UMUC HRMN 395 Commentary Module 3: Core Elements of Non-monetary Rewards and Work Experience. (n.d.). Retrieved from:https://learn.umuc.edu/d2l/le/content/422096/viewContent/15914120/View

**Module 3: Core Elements of Non-monetary Rewards and Work Experience**

**Topics**

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**Topic 1: What are Non-monetary Rewards?**

A Society for Human Resource Management study (SHRM, 2005) found that both employers and HR professionals see benefits or non-monetary rewards as a driving factor for job satisfaction. In this module, non-monetary rewards are defined as the set of rewards known broadly as *benefits*. The array of benefits that supplement monetary rewards are evolving quickly, as the competition for employees increases. While there is a wide range of non-monetary rewards offered, most center around those that protect against the cost of illness or health emergencies, provide income protection in the case of disability, and and provide general well being for the employees and their families. The more typical non-monetary rewards offered today are shown in the center column in table 3.1 below.

Table 3.1  
Three Elements of the Total Rewards Model

|  |  |  |
| --- | --- | --- |
| **Monetary Rewards** | **Non-monetary Rewards** | **Work Experience** |
| Base Pay | Income Protection Benefits | Values of the Organization |
| Variable Pay | Medical Insurance | Community (Individual and Organizational) |
| Merit and Cost of Living Increases | Vision and Dental | Recognition |
| Retirement Savings | Disability | Training and Development |
| Performance Feedback | Life Insurance | Promotions |
| Deferred Compensation | Paid Time Off | Sense of Accomplishment |
|  | Day Care  Employee Assistance Program Health Related Programs  Tuition Assistance |  |

Companies listed on *Fortune* magazine's list of "100 Best Companies to Work for in America" seem to recognize the importance of offering a wide assortment of benefits. They offer the assortment in order to meet the needs of the employees and address many of the needs in Maslow's hierarchy (Maslow, 1954).The companies appear to use a total rewards approach to compensation to attract, retain, and motivate their employees. In addition to what has become rather standard as a set of rewards including medical, dental and vision insurance; paid time off; and ample room for career growth, some mix of the following benefits is often present: education reimbursement, employee training, on-site child care services, financial counseling, and retirement benefits (Bates, 2003).

But it is important to remember, just as with consumer purchasing decisions, that what is valued by one employee is not necessarily valued by all. Therefore employers must research what the requisite employees in their organization desire. One way in which information about preferences is gathered is through surveys or interviews, and more than one method of gathering data about the important decisions of rewards is better. Information internal to the organization and outside the organization is recommended. Table 3.2 summarizes a report from a survey conducted by Aon (2002) demonstrating the average range of preferences when individuals taking the survey were asked to rank the benefits from most preferred to least preferred, if given a choice. In this survey, the data revealed that the benefit most often ranking the highest was medical insurance and the lowest was wellness programs. As you read the list of preferences, think about how you would rank your own preferences. Surveys similar to the A on survey can provide information to organizations that can be compared against internal or other external research.

Table 3.2  
Employee Benefit Preferences

**Benefit preference, in order of most desired**

1. medical insurance
2. paid vacation and holidays
3. employer-paid pension
4. retirement savings plan
5. prescription-drug card
6. ability to choose benefits to meet needs
7. sick leave and short-term disability
8. long-term disability insurance
9. preventative/wellness coverage

(Source: Aon Survey, Benefit Preferences, 2002)

When making the decision to offer a benefit, organizations must be careful that the benefit can be continued after it is implemented. Once offered, there can be negative repercussions if it has to be taken away. Employee scan quickly grow accustomed to having benefits and can develop a sense of entitlement to them. In one of the offices of Hewlett-Packard, for example, employees receive free fresh fruit throughout the day, and have now come to expect it, thereby making it difficult for the company to stop doing it. Another large company decided, as a cost-cutting measure, to eliminate the annual free holiday turkey for its thousands of employees. The news created such wide spread negative reaction that the decision was quickly reversed.

There are a few benefits for which there is entitlement by law. Many employees mistakenly believe that their major benefits are mandatory, or required by law to be provided. In fact, however, few benefits are required by law. While the benefits listed in Table 3.3 (the major federally mandated benefits) are certainly more than those offered to employees prior to World War II, they represent only a small portion of the benefits most organizations offer today.

