

The Role of Longevity Award Programs in a Comprehensive Recognition Strategy

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Longevity awards are still a powerful employee recognition tool, in spite of the culture of uncertainty resulting from such radical change efforts as downsizing and reengineering. Nearly 90 percent of the companies responding to a recent survey said they still offer longevity awards. Only six percent of the respondents have cut or reduced such programs since 1990.

With employee tenure on a downward trend, however, HR professionals are questioning the benefits of longevity awards. As a result, a new recognition model is emerging that focuses less on the awards themselves than on how to make such awards more meaningful to the recipient. In the new model, longevity programs comprise one component of a comprehensive recognition strategy that more effectively addresses the needs of changing organizations.

The purpose of this paper is to examine how companies can measurably increase employees' satisfaction with longevity award programs by integrating these programs with other employee recognition efforts.

Why Longevity Awards Are Still Important

In light of the changing employer-employee contract, employees are encouraged to leverage every activity to add value, to work more productively and flexibly, and to learn continually. Workers are advised not to expect career-long employment, but instead to consider themselves entrepreneurs regardless of who pays them. In fact, the average tenure with a company is less than five years, according to Bureau of Labor Statistics.

In such an environment, one might think that employee longevity is no longer important and that longevity awards are no longer as useful as they were in the past. Just the opposite is true, however, for two primary reasons: Employee longevity is critical to organizational success; and a culture of recognition promotes longer employee tenure.

Employee Longevity Is Critical To Organizational Success

Employee longevity has never been more important. Among the reasons are these:

- Employee longevity is required in order to learn complex tasks. In a knowledge-based economy with increasingly complex markets, products, and services, employees need time to master their responsibilities.
- Employee longevity leads to customer loyalty and higher profits. A summary of studies examining the relationship between employee tenure and customer loyalty of several industries, concludes with this assertion:
 - "...in banking, brokering, and auto service, long-term employees create higher customer loyalty. Even in manufacturing, however, where employees rarely meet customers, long-term employees can produce better products, better value for the consumer, and better customer retention.

A Culture Of Recognition Promotes Longer Employee Tenure

Why reward employee longevity? Generally, organizations reward those activities they consider important. By rewarding employee longevity, organizations communicate the value they place on longevity.

Other reasons to reward longevity are related to the fundamental importance of employee recognition in sustaining an organizational culture that employees find desirable. Note emphasis is on employees. Longevity awards, like other recognition tools, are only effective if they are meaningful to the recipients. Here is the culture-related line of reasoning for longevity:

- Employees are highly interested in corporate culture - even before they are hired. A recent survey asked executives, "Other than base salary and bonuses, what do recent applicants ask about during job interviews today?"

Corporate culture was second only to benefits.

- Positive workplace culture leads to employee loyalty, as expressed in longevity. Recent research describes a complex relationship between workplace culture and employee loyalty, of which longevity is an important element.
- Workers place a high value on a workplace culture in which they feel recognized. A study conducted in 1946, 1981, and 1995, asked 1,000 employees to rank order rewards in terms of value. In more than four decades, the results have changed little. "Full appreciation of work" has stayed at the top of the list, well ahead of pay.

While longevity awards traditionally have not rewarded work quality, the trend now is to consider employees' contributions and make the awards commensurate with performance, i.e., to use these awards as "appreciation for a job well done."

A New Approach To Longevity Awards

Many award program administrators, cognizant of the important role recognition can play in enhancing corporate culture, are taking a fresh look at longevity awards. When evaluating a longevity award program, administrators tend to focus on the awards themselves. The perception is that improving the awards will automatically improve the program.

A more effective approach, however, is to consider the outcomes desired from a longevity award program. In most organizations, these can be expressed in terms of two goals: To increase participants' satisfaction with the organization, and to decrease program costs, including the cost of the awards themselves and the cost of administering the program.

Companies that consider program outcomes when redesigning their longevity award programs are ushering in a new paradigm for employee recognition programs. With this approach, longevity award programs are becoming:

Integrated. Longevity awards are one component of a comprehensive recognition system.

Aligned. All recognition efforts, including longevity award programs, are aligned with performance improvement strategies.

Measurable. Participant satisfaction with recognition efforts is measured regularly to make sure that programs accomplish desired outcomes.

An Integrated Approach

A recent Ernst & Young study found that integrating "employee development or process management practices" was key to achieving measurable success with employee initiatives. In contrast, most corporations operate their longevity award programs as stand-alone initiatives separate from other recognition efforts. Each program requires its own separate award program communications, participant database, and administrator.

Organizations are finding that it makes sense to combine these efforts for several reasons:

- Participant satisfaction is higher, since employees do not have to contend with redundant communications and rules for several programs.
- Costs are lower, both for the award media and the administrative tasks that would otherwise be replicated for several separate programs.
- Employees are able to accumulate award value across programs, allowing them to select the awards they find most desirable.

An Aligned Approach

Longevity awards are one tool in the culture-shaping tool box. When integrated with other employee initiatives such as safety, idea systems, wellness, and others, longevity awareness can help companies align individual performance with organizational goals, moving corporate culture in a positive direction.

