Seniority-Based Rewards

Seniority-based rewards (sometimes called “pay for pulse”) represent the largest part of most paychecks. Employees receive either the same wages and benefits, or these financial rewards increase with years of service.

For example, the city of Bellevue, Nebraska, awards employees longevity pay of $420 per year after eight years of service. School administrators in Modesto County, California, receive pay increases based on seniority. Employees in large Japanese firms have historically received pay rates based almost completely on their age, although this system is slowly being replaced with more performance-based pay.

Companies can learn from this example, although, seniority-based rewards tend to attract job applicants with security needs, reduce stress, and sometimes improve loyalty. However, they do not directly motivate job performance; on the contrary, they discourage poor performers from seeking out work better suited to their abilities. Instead, the good performers are lured to better-paying jobs.

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