Table 3.3  
Federally Mandated Benefits

* Workers Compensation
* Social Security
* Unemployment Insurance
* Time Off for Family or Medical Care (FMLA)
* Continuation of Medical Insurance Coverage (COBRA)
* Health Insurance

Compare the list of government-mandated benefits to the list of typical optional benefits in table 3.4 below. With this list it is easy to see how the cost of benefits can be as much as 40 percent of the overall payroll cost.

Table 3.4  
Typical Optional Benefits

* paid time off during working hours: vacation, sick leave, personal days, bereavement, jury duty
* child care facilities or services
* domestic partner benefits
* legal insurance
* tuition assistance
* flexible spending accounts
* legal services and legal insurance
* employee assistance programs
* long-term care insurance
* free or subsidized parking
* free or subsidized public transportation
* cafeteria plans for benefits

In addition, there are benefits that are offered that seem to be designed for specific employees' interests and enjoyment. The list in table 3.5 provides some examples offered by various organizations.

Table 3.5  
Not Widespread but Increasingly Offered Non-monetary Rewards

* gyms or exercise facilities
* pet insurance
* elder care
* stock purchase plan
* career coaches
* subsidized cafeterias or free food and beverages
* financial counseling
* paid days off for volunteering
* banking and post office on premises
* game rooms (with electronic games, pool, table tennis)
* meditation or prayer rooms
* lactation rooms
* concierge services
* other personal services (on-site dry cleaners, car maintenance)

At Google.com, the company that was No. 1 on the list of *Fortune* magazine's top 100 companies to work for in 2007 (*Fortune*, 2008), even more non-monetary rewards are offered in addition to most of those listed in tables 3.3, 3.4, and 3.5. The benefits are offered in an attempt to take away as many of the distractions as possible from the employee and also to make employees turn away recruitment calls. For example, if an employee has a baby, she receives $500 toward take-out food to help provide extra time for the work that a new child brings. There is a laundry facility in which employees can wash their clothes for free, on-site doctors for free checkups, and a bookmobile. To complement these benefits that help to eliminate any distractions, there are additional benefits that support the values of the organization. For example, if an employee purchases a hybrid car, there is a $5,000 stipend toward the purchase. Knowing how many workers love their pets, the environment is pet friendly, allowing pets in as long ascertain behavioral standards are met. There are also rewards and recognition for innovation. One employee recently received a bonus of a million dollars for her innovative contributions. Google is not stopping with this list, however, and is considering new offerings such as sabbatical programs and rotation of positions in order to keep the longer-term employees fresh and motivated (*Fortune*, 2008).

One aspect of the reward offerings that is a key to their effectiveness is that of communication, to help employees understand the philosophy of the organization about its employees and the rewards offered. Another company on *Fortune's* 100 Best Companies List is Wawa. The Company Spotlight of Wawa shares Wawa's philosophy and purpose for offering the non monetary rewards it does for the employees. It is an example of how Wawa communicates why they offer the benefits it does.

**Company Spotlight: Wawa**

Benefits @ Wawa are all about YOU!

At Wawa, pay and benefits work together to help our associates meet their personal financial goals, protect their income against loss, and prepare themselves and their families for a comfortable future. Benefits are an important part of total compensation and Wawa places a high priority on keeping associates informed about how these programs benefit them and their family." (Source: http://wawa.com/joinwawa/join-benefits.asp)

One of Wawa's benefits seems to be customized for a relatively young employee population, a generous tuition reimbursement program after only six consecutive months of full-time employment. With all the rewards reviewed thus far, it may be that one would think that organizations merely "throw" benefits at employees. This is not the case. Total rewards is not about how many different benefits an organization can offer, but rather what benefits can be offered that help drive the organization's strategies. What rewards will align with and reinforce the culture of the organization while still being financially feasible?

