



Individual Differences in Reward Practices

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While everyone understands intuitively that we are not all motivated equally by the same rewards, you might not know it by the way many companies manage their incentive programs. Many times, human resource managers assume that what is rewarding to them will be rewarding to others as well, which may be a false presumption.

Segmentation research is often used to determine the various types of customer groups that exist within a particular marketplace. If a company understands the dynamics of its various customer groups, it can tailor its marketing strategy to maximize its appeal to its best prospects. Segmentation research, however, is rarely applied to employee populations to better understand what motivates one group of employees over another. Just as customers may be motivated by different value propositions to purchase products or services, employees may be motivated by different recognition practices to maximize their productivity in the workplace.

As a starting point in its investigation of these issues, Maritz Inc. was interested in understanding how the workforce is segmented on its reward preferences. As a result, it conducted an online Maritz® Poll of 1,003 North Americans in October 2006. An analysis of participants' recognition preferences identified six distinct reward profiles, along with some of the more common characteristics of people that were most likely to fall within each 'reward' segment.

Reward Profiles

Awards Seekers (22% of the general population, rounded to the nearest whole number): *Awards Seekers* want incentives that have both monetary and trophy value. These individuals are highly motivated by gift cards and travel awards. *Awards Seekers* also place higher value than most others on status awards. They are far less motivated by things that might take time away from their normal routines such as the opportunity to mentor other employees, the opportunity to work with people outside their own area, or the opportunity to take on particularly challenging new projects.

Awards Seekers were disproportionately female (58%) and younger than other segments, with higher proportions of those in the lower age categories (e.g., less than 25 years; 25-34 years).

Nesters (20%): This group was defined by what they found de-motivating as much as anything else. *Nesters* were turned off by incentives that took them away from home. Travel awards and the opportunity to attend conferences were least appealing to this group. *Nesters* were far more likely to enjoy days off, flexible scheduling, and a reward of a meal with their family than those in the other segments.

A slightly higher percentage of males fell into this category (54%). *Nesters* also tended to be older (45+). Levels of job satisfaction and commitment were not particularly high with this group. They want to go home after a hard day of work and enjoy their families. Achieving a good balance between work and personal life is especially important to them.

Bottom Liners (19%): In many ways, *Bottom Liners* resemble *Awards Seekers* in that they are extrinsically motivated. The difference between the two is that *Bottom Liners* have less concern about trophy or award value and are really only concerned about the monetary value of rewards. This group places the highest importance on receiving a cash bonus. They also value awards, such as 'point programs' that they can accumulate. They place very little emphasis on receiving direct praise or recognition in any form.

This group had the highest proportion of females (59%). The group isn't defined as much by age or income as it is by their attitudes toward their jobs and companies. This group had high job dissatisfaction and low long term commitment to their companies. This group also was largely dissatisfied with their companies' recognition efforts. It is likely that, if a company did not attach something of monetary value in their recognition efforts, these efforts would be considered ineffective.

Freedom Yearners (17%): *Freedom Yearners* are less materially motivated, with limited interest in things like gift cards and cumulative award programs. *Freedom Yearners* are best rewarded by giving them flexibility. This includes offering flexible hours, the freedom to choose how to best achieve their goals and the ability to choose interesting and challenging projects. *Freedom Yearners* are intrinsically motivated and work best when simply left alone. Define the outcomes you want them to achieve, but allow them to find their own best path to accomplishing their goals.

Freedom Yearners had a higher proportion of men (55%), were older (55% were over 45 years of age), and had the highest proportion of people making over \$100,000 (22%). *Freedom Yearners* are often people that have already achieved a certain level of financial success and security and are now more focused on doing work that is personally meaningful without an excessive amount of management interference.

Praise Cravers (16%): These individuals value any type of praise more than any other segment. This praise may be given verbally, written, formal or informally given by peers. These people have a higher desire to have their work acknowledged, with or without an accompanying award of monetary value. These people also have the least interest in taking days off or flexible scheduling, suggesting that they achieve a great deal of personal significance from a job well done at work that is recognized accordingly.

Although the *Praise Cravers* segment has a slightly higher percentage of males (54%), there isn't a great deal otherwise to distinguish this segment demographically. It is likely more of a reflection of some personalities to desire a higher degree of affirmation. Among these persons, simple stated recognition of good work will have much greater impact than with most others.

Upward Movers (8%): *Upward Movers* are undoubtedly the most satisfied and committed among all of the employee segments. They are the least interested in cash bonuses, days off and flexible scheduling. These people love their jobs and want to move up within their companies. Among all of the segments, this group places the highest importance on status awards, the opportunity to mentor other employees, and the opportunity to work with people outside their own areas.

Over two-thirds (68%) of this group was male. They are also younger, with 42% being 34 years of age or less. In many cases, these individuals have already achieved higher levels of responsibility within their companies, with two-thirds (66%) indicating that they managed direct reports and 30% describing themselves as an 'executive' at their companies. Interestingly, twenty percent (20%) never worked anywhere else prior to joining their present companies. In short, these persons found a company that was a good fit and have enthusiastically committed themselves to making the company successful.

Conclusions

The results of this study identify the differences that exist within workforces with regard to reward, recognition and incentive practices. It is easy to imagine the lack of effectiveness if a company were to only offer a simple 'thank you' to a *Bottom Liner*, but that practice would be greatly appreciated by *Praise Cravers*. At the same time, offering flexible scheduling would keep a *Freedom Yearner* more committed to the company than a cash bonus. In many cases, providing the wrong type of recognition might actually achieve the opposite result to what is intended. Inappropriate incentive practices can often facilitate resentment and prove to be de-motivating to employees.

The six segment profiles created from responses in this study represent a broad cross section of full-time employees from a wide variety of industries. While it is easy to envision individuals fitting into these six categories, the proportions represented in this study do not necessarily represent the profiles of any particular company or industry. For example, the majority of employees at a college or university are likely to be *Freedom Yearners*. Manufacturing companies, or other companies where the work may be less intrinsically stimulating, may employ many more *Awards Seekers*, *Bottom Liners* or *Nesters*. In any case, there will always be a certain number of employees within any situation that are motivated by extrinsic rewards such as travel and tangible rewards, as well as those that are intrinsically motivated by things such as the opportunity to learn and grow or the chance to do tasks that are interesting and stimulating.

The most important aspect is that managers recognize who is who. On-line segmentation research such as this, allows managers to identify the 'bucket' in which employees best fit. Rather than recognizing or rewarding employees in the way that managers might think is meaningful, this type of exercise would give managers the advantage of general information about the employees' reward/recognition preferences.

In addition, recognition and incentive programs are more successful when you provide a choice in reward options. Offering the right mix of rewards ensures all segments of your workforce are personally motivated to higher levels of performance. In fact, a past Maritz® Poll found that almost three out of four employees prefer a choice of rewards rather than a pre-selected item.

Previous research has demonstrated that meaningless rewards and recognition is about the same as nothing at all. Since companies make a significant investment in recognition programs, it behooves them to gain as complete understanding of their employee populations as possible to facilitate the best results for their investments. Segmenting employees based on reward/recognition profiling and targeting to specific preferences is a way to make sure that their time, money and effort is wisely spent.

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