

# [Rewards influence comparison older and younger management essay](https://assignbuster.com/rewards-influence-comparison-older-and-younger-management-essay/)

## Abstract

Due to the increasing lifespan and lower birth rates, the world is facing a new challenging era in regard to managing the labor force. Many organizations are in a process of developing new and strategic policies in retaining and motivating the aging work population. Currently, the largest working generation comprises of Baby Boomers who will retire in the following 10 to 15 year. The increasing amount of older people in the labor market causes a shift in the motivation tools that upper management of any organization makes use of. This research paper focuses on how intrinsic and extrinsic rewards influence the motivation of elderly employees in comparison to younger.

Key words: aging workforce, intrinsic and extrinsic rewards, job satisfaction, job motivation, Baby Boomers generation, Xers generation, generational differences.

## Introduction

The issues related to the global aging workforce are growing significantly in the past few years. Research shows that in the next decade, half of the world workforce will consist of above 55 year old employees (Kanfer & Ackerman, 2004; Arnone, 2006; Streb, C. K, Voelpel, S. C., & Leibold, M. 2008). The current aging generation of Baby Boomers consists of people who are well educated and trained but also they outnumber the following Xers generation. This fact affects the labor market and will force organizations (Arnone, 2006) to employ new strategies when meeting the expectations of their personnel. Research shows that the larger the number of elderly workers the more implications companies will face (Ng, Thomas W. H., Feldman, Daniel C., 2008). The main threats for managers in the knowledge based economies are the rising organizational costs, lack of well trained young personnel and difficulties to support the older employees (Goss, 2001).

Preserving the older employees is an asset to an organization due to their knowledge and experience. To maintain and stimulate this group of people, on other hand is a difficult and costly task for the upper management. Rewards are perceived to motivate employees but little is known which type of reward most likely affects the performance of an older employee compared to a younger one (Giancola, 2008). According to Lord & Farrington (2006) the retention and level of productivity of an employee is the result of how effectivelly the individual is motivated. Most of the researchers in this field focus on the factors which motivate personnel in general but age is often not taken into account. Little research has been conducted on age differences and factors that stimulate motivation (Lord & Farrington, 2006).

There is a substantial amount of academic literature which examines the perceived link between employee’s job expectations and the actual exchanged rewards in return. According to Wallace (2006) the exchanged rewards are highly correlated with job motivation. There are two main types of rewards – intrinsic and extrinsic (O’Driscoll, Michael P., Randall, Donna M. 1999). Both types reflect the degree of motivation of an employee. In order to improve the resource strategies, companies and researchers will have to test the relationship between employee’s perception of rewards, motivation and their age (Lord & Farrington, 2006). It is assumed that people belonging to different work generations have also diverse rewards preferences. Therefore, the goal of this research is to investigate whether rewards that trigger job motivation among older workers are different to those that stimulate younger employees.

Research gap

An issue which arises from the current ageing workforce (Baby Boomers) in the world is the relatively lower percentage of younger specialists (generation X) in variety of business fields (Wallace, 2006). This fact leads to the overall shift in the organizational strategies and structures to retain older people longer on their job positions. It also implies further complications such as knowledge transfer and the retirement process of the Baby Boomer’s generation. Thus???, successful retaining of these employees is strongly connected to motivation and rewards.

There is an extensive research conducted on topics such as job motivation and job rewards. However, relatively little attention has been given to understand the impact of worker age on factors that affect worker motivation (Lord & Farrington, 2006). There is a substantial empirical gap in studying the influence of aging on work motivation (Kanfer & Ackerman, 2004). Job motivators differ between people from the two main working generations – Baby Boomers and Xers (Wallace, 2006). The latter has a severe impact on the organizational strategies since the global workforce is ageing and there is immense necessity of retaining older people.

Current literature focuses on four main topics:

The effect of the global aging workforce on organizational structures and strategies

The factors which stimulate job motivation

Types of motivation

Existing rewards and rewards systems employed by organization

This paper deals with describing the effects of rewards on the job motivation in regard to the two working generations mentioned above. The research carried out focuses on the possible differences between rewards preferences of aging personnel. The nowadays average baby boomer is 55 years old while the average Xers is 38 years old. This age difference might influence the affiliation of different job rewards which stimulate the work motivation among both groups. The presented research gap leads to the following research question and conceptual model.

Research question and Conceptual Model

The main research question addressed in this paper is: What type of rewards influence job motivation among older employees in contract to younger?

Who is considered an old and young employee?

What are the main age-related working groups?

What kind of rewards exists?

How is motivation stimulated among employees?

Which rewards stimulate the different work generations?

Are there any differences between reward preferences of older and younger workers?

The conceptual model describes the relationship between rewards and performance. As mentioned before, rewards create satisfaction which increases the job motivation (Herzberg F. , 1987). Rewards are seen as an independent variable and job motivation is the dependent variable.