**Topic 2: Key Elements of Work Experience**

In addition to non-monetary rewards, there are other important aspects of the work experience that help to satisfy the needs, wants, and desires of employees. The plan is to get them in the organization and keep them there. A recent job satisfaction survey published by Monster.com revealed that while inadequate compensation is the leading reason that employees cite for leaving a job, other top-ranking reasons include lack of career advancement, insufficient recognition, and inadequate professional development opportunities. Good relationships with coworkers and managers, desirable working hours, and attractive benefits were the top reasons employees cited for remaining in a job. Increasingly, the one segment that allows an organization to distinguish itself from others is this third element of the total rewards approach, the work experience. If the money is available, an organization can compete with its monetary and-non monetary rewards, but it is what one has named "a signature experience" that is difficult to replicate (Erickson & Gratton, 2007). A signature experience is a program, policy, or practice unique to a company that creates an appeal that is not found elsewhere. Some of the important signature experiences or dimensions of the work experience are detailed in the third column of table 3.1.

**Company Spotlight: jetBlue**

"Companies that target potential employees as methodically as they do potential customers can gain a sustainable market advantage. That's been the case at jetBlue. When most airlines were using standard call centers, jetBlue devised a system based entirely out of employee's homes. This has become one of the airline's signature experiences and part of its organizational lore, attracting a strong and productive base of employees who find flexible schedules more valuable than above-average compensation. According to CEO David Neeleman, it was more than cost savings that prompted the company to create this signature experience. Like the flight crew, the reservations agents are the face of jetBlue, responsible for ensuring high levels of customer satisfaction that will translate into increased revenues. The company couldn't afford to pay them high salaries, so decided to appeal to a different segment, by letting them work from their homes. We train them, send them home, and they are happy, Neeleman says. jetBlue tries to accommodate call center agents' varied scheduling requirements (some work only 20 hours a week), including sometimes swapping shifts at the last minute. Employees have unlimited shift-trading privileges, which they can negotiate using an online community board. Since introducing the work-from-home option, jetBlue reports that it has more motivated and satisfied employees and a 38 percent increase in customer-service levels, with a 50 percent decrease in management workload per agent, compared with historical norms" (Erickson & Gratton, 2007, pp. 5-6).

WorldatWork (Christofferson & King, 2006) reported that the biggest changes seen recently in the total rewards model were in the area of work experience. In the 2005 study, 58 percent of the employers showed this area increased in importance. In specific importance were recognition, development, and career opportunities. In addition to current importance, the respondents stated that the category would be increasingly important over the next few years. The changes also noted the interest in the values and culture of the organization, enjoying the people you work with, a sense of accomplishment, feeling valued, recognition, flexible schedules, alternative work arrangements, and career opportunities.

One of the important elements of the values of the organization is that of social and environmental responsibility. This is due in part to the growing number of Millennials (born between 1977 and 1998) in the population. These workers have been exposed to the growing emphasis on social responsibility in their everyday lives. Just as many stockholders look for socially responsible companies in which to invest, so is a company's social responsibility important to current and potential employees. One example of an organization that is seen as being socially responsible is Starbucks, which has an active recycling program, giving its coffee grounds to interested local groups that use them for compost. Also, older coffee beans that can still be used for coffee are donated to nonprofit kitchens serving the needy, rather than being thrown out. Another example is Marriott International. When guest room beds and baths were upgraded, the still excellent and many unused bath towels, bed linens, and pillows were given away to nonprofit organizations. Yet another large firm in Canada offers to give an additional 25 percent of annual bonuses to the charity of the employee's choice. These examples help an organization demonstrate its social responsibility.

Like for-profit organizations, nonprofit and governmental organizations also offer opportunities for individuals to work in positions in which they can fulfill their social responsibilities. The nonprofit segment is one that is expanding, through both volunteers and paid employees. According to the Bureau of Labor Statistics, nonprofit organizations employed 1.2 million workers in 2006 and rank in the top 20 fastest-growing fields (http://www.bls.gov). There were 837,027 charitable nonprofits in the United States in 2003, a 68-percent increase from 1993, according to information from the National Council of Nonprofit Associations (http://www.ncna.org). These statistics show that increasingly nonprofits will compete with for-profit organizations for needed employees. The company spotlight below on the American Cancer Society illustrates how a nonprofit provides fulfillment while also offering a wide assortment of competitive benefits.

**Company Spotlight: American Cancer Society**

**Employee Benefits at the American Cancer Society**

Save lives. Fulfill yours.

