

# Retention of different generations

What would make different generations stay at your organisation?

By Dr Mark Bussin and Elmien Smit

Over the last few years, organisations have had difficulty facing the changing financial setting that has challenged the conventional reward procedures and plans. A complete understanding of reward packages is needed, as total rewards include intrinsic and extrinsic factors. An in-depth investigation of the reward packages and factors influencing them is essential, as these elements have a key impact on performance, job satisfaction and retaining high calibre talent with significant abilities in order to make the organisation efficacious. More specifically, research has shown that the different types of rewards employers offer to employees affect the recruitment and retention of top talent.

Thus, employers should recognise the significance of financial and non-financial rewards, as reward practices can work for one organisation but not necessarily for another, depending on the needs of the employee within the organisation and the business strategy. The research questions that arise are concerned with the total reward components of different generations that exist within organisations.

Although some may argue that there are no distinct generation preferences but rather individual life-cycle and career stages, there is growing support for the generation theory as a proxy for other empirically researched theories. A study done last year with 303 participants from South African organisations revealed the following top seven retention preferences among different generations:

It can be deduced that Baby Boomers and Veterans would choose compensation, work-life

balance and benefits as the top three components that will make them stay at their respective organisations, as they place high value on hard work, obeying rules, dedication, military principles. The rating of the benefits subscale being rated as the third important was surprising as it would have been expected that preference for this reward increases as the employee gets older.

Generation X is willing to develop their skills sets and take on challenges and is perceived as very adaptive in this changing business world. Therefore work-life balance, benefits, development and career opportunities as well as performance management and recognition is important to them in level of importance after compensation for Generation X. They are excellent at multi-tasking and working on projects simultaneously and place high value on work-life balance. Generation X views their jobs as temporary and as free agents.

While Generation Y placed emphasis on compensation, work-life balance, and development and career opportunities as the top three total reward for them. Generation Y favours teamwork and chooses to follow orders as to the extent they have flexi-hours order to successfully complete the task in their own way. This Generation uses the information channels that exist to familiarise themselves with the environment and there is a constant need for knowledge that exists in this generation. Also Generation Y is seeking challenges, and learning and development opportunities, as they are open-minded and goal-orientated in order to grow in their respective careers.

## Reward factors currently used the most to retain employees

The results of the gap analysis which compared the means for current utilisation as well as level of importance of each factor under total reward showed unique results. The study investigated five main categories for total reward namely

compensation, benefits, work-life balance, performance management and recognition as well as career development and opportunities.

The following figure shows the level of importance of each sub factor as well as what is currently used in organisations.

organisations focused more on training opportunities and less on the organisational climate which is important for respondents.

## Conclusion

The study of total reward and, specifically, different

Rated as important	Generation Y (<31)	Generation X (32-47)	Baby Boomers and Veterans (47+)
1st	Performance Management and recognition (M= 4.10)	Performance Management and recognition (M= 4.15)	Compensation (M=4.04)
2nd	Development and career opportunities (4.09)	Development and career opportunities (4.02)	Performance Management and recognition (M= 3.86)
3rd	Benefits and safety (M= 3.91)	Compensation (M=4.00)	Benefits and safety (M= 3.74)
4th	Compensation (M=3.81)	Benefits and safety (M= 3.85)	Development and career opportunities (3.59)
5th	Work-Life Balance (M= 3.68)	Communication work enabler (M= 3.51)	Communication work enabler (M= 3.33)
6th	Communication work enabler (M= 3.13)	Work-Life Balance (M= 3.50)	Work-Life Balance (M= 2.96)
7th	Life Convenience (M= 2.61)	Life Convenience (M= 2.39)	Life Convenience (M= 2.04)

It is evident that the compensation component of the total reward questionnaire is mainly dependent on market-related salary. This could indicate that market-related salary is the main component that defines compensation overall.

It is clear that the benefits component loaded strongly on pension or provident fund for current utilisation as well as level of importance for the respondents.

One can see that the highest level of importance for work-life balance component is community contribution for the respondents while comfortable work environment is currently focused on in the workplaces of the respondents.

From the figure above the performance management and recognition component loads strongly on leadership style of the organisation

The organisational climate was rated the most important for development and career opportunities for the respondents, while training opportunities was the factor that is currently implemented and focused on in the respondents' respective organisations. What was quite interesting is that there is a big gap between organisational climate meaning that

generation groups' perceptions regarding this field is still ever changing. Talent management is a comprehensive, multi-dimensional concept with a myriad of perceptions that influences its effectiveness. It holds the potential to influence talent retention amongst different generation employees and therefore confirms the proposition that talent can make capital dance. This potential ability of talent management to unlock capital has been the driving force behind its becoming a popular field of study.

Although the effect of work prospects and preferences on turnover intentions changes consistently implies that by enriching employees' expectations of a "brighter tomorrow" at their jobs can improve the probability of retention. The key to attracting and most of all retaining excellent employees is based on and improved diverse total reward model that is a vital foundation for the employee value proposition. ■

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