The moderator presented in this model is the age. It is argued that older and younger employees are motivated by different rewards. Consequently, age influences rewards which positively affect the job motivation.

In this paper, the addressed questions are analyzed and answered by the use of a literature. Type of rewards and job motivation are further discussed and described in the literature review. By the use of this literature several hypotheses are constructed and a plan how to test these relations is presented in the methodology.

Theory

## Aging population and workforce generations

Developed countries all over the world are currently dealing with an exceptional change towards a new era of ageing work population. Research shows that the effect of aging will lead to a smaller ratio of the population being employed in the years after 2010 / 2020 (Kuné, 2009). In Europe, old-age dependency ratios are expected to reach 50 per cent by 2050 and the projection for the rest of the industrial countries worldwide has similar estimations (Kuné 2009, Arnone 2006). For example, in America in 1977, 37% of the workforce was under age 30 compared with only 21% in 2002, and only 38% was 40 or older in 1977 versus 56% in 2002 (Perry, Lance S. 2010; Bond, Thompson, Galinsky, et al, 2003). Research shows that by the next two decades the aging population will double and around 80% of the Baby Boomers will remain professionally active even when they reach 65 years of age (Moberg, 2001). The projected demographic situation will create serious complications in the scope of the organizational polices, retirement plans, retaining personnel and knowledge transfer.

Baby boomers generation comprise a large percentage of the knowledge-based labor market (those people born between 1946 and 1964) (Head, Baker, Bagwell, & Moon, 2006) and since this group ages and retires it is the Xers generation (those people born between 1964 -1981) who will be expected to fill these positions (Wallace, 2006). However, this generation is much fewer in numbers than the previous generation and they are described as being more concerned about work-life balance. The most essential generation differences are related to the role that work plays in one’s life (Kennedy, 2003) and as a result, Gen Xers are viewed as less loyal and committed to work, their careers and their employers compared to the Baby Boomers (Wallace, 2006). The latter generation is qualified as being open to challenges and pressure, performance driven and workaholic behavior (Lamm & Meeks, 2009). On the other hand, Xers are described as the people who are creative but also like the fun and informality; For them work is a complex challenge and they overcome it with demands for more free time (Lamm & Meeks, 2009).

## Rewards and Motivation

Some forty years ago, Hertzberg suggested that suggested that two types of rewards, intrinsic and extrinsic, may be used to motivate workers (Herzberg, 1966; 1987). Use of rewards systems would be expected to lead to better organizational results. Later in the years, many researchers concluded that job rewards and motivation are strongly and positively related. Intrinsic rewards are those that exist in the job itself (Herzberg, 1987a). Examples are achievement, variety, challenge, autonomy, responsibility, and personal and professional growth (O’Driscoll & Randall, 1999; Mahaney, 2006). They also include status, recognition, praise from superiors and co-workers, personal satisfaction, and feelings of self-esteem (O’Driscoll & Randall, 1999). Employees are thought to be motivated to work hard to produce quality results when they have pride in their work, they enjoy their jobs, they believe their efforts are important to the success of the project, and their jobs are fun, challenging, and rewarding (O’Driscoll & Randall, 1999). According to Herzberg, the job satisfaction resulting from these rewards is the source of employee motivation (Bassett-Jones, 2005).

On the other hand, extrinsic rewards are external to the job itself. The comprise elements such as pay, fringe benefits, job security, promotions, private office space, and the social climate (Herzberg, 1987; O’Driscoll & Randall, 1999). Other examples include competitive salaries, pay raises, merit bonuses, retirement plans, and such indirect forms of payment as vacation and compensatory time off, (O’Driscoll & Randall, 1999). Employees are trained to be motivated to work hard to produce quality results when extrinsic rewards are present and provided because the failure to receive those rewards disappoints them. In other words, extrinsic rewards are not direct motivators but the lack of them causes people being disincentive (Herzberg F. , 1987). However, both types of rewards, intrinsic and extrinsic, have been shown to have positive effects on motivation (Wiersma, 1991).

In relation to intrinsic and extrinsic rewards, motivation can be described in the same manner: intrinsic motivation shows the relationship between employees and their job itself (Hui, 2000) (Hui and Lee 2000), and is developed from the individuals perceptions and needs (Sansone & Harackiewicz, 2000); and extrinsic motivation refers to the relationship between individuals and external compensations such as salary (Komaki, 1982)

## Rewards, motivation and age

As mentioned earlier there is a limited research done on the interrelations between rewards, motivation and age. A few researchers paid more attention to this issue by discussing the different trends in the values among Baby Boomers and Xers. According to Wallace (2006), Xers value more their flexibility and autonomy to work on their own, while Boomers are strongly committed and attached to the organization they work at. Smola & Sutton (2002) describe Xers as being creative and innovative, technically savvy and multi-tasking orientated, while Boomers are seen as hard workers, long office hours and loyal to their employers. Managers are concerned that Xers have a lower level of work ethics and do not find work as significant as the Boomers (Wallace, 2006). Kanfer and Ackerman, (2004) argue that younger employees are more motivated by performance-contingent incentives, such as salary and are strongly motivated by structured supervision. In contrast, older employees value the structured supervision which eliminates effort demands.