The people who choose to be a part of the American Cancer Society give of themselves personally and professionally. One of their ongoing rewards is seeing the critical and tangible impact that our work has in our communities. But that is not where our rewards end. As all-consuming as the fight against cancer is, it doesn't eclipse the quality of life that everybody needs to thrive.

In addition to competitive pay, Society staff members enjoy employment benefits that make this a truly great place to work. Key among them is a commitment to a healthy work/life balance, giving staff members access to flexible work schedules, telecommuting and job sharing opportunities, and alternative work hours.

Another major benefit is the opportunity to learn and grow. This begins with an informative orientation when you start working with the Society, and it continues with multifaceted training and experiences that help you grow, both professionally and personally. For people interested in continuing with a formal education, tuition reimbursement may also be available, depending on your location and course of study.

**Summary of Other Employment Benefits**

1. Comprehensive medical, dental, and vision insurance
2. Life insurance for you and your family
3. Flexible spending accounts for health care and dependent care
4. Domestic partner coverage available in a variety of locations
5. Health and wellness programs
6. Employee assistance program
7. Short- and long-term disability insurance
8. Paid holidays
9. Generous vacation, sick, and personal time policies
10. Pension plan
11. 403(B) plan

(Source: http://www.cancer.org/docroot/emp/content/EMP\_1\_Benefits.asp)

The examples of programs, policies, and practices in the work experience element of total rewards are not inclusive of all the ones that are important to employees. Other areas, such as training and development, career opportunities, and recognition fulfill several of the highest level of needs on Maslow's hierarchy (Maslow,1954). These are needs of belonging, identifying with a group, cognitive skills, positive self image, and reaching full potential. But just as with non-monetary rewards, the work experience is not decided in isolation of the other two. The work experience is not one that is randomly decided by an organization, but rather strategically designed in order to attract and retain employees while still supporting the organization's business objectives and culture.

**Topic 3: Governmental Compliance Issues**

There are entire textbooks and courses devoted to the governmental compliance issues influencing benefit administration, as there are government web sites, organizational resources, and government agencies. These resources are evidence that the thinking that the government recognizes that fair and equitable treatment of workers in employee benefit plans is required of employers. This is true of both federally mandated and discretionary benefits. The following descriptions of some of the major benefit-related laws and regulations(Bernardin,2003 and Martocchio, 2006) are presented to emphasize that each organization needs to ensure adequate resources, including expert knowledge of those who are consulted as decisions about total rewards are made and administered. The relevance to employee benefits or benefits administration follows each listing of the act, law, or regulation. Although the list may seem daunting, the compliance issues and the list of laws and regulations are only a partial representation of all that exist. They are not inclusive of all those that impact benefit administration.

Some of the major laws, regulations, and acts are:

