalignment in companies, they face workforce problems like attrition, grievances and inefficiencies.

According to Laura Reeves (2010) employees pass through various stages in their employment history. **Pre-career** workers are fresher out of college, with lots of hope and exuberance. Many join the workforce as interns, volunteers, or part time employees.

Based on the contention that the entry to the adult world phase is provisional in terms of an individual's commitments to an organization, other people and activities, it is hypothesized that individuals in this phase of their life will be less committed to their organizations, less involved in their jobs and less satisfied with their work in general than Individuals in any other age group. Similarly, it is hypothesized that people in this group will express greater intentions to leave their organization and willingness to relocate due to their attempts at continued career and life exploration than people in other age groups. Due to their lack of work experience, it is predicted that the job performance of individuals in this life stage will be lower than that of individuals in any other life stage.

Early career workers are those who embark on their careers with limited experience in a chosen field. For example a college graduate or a stay at home parent entering the work force for the first time. This is a time of instability and change. This is an establishment stage of growth, advancement, and stabilization, it is expected that individuals in this stage will express the greatest commitment to, involvement in, and satisfaction for their jobs and employing organizations. Individuals at this stage may relocate or switch jobs to accommodate personal goals like marriage, kids, etc. The job performance of people in this stage will be improved over those still in the pre career stage, but lower than for people in other life stages. This increase in performance can be accounted for by the greater work experience of people.

People in early stages; express the greatest willingness to relocate to further their careers the highest promotion aspirations, and a greater desire for more immediate promotions than will individuals in any other stage.

Mid-Career

Mid-career workers are those who make critical career decisions like shifting priority from career to family after two or three roles in an organization or sector, frequently before moving from one job to the next. These people have held four to six career roles and vary widely in organizational levels, from manager to VP. This is a settling down period where people are concerned with reestablishment of personal and professional goals and striving for advancement is likely to be the period of greatest organizational commitment, job involvement, satisfaction, and performance. It is expected that individuals in this period will be more interested in attaining promotions and will want them sooner rather than later than individuals in other life stages. This is based on their striving for professional advancement and accomplishment.

Late Career

Late career professionals are those who have moved among multiple organizations or have been employed long term with one organization. They are likely to remain with their current organizations. Generally, individuals in this stage are nearing optional retirements or traditional retirement age. This is a mid-life transition, with its concomitant questioning and redirection, is likely to be a time of decreased organizational commitment, involvement, satisfaction, and performance relative to the settling down stage. Because of refocus on family, it is expected that people at this age will express less intention to leave or relocate than people in the three earlier life stages. This mobility reluctance can be derived from individuals' desire not to disrupt the family (which at this point in time is likely to involve teenagers) to achieve greater organizational attainment(s).

Encore Career

Encore career stage workers are those whose priority is to make a social impact, rather than build their credentials or maximize their income. As individuals reach the culmination point, stability again returns as individuals come to accept their work and family situation. Based on this, it is expected that job attitudes and performance will remain stable.

Rewards & Recognition

Though rewards and recognition are used interchangeably, they are two different entities. Rewards are those which are given to reward the performance and motivate employees on individual or group level. While recognition program provides psychological benefits which is more likely to have an impact on the bond the employee has with the organization. Generally, rewards are more appropriate for the behaviours of adherence to rules or meeting standards, for example, not being absent or tardy, meeting production or quality goals and so on. Recognition, on the other hand, is appropriate to intrinsically motivated behaviour such as inventiveness, commitment, and initiative.



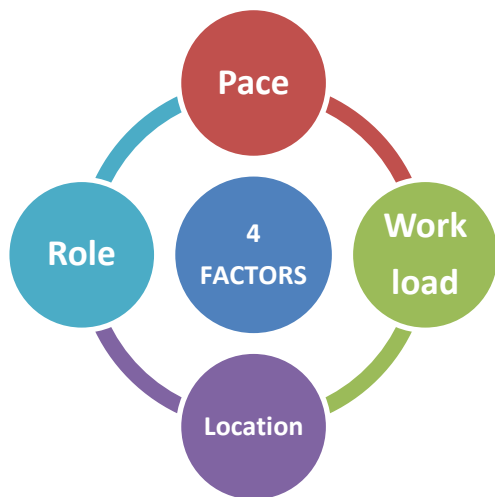
Companies apply various rewards and recognition techniques to recognize their key performers and also to encourage the winning attitude. They provide bonus, profit sharing, stock options, Variable pay, paid vacation, symbolic awards, gifts, merchandise and cash , peer-to –peer awards, wellness incentives, career achievement awards and years of service awards . Most recently companies started using mobile apps, websites etc for appreciating great work and to make recognition experience meaningful, memorable and effective. Employees are recognized for their performance and contribution and are celebrated for their achievements and growth. This reinforces an employee's value and fit at every point on his or her career continuum.

