

Rewarding a Multigenerational Workforce

A Survey of
WorldatWork
Members
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research



Media Contact:

Marcia Rhodes

14040 N. Northsight Blvd.

Scottsdale, Arizona USA

85260-3601

480-304-6885

Toll free: 877-951-9191

Fax: 480-483-8352

Marcia.Rhodes@worldatwork.org

About WorldatWork®**The Total Rewards Association**

WorldatWork (www.worldatwork.org) is a global human resources association focused on compensation, benefits, work-life and integrated total rewards to attract, motivate and retain a talented workforce. Founded in 1955, WorldatWork provides a network of more than 30,000 members and professionals in 75 countries with training, certification, research, conferences and community. It has offices in Scottsdale, Arizona, and Washington, D.C.

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Introduction and Methodology

For the first time, WorldatWork conducted a survey to gather information about how employers are approaching the challenge of rewarding a multigenerational workforce. The goal was to increase understanding about the relationship between reward practices and generational issues, as well as identify best practices for rewarding multigenerational workforces.

Between May and June 2008, surveys were sent electronically to 5,271 WorldatWork members and to a list of 472 individuals who attended workshops related to multigenerational issues during the 2008 WorldatWork Total Rewards Conference. A total of 372 members participated in this survey.

The demographic profile of survey participants was similar to that of the overall WorldatWork membership. A typical WorldatWork member has at least five years of experience in human resources or compensation and is employed at the manager/assistant director level and above in the headquarters of a large company in North America. Respondent demographics are shown in Figures 12, 13 and 14 on page 13.

This report is divided into four main sections: 1) Introduction & Methodology, 2) Summary of Key Findings 3) Detailed Survey Results and 4) Demographics.

Summary of Key Findings

In today's world, "one size does not fit all" increasingly is becoming the mantra as companies learn to manage the varying needs, preferences and desires of different workforce segments. Although generational diversity has received abundant media attention recently, the majority of survey respondents indicated that increasing awareness of the issue has not led to a significant change in the design of total rewards programs. This raises the opportunity and challenge for companies to proactively consider multigenerational differences within their workforce, as well as in relevant labor markets, in the design, implementation and/or communication of total rewards programs.

According to the results of this survey, 56 percent of organizations do not even consider generational differences when designing total rewards programs. This implies that organizations may not realize the importance of evaluating the needs of each generation uniquely and rewarding them accordingly. (See Figure 2 on page 6.) Findings also show that 80 percent of surveyed organizations do not have an organizationwide formal or informal strategy in place. (See Figure 3 on page 6.) Considering today's workforce blend and its accompanying challenges, this likely will change in the near future as companies encounter the need to establish a strategy that meets the diverse needs of a multigenerational workforce. But for now, these figures reflect a general lack of concern among employers, as well as reveal that generational differences are not at the top of practitioners' minds — and perhaps are not even on their radar screens.

This survey suggests that, at best, there is an awareness of differing generational needs among total rewards professionals. Practical application may be limited by the tendency to be reactive to individual situations that arise in the workplace or a mere feeling that this issue is too large to digest. Case-in-point: Only one percent of responding organizations have a formal strategy in place to address employee needs by generation or career/life cycle.

In organizations in which consideration of generational needs is more common, there is a logical connection between existing total rewards programs and general knowledge about different generations or age groups. For example, the phased retirement program is most utilized by baby boomers and the silent generations, while flexible work arrangements are used most by generation Y. This is consistent with common perceptions of those groups, assuming phased retirement would be most effective for the older generations while younger generations would be more motivated by flexibility. One surprising finding is that less than 50 percent of baby boomers utilize flexible work arrangements. Given that they are considered the "sandwich" generation and often have both child care and elder care responsibilities, it seems there would be greater use of flexibility options.

With the generational consideration given when designing and implementing total rewards programs — or lack thereof — there appears to have been some age-based considerations at a minimum, and quite possibly consideration of benefit costs associated with older generations. However, the purpose of these programs is, in most cases, not solely associated with the generational makeup of the organization. (See Figures 4, 5 and 6 beginning on page 7.)

Of the programs included in the survey, organizations view recognition programs (85 percent) and wellness programs (80 percent) as having the greatest usage by all generations, likely because they are programs that meet cross-generational needs. Organizations are competing for talent in a tough economic environment using inexpensive but effective programs, such as those that increase productivity and provide a viable means to manage health care costs.

As evidenced by this survey, most programs were not put in place to address the needs of a specific workforce segment. Phased retirement is somewhat unique, in that it evolved from a concern that the workforce would suddenly shrink as a large number of middle-aged employees

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met retirement age. Most total rewards programs used to attract and retain talent do not have a specific tie to a given generation as phased retirement does. Companies are attempting to proactively engage baby boomers and provide a work arrangement that allows the employee to experience many of the benefits of retirement while the employer preserves that worker's knowledge and experience. In addition, legislation such as the Pension Protection Act has enabled more companies to effectively establish such programs.