* **National Labor Relations Act of 1935:** requires mandatory bargaining of disability pay, employer-provided health insurance, paid time off, pension and retirement plans.
* **Workers Compensation Laws:** requires that employers finance a variety of benefits (lost wages, medical benefits, survivor benefits, and rehabilitation services) for employees with work-related illnesses or injuries on a no-fault basis.
* **Internal Revenue Code:** mandates multiple regulations for legally required and discretionary benefits including the **Federal Insurance Contributions Act (FICA),** which are taxes employees and employers pay to finance the Social Security Old-Age, Survivor, and Disability Insurance Program. Also, unemployment insurance benefits are financed by federal and, sometimes, state taxes levied on employers. Federal tax is levied on employers under the **Federal Unemployment Tax Act (FUTA).**
* **Fair Labor Standards Act of 1938 (FLSA):** applies to benefit practices in two ways. First, under the overtime pay provision, employees who are covered by FLSA are entitled to pay at a rate of one-and- a-half times their normal hourly rate for hours worked in excess of 40 during a workweek. Employee benefits that are linked to pay, as in the case of unemployment insurance, increase correspondingly during those overtime hours. Second, the FLSA specifies time-off practices that qualify as hours worked. **The Portal to Portal Act of 1947** defines the term *hours worked* as the compensable activities that precede and follow the primary work activities, such as non-production time cleanup, travel time between job locations within the scope of the regular work shift, and rest periods shorter than 20 minutes.
* **Equal Pay Act of 1963:** is based on the principle that men and women performing equal work should receive equal pay. The definition of wages in the Equal Pay Act encompasses employee benefits. Thus, employers must provide equal employee benefits to male and female employees who perform equal work and their beneficiaries regardless of cost differences.
* **Title VII of the Civil Rights Act of 1964:** makes it unlawful practice for an employer to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his or her compensation, including employee benefits.
* **Age Discrimination in Employment Act of 1967 (ADEA):** prohibits illegal discrimination in employment on the basis of age and makes specific reference to employee befefits. The ADEA sets limits on the development and implementation of employer "early retirement" practices that many companies use to reduce the size of their workforce. The **Older Workers Benefit Protection Act (OWBPA)** is an amendment to the ADEA that places additional restrictions on employer benefit practices. One of several requirements is the equal benefit or equal cost principle, requiring employers to offer benefits to older workers that are equal to or more than the benefits given to younger workers, with the exception of when the costs to do so are greater than for younger workers.
* **Pregnancy Discrimination Act of 1978:** is an amendment to Title VII of the Civil Rights Act of 1964. It prohibits discrimination against pregnant women in all employment practices. The relevance to benefit practices is that employers must not treat pregnancy less favorably than other medical conditions covered under the medical benefit plans. In addition, employers must treat pregnancy and childbirth the same way they treat other causes of disability.
* **Consolidated Omnibus Budget Reconciliation Act (COBRA):** requires employers to provide access to health care coverage in particular instances when coverage would otherwise be terminated. Costs of the coverage may be completely passed on to the worker. Administrative record-keeping fees may also be charged.
* **Family and Medical Leave Act of 1993 (FMLA):** Requires employers to continue providing health care coverage to employees who are on FMLA leave (up to 12 weeks per year for specified family emergencies) on the same basis that it was provided before the leave period.
* **Health Insurance Portability and Accountability Act (HIPAA):** is designed to lessen an employer's ability to deny coverage for a preexisting condition and prohibit discrimination on the basis of any health-related status. It imposes privacy provisions and strict compliance guidelines for health-related information.
* **Employee Retirement Income Security Act (ERISA):** requires that employees be eligible for pension plans beginning at age 21 if offered by the employer. ERISA does not require that employers offer a pension plan, but if a company does have one ERISA controls the administration of it, including vesting and portability.
* **Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA):** gives individuals the right to employment by the company in which they worked prior to military service. Employers choose whether or not to pay employees while on military leave.
* **The Clean Air Act Amendments of 1990:** requires employers in smoggy metropolitan areas such as Los Angeles to comply with state and local laws concerning commuter trip reduction. For example, this act could require employers to offer alternatives for carpooling and provide other resources to promote reducing automobile usage.
* **Sarbanes-Oxley (SOX):** requires specific actions for employers to take when changing stock options and/or announcing blackout periods.
* **Affordable Care Act of 2010:** The Affordable Care Act was passed by Congress and then signed into law by the President on March 23, 2010. On June 28, 2012 the Supreme Court rendered a final decision to uphold the health care law.

As is evident from the list provided, compliance issues are numerous and complex. When employers are designing and implementing total rewards, steps must be taken to comply with all the relevant laws and regulations in order to not be in violation of the laws. It is recommended that experts are included in the decision-making process and serve as a key resource to the organization when the administrative procedures are written.

**Topic 4: Understanding Demographic and Psychographic Differences**

The term **demographics** refers to the statistical makeup of a population, such as the percentages of people who are married or single; the number who are male or female; the percentage of ethnicity, such as Hispanic, Asian, Caucasian; and the makeup by age groups such as percentages of Baby Boomers (born between 1946–1964) and Millennials (born 1978 or after). The United States demographics or statistical makeup of the labor force is changing, with racial and ethnic minorities now accounting for a growing percentage of the overall labor force, and more women in the workforce than ever before. The average age of workers is also now considerably higher than it was just 10 years ago. Knowing the demographics of a population can help an organization strategically plan (but only to a limited extent). Knowing the demographics can help determine generalizations about the groups that can *suggest* a preference for certain rewards. For example, along with more women in the workforce, there are also larger numbers of both parents working outside the home. This demographic of more two-parent-working families drives many organizations to provide for more family-friendly rewards such as flex time, job sharing, child care services, or on-site facilities.

