

How to reward multi-generational teams

As organisations find themselves with four generations under one roof, managing expectations and rewards can become challenging.



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Employees are living longer and want to retire later, which means more and more organisations find themselves with a generation mix from Baby Boomers to Gen Z. Each, depending on their life stage, will have different needs, wants, views and expectations about remuneration, benefits, and their career.

Team composition

It is key to understand the generational composition of your team, says Deon Smit, master reward specialist and executive committee member at the South African Reward Association (Sara).

“Generational theory can be quite broad, and one must guard against stereotyping as each generation brings with it further diversification whether it is marital status, culture, religion or job level.”

Smit says it is important to structure the different elements of reward to ensure flexibility in the system to cater for diverse aspirations and needs. “This process should be transparent and information based.”

Baby Boomers, employees between the ages of 59 and 65 currently make up around 13% of the workforce in SA. While Gen X, between the ages of 45 and 59 represents 32%, Gen Y (millennials) between 29 and 45 also represents 32%, and Gen Z between 18 and 29 and could be up to 23% of the workforce already.

The key when having such a diverse workplace is flexibility, says Smit. A one-size-fits-all approach is bound to create unhappiness, and the risk of losing talent then becomes a greater reality.

Flexibility

A reward programme should be as flexible as possible, without being administratively onerous. This is especially the case for benefits such as medical cover and retirement funds. “Understand the trends and play to the strengths of each generation,” advises Smit.

Baby Boomers for example may be motivated by prestige and position, these employees are passionate about participation in the workplace, and they can be invaluable mentors.

However, Gen X employees want to work to live, not live to work. They are entrepreneurial, sometimes skeptical of corporations and dislike close supervision. Millennials prefer a more open and transparent work relationship, less loyal to organisations, enjoy collaboration and teamwork, and less willing to sacrifice personal time for their career.

Gen Z is not always motivated by status or money. They are far less willing to sacrifice personal time for their career. Gen Z are certainly the least loyal to organisations compared to previous generations. They thrive on diversity, change, and making the world a better place. The newest entrants to the workforce, Gen Z, is very tech savvy, understands and navigates social media with great comfort. They want to be in control, and they will not hesitate to challenge the status quo.

The reward framework

The strategic reward framework needs to include a flexible remuneration and benefit structure, opportunity for work-life balance, growth opportunities and career development for all employees of each generation.

Talent retention becomes far easier when a manager understands that a Gen Z employee may not be motivated by the same things as previous generations, they have little brand loyalty and will not tolerate a workplace that is not technologically advanced, whereas a Millennial employee wants to have a career plan, they thrive on being challenged, developed and mentored.

Smit says one way of measuring why different generations are staying in your organisation is having regular “stay interviews”. This offers great opportunities for managers to enhance their remuneration, benefits and reward programmes to create greater retention of key skills and talent.