Alignment of R&R with life stages of Employee

Companies must realize that each employee will be in a different career stage at a given time, their expectation varies and hence the reward system has to be tailored to meet them.

Career customization can be based on four factors while determining the rewards

- Pace – where is work is fast paced.
- Workload – workload is heavy, erratic
- Location/schedule – have to work in not safe locations
- Role- required to don many hats



Recognition can take a variety of forms. Structured programs can include regular recognition events such as banquets or breakfasts, employee of the month or year recognition, an annual report or yearbook which features the accomplishments of employees, and department or company recognition boards. A job well done can also be recognized by providing additional support or empowering the employee in ways such as greater choice of assignments, increased authority, or naming the employee as an internal consultant to other staff. The table below provides the various rewards and recognition which could be given to employees at various stages of their life.

Pre Career Stage

This stage consists of a large pool of enthusiastic freshers, interns aspiring to be part of the organization. They tend to identify fit between self and work and professional self-image. If the rewards are vague, farfetched there is high chance of de-motivation and attrition as well. Most of these employees will be in their probation / training period. To keep their momentum high, choice of rewards/recognition should be more refined. It's essential to spread it in different segments: once a month, quarterly basis, half yearly and annual. The awards can be in form of cash or certificates or a combination of both. This will also give the employee a silent note: They are being watched. They would be more motivated to tuition reimbursement, eldercare reimbursement or other discounts too.

- **Employee of the month/quarter:** Generally given by skip level manager /HR at team meeting or event. Usually it is a certificate with a cash prize that will be paid along with the salary.
- **Post it note:** Posting note of appreciation by peer or immediate supervisor will boost employee's morale. It's usually a random note of appreciation given at the workplace. Intent is to acknowledge person's efforts and thereby sustain the organization's culture where people are appreciated regardless of their designation or tenure.
- **On the spot award:** Given to person who have been proactive, quick learner and has exceeded role expectations. Proactive employees who have taken been successfully taking up initiatives are rewarded this way. Companies resort to many methods like giving certificate, merchandise like cap/ table clock/t-shirt with company logo. Intension is also to do employee branding.
- **Extra miler award:** Winner is one who is willing to stretch, to take up more responsibility, consistent performer for a quarter/ year. Usually given at a bigger event or team meeting. To cultivate transparency, Manager/ HR Business Partner also have citation for each winner. This is to let the team know what it takes to be a winner.

Early Career Stage

Employees at this stage would have settled in their roles. Having attained the required skills they focus would now focus on their career path. Their basic needs would be regarding compensation to meet the physical needs, job security and training & development for developing skills and capabilities. They would focus more on career advancement and growth. To meet these needs and keep the employees motivated, rewards such as bonus, peer to peer rewards, employ of the month, short and long term incentives, flexi time and paid time off could be provided. Few recognitions such as field visit to other countries, training and development, attending workshops/ conferences and public recognition for deserving workers, signature products (like bags or accessories non-profit's logo), participation in campaigns, empowering culture could be given.

Employees at this stage give more priority to development and learning. Rewards created with this point of view can be a win-win situation for both company and a key performer. While employee gets chance to learn and develop, company will gain loyalty and can trim attrition rate. An exemplary performer can be rewarded using the following ways:

- 1) **Learning new skill- Technical.** Employee is given chance to learn a new skill more suitable to current domain.
- 2) **Onsite Opportunity** –The knowledge gained, having direct interaction with client, and working in a foreign location is the take away the employee gets. The tenure can be based on duration of the project/work. It can be short term or long term.
- 3) **Internal job posting:** After proving their mettle at their current department/ project they can be given choice to move to a completely new project or department of their choice. This ensures that there is less chance of losing a key performer and increases competition.