**Psychographics** refer to the personality traits of individuals. A demographic segment is an overall segment of the population. A psychographic segment is a psychological trait or set of traits of a population segment. The psychographic traits of individuals include, for example, what type of work is enjoyed, what motivates them to do a good job, what values they hold, how they like to receive feedback, and what rewards are important to them. As with demographics, different psychographics can be generalized and are helpful to reward design to an extent. For example, one organization found that there was a psychographic segment they named "fast food junkies," employees who wanted to work only in the fast food industry. What was important to them was learning as much as they could about fast food, in their own store and in others. For them, a work experience in which they could benchmark practices of other stores, learn more about fast food trends, and have promotions within the fast food organization was important. Just as organizations study their consumers to know what is important in their buying decisions, it is important for organizations to know what is important to their current and future employees. The psychographic traits of individuals are critical to know when making decisions about the rewards offered. One reason is there is a cost to each benefit offered, and much money could be wasted on benefits that employees may not necessarily value. Another reason is that if the appropriate rewards are not offered, the organization risks higher turnover.

It is important to know by demographic and psychographic segment what, generally, will help attract, retain, and motivate. This information is important in marketing used in designing a total rewards approach, one that will attract the requisite employees with the skills needed for the organization to be successful. However, companies should not presume to know the needs and preferences of their own employees or potential employees based only on generalizations, on what other organizations offer, or on what they learn through surveys. While this information's helpful, more research must be done with their own employees or potential employees before decisions can be made about their total rewards programs. Keeping the point in mind as to how the information must be further researched, some of the general information available about demographics, gender differences, and generational differences follows.

**Demographics**

One of the things we know is that each person is unique, with their own set of personal desires that affect what they want in are wards package. We also know that these desires may change depending on changing situations or life events for the person. And, increasingly so, each organization will employ multiple generations in its population of employees, as well as multiple ethnicities, which further affects the diversity of reward desires. Keeping these statements in mind, some generalizations have been reported by demographic sector for preferences of benefits or work experience.Table3.6 shows typical benefits found to be preferred by employees, indicating demographic characteristics and probable life events (Martocchio, 2006, p. 31).

**Table 3.6  
Likely Preferred Benefits by Demographic and Life Events**

|  |  |
| --- | --- |
| **Demographics** | **Preferred Benefits** |
| Unmarried male and female employee | Physical fitness programs Generous vacation allowances |
| Employee with dependent elderly  parent or relatives | Elder care benefits  Flexible work schedules |
| Married male and female employee | Flexible work schedule |
| Employee with children | Day care assistance Life insurance  Health insurance with dependent coverage  Education benefits for children |
| Older employee nearing retirement | Retirement plans with accelerated benefits accumulation Health insurance coverage with prescription drug benefits Generous sick leave allowance  Disability insurance  Retiree health care benefits |

Source: Martocchio (2006, p. 31)

**Gender Differences**

The findings of a Monster.com survey (2008) differed based on gender and other factors. For example, the survey revealed that while men listed good pay as the main reason for remaining at a company, women rated good relationships with their coworkers and managers and desirable work hours as their top reasons for remaining.

**Age Differences**

Although there will be multiple generations in any organization, many companies are targeting individuals born in 1978 or later (the Millennials) for recruitment and retention. This segment is important because it is80 million strong (the largest age group in the United States) and is just entering the workplace. Following is a listing published by Versant (2008) of some of the general psychographics of the age group. From this information, it is easy to see why many organizations are finding it important to publish, promote, and engage in socially responsible activities. Many organizations now offer paid time for volunteering in an interested cause.