Jurkiewicz (2000) states that Baby Boomers demand more benefits in regard to their retirment plans, while Xers are interested in child care support. 401(k) retirement plans are mainly employer-sponsored and boomers are stimulated by them; in contrast, Xers could not care less (Jurkiewicz, 2000). Research shows that money is seen as the main extrinsic motivator for any generation (Sansone & Harackiewicz, 2000). However, only money is not enough for most of the employees. Other age – related differences in motivating employees is the example that Boomers are genuinely more concerned with their quality of time than money and Xers are willing to trade their financial benefits for more leisure time (Jurkiewicz, 2000). Yet, according to Jurkiewicz (2000), younger adults are more concerned about financial compensation than the older workers.

According to Giancola (2008), there are “ most-valued rewards” at work for each age group. Baby Boomers for instance, consider flexible retirement plans and assistance, job training and sabbaticals as the most valued rewards (Giancola, 2008). In comparison, Xers find rewards such as flexible working arrangements, skills development, real-time feedback, work-life balance and tangible, immediate rewards as the most important motivators. In addition, Reynolds (2005) argues that management stimulates Boomers by creating a sense that they are needed in the organization and that their contribution is of a vital importance. Xers, are inspired by direct feedback as stating that results are imporant, not the actual time spent on a task; or indications of how well they perform and what skills they can develop (Reynolds, 2005 ).

Based on the current literature findings the following hypotheses are generated:

H1: There is a significate relationship between employee’s age and reward preferences.

H2: There is a significant difference in the importance of types of job rewards for what? between younger and older knowledge workers.

H3: Intrinsic rewards are more strongly related to job motivation for Xers generation compared to Baby Boomers.

H4: There is no difference in the level of job motivation between younger and older workers in their current jobs. I would skip this one, and concentrate on the relations between varaibels and not go into descriptions of situations

H5: Satisfaction obtained from each reward is the same for Xers as it is for Boomers. In relation to H5 but also a more general remark: there is a difference between satisfaction and motivation. Your model is focusing on motivation, stick with that. Moreover, the relation between satisfaction and motivation is not clear. Some research states that they are positively related with satisfaction leiding up to motivation, some research indicates a relationship that is reverse, and some research states that they are negatively related with a higher dissatisfaction leading up to a higher motivation to act.

## Methodology

The primary method to obtain information and insight regarding job rewards, motivation and older employees is by using secondary data. This data is collected from articles published in academic journals. The main research engine used to collect data is Business Source Premium. The information extracted from the literature found will be applied in constructing surveys and interviews. Please make a concrete plan to collect and analyse primary data with: questionnaire items and scales to measure the variables (stated all explicitly in an appendix), an indication of the sample (number of respondents and how the sample is determined), a description of the statistical analytical techniques that will be used. Parts you already have stated here but add and elaborate when necessary. These tools will be used to collect primary data. A sample of 150 well will be taken across different organization across West European countries. No random sampling will be used, due to the specific of the measurement criteria. The companies which are meant to participate in this research should employ people from two main age groups and with no less than 50 employees. The age groups consist of employees between 29 and 46 (generation X) and 47+ (Baby Boomers) years of age. The reason why 47 is limitation age is because the youngest Baby Boomers at the moment are 47 years old. The selection of employees will not be random and there will be an equal distribution between participants who belong to either of the mentioned aged groups. These boundaries are set so that motivation versus rewards can be investigated where people have multiple hierarchical levels, age diversity and where decision making is done by more than one person. The reason why well educated people are the primary focus of this research is because skilled jobs are more jeopardized by the aging workforce. Thus, a loss of experienced and well educated employees will occur in the future.

The participants in the undertaken research will be either surveyed or interviewed. The time limit for performing these actions will be between four to six months. It is assumed that this is a sufficient time to collect the data. The opinions gathered will be from members of both age groups so that comparison can be made. The survey will consist of open and close ended questions. The purpose of that is to collect ordinal and ratio data which will allow the researcher to perform future correlation and regression analysis. The program used to analyze the data will be SPSS.

The last step of this research will be to use both primary and secondary data. This information will allow the researcher to analyze and summarize all the findings. These findings will be included in the Findings and Analysis chapter. The latter will be used to draw conclusions and recommendations.

Findings and Analysis

This chapter deals with the outcomes of the primary research.

## Conclusion

This chapter presents all the results and conclusions drawn from the literature and primary research.

## Discussion

This chapter describes any additional questions that can be research in the future.