Overall, the practical application of total rewards programs shows that most of the effort invested in attracting, motivating and retaining talent is spread equally across all generations. (See Figures 7, 8 and 9 beginning on page 9.) Only 12 percent of companies say this is a top issue for practitioners right now, but about half believe this issue will warrant more attention in one to five years. Time will tell, but it's certainly not a top concern now.

Detailed Survey Results

Figure 1: Generations Represented in Workforce

Please indicate which of the following generations are currently represented in your workforce.

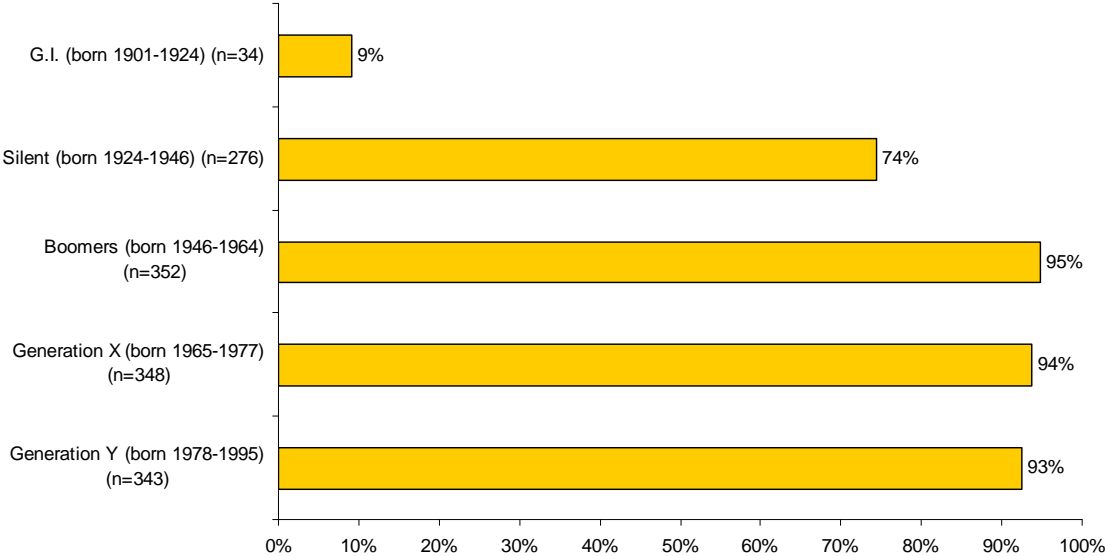
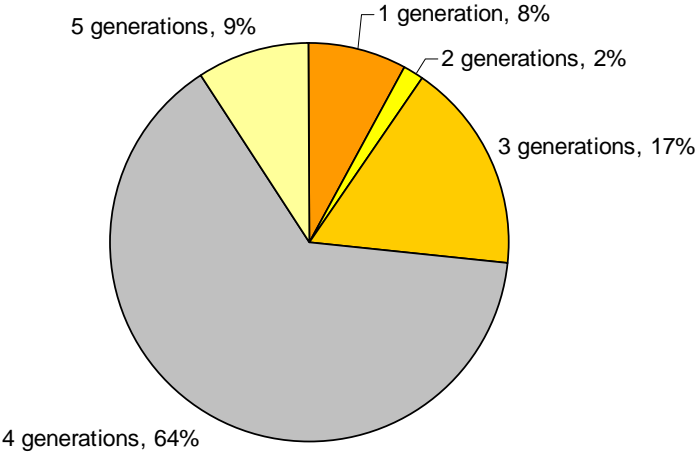


Figure 1a: Number of Generations in Responding Companies (n=371)



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Figure 2: Generational Differences as Total Rewards Program Design Factor

Does your organization typically view generational differences in the workforce as an important factor when designing total rewards programs and plans? (n=370)