**Millennials:**

* view their career as an opportunity to contribute to a greater good
* have ideas and solutions that are often technology-oriented
* have a strong sense of social responsibility and seek out employers who give back to the community
* do not define themselves by their jobs
* want to do excellent work, but their lifeis not about their work
* value work-life balance as very important to them
* want to be connected and know how they fit into the bigger picture
* are team-oriented

(Source: www.versantblogs.com/employerbranding/)

Other age segments in the workplace include the Generation Xers (born between 1965 and 1976), who are 45 million in number and are reported to value ongoing training and appreciate the people and the teams they work with, but are not necessarily loyal to the company. If dissatisfied they will not hesitate to look for a different organization to join; they will move on quickly. Other traits of the Generation Xers include being comfortable in multicultural settings, desire for some fun in the workplace, and a pragmatic approach to getting things done. They seem to be more satisfied with flexibility in their schedules and prefer independence in their tasks. They perform best when there are chances to compete, are offered constant feedback, and are assigned a series of long-term, meaningful projects (Kaye, Scheef&Thielfoldt, 2003).

In addition, there are currently 78 million Baby Boomers (born between 1946 and 1964) in the population. They tend to focus on personal accomplishment and are motivated through acknowledgment of their contributions and recognition of their value to the organization. They appreciate the work experience dimensions that give fulfillment and help to express their spirituality. They are also interested in social issues and want jobs that will allow for accommodation for family demands of children and aging parents (Kaye, Scheef&Thielfoldt, 2003).

The oldest major segment of the workforce is that of the Matures (born between 1925 and 1945), with 75 million in the population. Because Americans are now working longer and the age span is increasing, this segment of employees may be seen in organizations for some time to come. The Matures tend to want choices in their work and have a desire to contribute. They also want respect for the experience they have gained through the years. They are reported to value job titles, direction from managers, and recognition for their dedication. A few reasons why many Matures have continued to work or are reentering the work force is for additional income, additional medical insurance, and the desire to contribute (Versant, 2008, p. 7).

Only some of the many general differences by segment of employees have been mentioned. Much further study of the employees within the organization and the potential employees the organization hopes to recruit is essential in order not only to select the rewards that are valued, but also to make the best use of the dollars spent.

**Topic 5: Role of Non-monetary Rewards and Work Experience in Total Rewards Design**

The role of non-monetary rewards and work experience is a critical one in the overall design of total rewards because of the growing competition for skilled employees. The International Society of Certified Employee Benefit Specialists stated, in the 14th annual top five total rewards priorities survey conducted by Deloitte Consulting LLP (Deloitte, 2008), that a shortage of skilled and talented workers has become the most pressing concern among employers. This supplants the leading problem of recent history of rising health care costs (Deloitte, 2008).

It is reported that many organizations plan to redesign their total rewards to address the shortage. The majority (68 percent) plan to redesign some of their non-monetary reward programs to better align the interest of employees and the organization and promote employee engagement. Some of the most commonly identified programs to change would be learning and development programs (51 percent), paid time off (44 percent), flexible work arrangements (39 percent), and mentoring programs ( 28 percent). The respondents reported that nearly one-third of them would be making changes to their total rewards programs with generational preferences in mind (Deloitte, 2008).

WorldatWork reports that the "core" parts of the traditional elements of rewards (pay, benefits, and stock awards) are no longer differentiating factors for organizations. Given this, it seems logical that organizations look to what they need to offer in total rewards to employ and engage their needed employees. In order to make the needed decisions, an organization must first know its objectives, values, and financial status as well as the specific KSAs currently required and expected in the future. In addition, the psychographics of the current and potential employees by demographic segments need to be understood in order to design a total rewards package that is customized to attract and hold those individuals. The decisions for the total rewards design are not made by element, but rather are considered in unison with each other as a strategic marketing approach.

**Topic 6: Conclusions**

Two significantly important elements of the total rewards approach to compensation management were discussed in this module. These were two elements that do not include monetary rewards, but rather complement and supplement that element. The typically offered non-monetary rewards were detailed, with examples of rewards that may be surprising to some. In addition to the non-monetary rewards, the evolving element of work experience was reviewed. While all three elements are essential as a holistic package, it is the work experience that can be a leading differentiating factor for employment. Also in this module, it was detailed how there are demographic and psychographic preferences affecting total rewards.

As was the case with monetary rewards, there are governmental compliance issues to be concerned with regarding benefits and their administration. The major issues were delineated in this module. Finally, the role of non-monetary rewards and work experience in the broader total rewards approach and how decisions are made was emphasized. While modules 2 and 3 have both touched upon how total rewards are decided, module 4 will provide greater detail on exactly how rewards are designed and implemented.

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