Mid-Career Stage

Since they have been with the organization for long, they would have settled in their respective role and organization's expectation. Their focus at this stage would shift from career to family and thus have needs like Work life balance, Job security, T&D opportunities, competitive compensation plan and urge to achieve important projects. They would want to develop stable work and personal life. There are chances of getting stagnant or fall in performance due to routine mundane work. To motivate this group, rewards such as bonus, educational opportunities, allocation of special project /responsibilities, providing long term career prospects, short and long term incentives, flexi time, paid time off could be given. Recognitions like T&D, attending workshops/ conferences, participatory decision making, public recognition of top performers, exposure to media, financial planning services could be given.

Chance to **enroll** in higher studies: Companies which has young workforce especially in financial sectors, BPO, KPO will have a lot of employees keen for higher studies. Companies target key performers and give them option for higher studies at a university of company's choice, and where the tuition fees is partly/ fully sponsored by them. This is a win-win situation for both. An employee gets chance to study in a good institution/university and need not be burdened with fees. Company benefits from employee loyalty as there is a bond attached .Thereby reducing attrition of key performers.

Rewards and Recognition should consider the gender ratio of the workforce. Increasingly most of the NGOs have high percentage of women workforce. Reason being: They are lesser inclined to job hop, greater commitment, loyalty and sense of social service. Women, who are in their early / mid career stage, will have young kids, or be a new mother. Hence they would give more preference to work life balance. Rewards/ Recognition should be created in such a way that it has better influence on women employees.

Recognition can be using the following ways:

Compressed work week- which means they are given chance to work three or 4 days a week. This option works well, since at this career stage, most of them will be a parent, and the child's age will be between 0 to 6 years. This option not only motivates the achiever but will also increase productivity for those days. Work from home- In companies which are yet to make it a general policy, giving this option to a good performer can boost up her/his motivation. This flexibility will allow parent to be spend more time with their young ones and also devote to their work.

Late Career Stage

Employees at this stage have served the company for many years or have move across different positions in many organizations and are now nearing the retirement age. They would hold on to their achievements and would like to maintain self concept. They would be motivated mostly by external networking and retirement benefits.

The needs of these employees would be to attain sense of prestige, status, work-life balance, challenging projects, opportunities for innovation and creativity and look for retirement plans. To have them motivated and make them feel do best work, rewards such as short term incentives, bonus, education opportunities for their children, decision making powers, length of service awards and wellness rewards could be given.

Reward for tenure: People can be rewarded at company's annual meeting, with citation and cash reward. Congratulatory mails from the HR, CEO appreciating their contribution and acknowledging the same. A Personal note with chocolates could be sent to respective home so as to provide a chance for sharing the joy with family.

Encore Career Stage

People at this level will value benefits more than fancy perks. They would be looking at rewards that will add more value to the designation, tenure and their profile. They have high priority to make social impact rather than build their credentials or maximize their income. At this stage employees develop their self image that is independent of career success.

Some rewards that can be implemented for such level could be Length of service recognition, wellness reward such as high quality health insurance and Paid time off. In wellness reward, Key performer can avail an annual health check up for themselves and their spouse. This will not only be a wellness initiative but will drive others to lead a good lifestyle.

Paid time off/ Sabbatical: They can be given option of taking sabbatical. They are still in rolls of the company but they are on extended leave (decided by the management). This option will allow the key performer to enrol in any program and add more value to the role.

Rewards across multiple career stage

Each reward would help attract and retain competitive talent at multiple career stages – whether the award appeals to an employee's intrinsic needs for self-affirmation or personal growth or extrinsic needs for tangible benefits, such as raises or bonuses. Developmental coaching is a medium-cost reward that is highly relevant across career stages.

For someone new to an organization entering as an encore employee, coaching may focus on integrating into a new culture. For example a midcareer individual promoted to a chief financial officer position, coaching may focus on gaining credibility and on leadership and technical skills. Creating an engaging culture in which staff members are empowered to be effective is a strong intrinsic reward for employees across work stages. With limited investment, increased communication, less bureaucratic decision processes, open door policies, even honest feedback can have a positive impact on the culture. Short and long term incentives across stages can pay for themselves many times over. Peer to peer rewards and recognition and wellness rewards at all career stages benefits both employees and the organization.