A Measurable Approach

Traditionally, longevity awards have simply awarded tenure. The results of such programs are difficult to measure, since low turnover cannot be correlated directly to employee satisfaction with tenure recognition.

The new approach, however, contends that not all employees who remain at a company for five years should be equally rewarded. After all, why should those who have stayed five years and achieved sales goals, participated in quality initiatives, and generated cost-saving ideas, be rewarded identically with employees who have stayed five years but accomplished nothing notable?

By connecting individual performance and participation to longevity, companies can reward employees commensurate with their contributions.

The New Approach Vs. The Traditional Approach

While employee motivation is far more complex than rewards and reinforcement, a single model has been formulated for performance improvement applications. This model expresses contemporary motivation theory, and specifically the work of Marvin D. Dunnette, of the four major processes necessary for motivation: communications, training, measurement and awards. First, a task must be communicated, and employees trained to accomplish it. Results are measured to determine progress toward the goal and overall success of the initiative, and awards are given commensurate with the level of success.

Communications. Traditionally, employees were notified via mail about their impending anniversary date and the opportunity to select a logoed item as an award. Their five-year anniversary might have been the first they heard about the existence of longevity awards. This date typically came and went without any public acknowledgment in the work place. Now, progressive companies are making the most of these opportunities by choosing a communications vehicle that allows awards to be changed frequently if necessary, to meet a diverse and changing work force. Award choices for several initiatives may be combined giving participants an opportunity to accumulate award value for items they truly want. Recognition is given publicly, with mention not only of the person's tenure but also of his or her contributions. Recognition-related communications begin with new hire orientation. Opportunities for recognition, and what they mean in terms of organizational goals and strategies, are commonly communicated.

Training. In the past, a supervisor or award program administrator may have handed employees a service award in passing, with an informal verbal acknowledgment. Now, managers are trained to make the recognition more memorable for the employee by publicly acknowledging the individual's accomplishments in a setting appropriate to the individual. The focus is on the person, not on the award.

Measurement. One administrator traditionally handled service awards, keeping a database separate from other initiatives. Now, however, attention is being given to the efficiency of combining information from several initiatives to cut down program administrative costs. The same database tracks performance and participation in addition to tenure so that employees are awarded according to their accomplishments and/on contributions.

Awards. Corporations used to provide awards bearing the corporate logo as prizes for tenure. While these still may be appropriate, many employees would prefer to receive a utility item - something that is meaningful to them and that they can use - rather than a piece of jewelry engraved with the corporate logo. With this in mind, companies now offer a wide selection of award choices, recognizing that limited options will not suit a diverse audience. Employees receive awards commensurate with their contributions. Furthermore, award selections may be combined with those for other initiatives, giving employees the opportunity to accumulate value across programs. The resulting system is not unlike airline loyalty initiatives, which provide customers a wide variety of opportunities to accumulate travel credits.

Ten Ways To Maximize Longevity Awards For Performance Improvement

Here are ten recommendations organizations can use to leverage a longevity award program, as a key component of a comprehensive recognition system for performance improvement.

1. Focus on the satisfaction of participants. Conduct research to determine current attitudes toward employee recognition programs. This provides a baseline measurement against which to gauge future improvements.
2. Make sure each recognition initiative supports corporate strategies. Corporate alignment is key to bringing about positive changes in corporate culture.
3. Target specific, measurable outcomes. While longevity programs are not generally linked to ROI, comprehensive recognition systems can be linked to specific, measurable corporate strategies.
4. Integrate longevity awards with other employee initiatives. This reduces the administrative burden for managers and the communication overload for employees. By combining award opportunities, organizations can offer more award selections and allow employees to accumulate award value for more meaningful awards.
5. Communicate employee recognition throughout the organization. Use internal publications, meetings, and bulletin boards to broadcast people's accomplishments and contributions.
6. Give managers the tools they need to recognize individuals. Managers typically are not comfortable with their ability to give recognition. With some basic training, they can create memorable recognition presentations.
7. Realize that recognition is part of a larger process. Successful recognition programs involve numerous elements: communications, training, database management, administration (customer service), award selection and fulfillment, and program evaluation, to name a few.
8. Award people commensurate with performance, not based solely on tenure. By doing so, organizations can use longevity awards to drive corporate strategies.
9. Provide a wide selection of tangible awards. Be sure the award selection satisfies the greatest diversity of individuals.
10. Do not wait five years to recognize employees. Begin recognition as soon as employees contribute to the organization. An integrated recognition system makes this easy.

In spite of shorter average job tenures, the importance of longevity awards shows few signs of diminishing. Instead, longevity awards are changing to meet the needs of changing organizations. Longevity award programs remain an important tool for employee recognition. The key is to focus on the satisfaction of award recipients and on supporting corporate strategies, not on the awards themselves.

By integrating longevity award programs with other recognition efforts, organizations can ensure that all the efforts are aligned to accomplish performance improvement strategies. That new approach to employee recognition can play a primary role in sustaining a positive corporate culture, ensuring it is one in which people will want to work for a long time.