Life stage	Generic Needs	Rewards	Recognition
Pre Career	Develop skills, capabilities, Compensation enough to fulfil basic amenities	Peer-to-peer rewards, merchandise and name brands, certificate with cash incentives	Coaching , post it, Spot recognition, Appreciation luncheons
Early Career	Compensation, T&D opportunities, Job security,	Bonus, customized products(like bags or accessories logo), participation in campaigns, empowering culture, peer to peer rewards, short and long term incentives, higher studies reimbursement	field visit to other countries, training and development, attending workshops/ conferences and public recognition for deserving workers, Career Advancement opportunities
Mid Career	Work life balance, Job security, T&D opportunities, competitive compensation plan, achieve important projects	Bonus, educational opportunities, financial planning services, providing long term career prospects, short and long term incentives, paid vacation, Stock options	T&D, flexi time, attending workshop, allocation of special project/responsibilities, participatory decision making, public recognition of top performers, exposure to media, Career advancement opportunities
Late Career	Prestige, status , work life balance, challenging projects, opportunities for innovation and creativity, retirement plans	education opportunities for their children, short term incentives, wellness rewards, paid vacation, sabbatical to train in new program/research, Stock options	decision making powers
Encore Career	Prestige, status , work life balance, make social impact	wellness rewards, Stock options	Length of service recognition



Conclusion

Since the origin of scientific management, employee motivation has always been an important issue for business. Extrinsic rewards overshadowed intrinsic rewards as the way of recognizing employees' performance. Organizations lately realize the golden opportunity in intrinsic reward and recognition programs. Recognition has a lasting effect. Organizations need to be sensitive to multi generations that are prevailing at the workplace and choose the right reward and recognition programs that would motivate them.

Companies today are more focused in developing their business and brand name. In the process they need to face challenges of growing attrition rate and inefficiencies. The employer must provide compensation, benefits, work-life balance, Recognition and Career development opportunities to attract, motivate and retain employees. Compensation and benefits are mostly monetary. During times of recession, companies slash many benefits which generally add to the cost. Whether it's a For-profit or Not-for-profit organization, there is always a ceiling over the salaries given. By mapping Maslow's Hierarchy of needs to the life stages of the employees, we can provide non monetary rewards and recognition, which are cost effective and help employees better to achieve success at both work and home. This will meet the psychological needs of employees at different stages of their life.

Every organization irrespective of their size or industry instead of tangible benefits needs to provide intrinsic rewards which helps in self affirmation, personal growth and career progression. This will support the business strategy by reinforcing individual efforts towards achievement of business goals which will eventually contribute to organizational success.

Browne & Mohan insights are general in nature and are not refereed papers. Open Universities and other academic institutions may use the content but with prior approval of Browne & Mohan.

Bibliography

- Axelsson A, Bokedal S (2009), Reward system – motivating different generations: A case study of Volvo Cars Corporation
- Bakuwa R C, Chasimpha F, Masamba J (2013), Staff Retention in Developing Countries: A Case Study of an NGO in the Health Sector, International Journal of Human Resource, Vol. 3 No. 1, pp. 158
- Bau F and Dowling V (2007), An Empirical study of reward and incentive system in German entrepreneurial firms, SBR 59, pp. 160-175
- Hansen F, Smith M and Hansen R B (2002), Rewards and Recognition in Employee Motivation, Compensation Benefits Review, Vol .34 No. 5, pp. 64-72
- Kluvers, P and Tippet, J (2009), Rewards in a Not-For-Profit Organization, Journal of Business Systems, Governance and Ethics, Vol.4 No.2, pp.15
- Kosfeld, Michael; Neckermann, Susanne (2010), Getting more work for nothing? Symbolic awards and worker performance, American Economic Journal: Microeconomics 3.3, pp. 86-99
- Leaf M and Ryan R (2010), The relative influence of total awards at work Elements of Attraction, Motivation and Retention, Worldatwork
- Ornstein S, Cron W L and Slocum J W (1989), Life stage versus career stage: A comparative test of the theories of Levinson and Super, Journal Of Organizational Behaviour, VOL. 10, pp.117-133
- Tippet J, Kluvers R (2009), Employee Rewards and Motivation in Non Profit Organisations: Case Study from Australia, International Journal of Business Management, Vol. 4 No.3, pp. 7
- Wiley C (1997), What motivates employees according to over 40 years of motivation surveys, International Journal of Manpower, Vol. 18 No. 3, 1997, pp. 263-280.
- Wright C S (2007), Maslow's Hierarchy of Needs and the Total Reward System: Motivating Employees in the Dental Laboratory, Journal of Dental Technology.