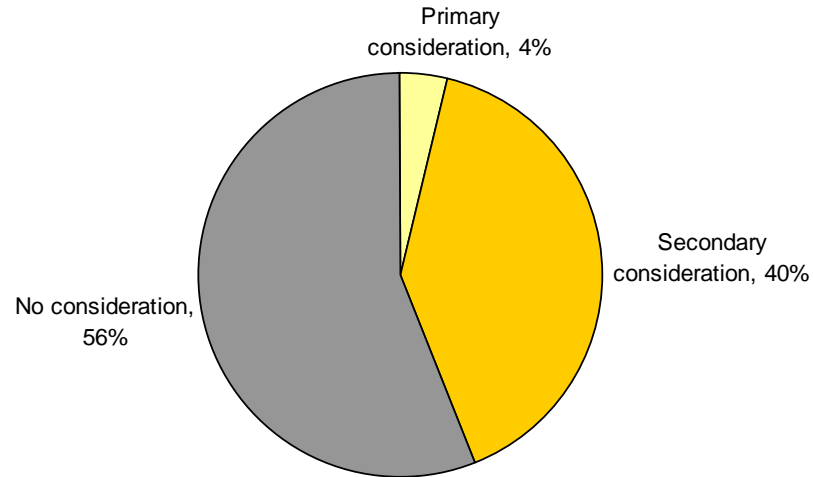
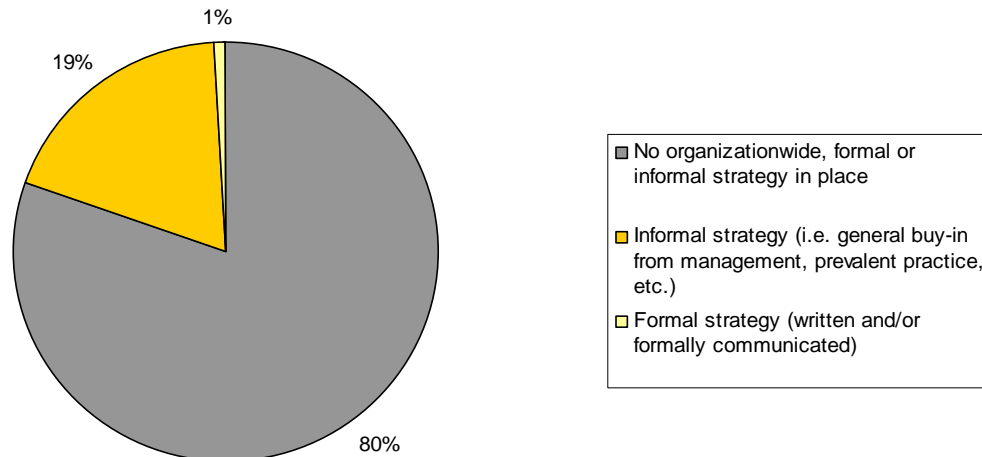


Figure 3: Multigenerational Rewards Strategy

Does your company have an organizationwide strategy that specifically calls for consideration of a multigenerational workforce when designing, administering and/or communicating total rewards programs? (n=298)



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Figure 4: Program Prevalence

Percent of companies that offer this program.

Recognition Programs (n=365)	85%
Paid Time Off (n=365)	80%
Wellness Initiatives (n=362)	79%
Flexible Work Arrangements (n=361)	76%
Career Ladders and Pathways (n=357)	58%
Community Volunteer Programs (n=361)	55%
Financial Planning Services and Education (n=361)	55%
Diversity/ Inclusion Initiatives (n=357)	52%
Access to Information Networks (n=348)	48%
College/Scholarship Information (n=360)	45%
Mentoring Programs (n=358)	41%
Phased Retirement (n=361)	21%
Work Redesign (n=350)	16%
On/off ramps through career lifecycle (n=355)	6%
Other (n=96)	8%

Figure 5: Generational Consideration, by Program

If you know, was this program put in place ...

	...to specifically address a generational need?	...with consideration of generational needs?	...without consideration of generational needs?
Phased Retirement (n=56)	20%	32%	48%
Paid Time Off (n=200)	2%	12%	87%
Flexible Work Arrangements (n=191)	7%	36%	58%
Community Volunteer Programs (n=129)	3%	14%	83%
Wellness Initiatives (n=210)	0%	35%	64%
On/off ramps through career lifecycle (n=12)	8%	67%	25%
College/Scholarship Information (n=103)	5%	23%	72%
Financial Planning Services and Education (n=142)	9%	45%	46%
Work Redesign (n=37)	8%	49%	43%
Diversity/ Inclusion Initiatives (n=121)	8%	35%	57%
Recognition Programs (n=224)	3%	16%	82%
Access to Information Networks (n=105)	5%	24%	71%
Mentoring Programs (n=99)	8%	44%	47%
Career Ladders and Pathways (n=147)	5%	33%	61%

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Figure 6: Program Utilization, by Generation

Which generation uses this program the most at this time? (Respondents were able to choose more than one generation.)

	Gen Y (born 1978-1995)	Gen X (born 1965-1977)	Baby Boomers (born 1946-1964)	Silent (born 1924-1946)
Phased Retirement (n=73)	3%	4%	70%	59%
Paid Time Off (n=183)	71%	80%	72%	34%
Flexible Work Arrangements (n=193)	56%	81%	47%	12%
Community Volunteer Programs (n=120)	58%	81%	73%	28%
Wellness Initiatives (n=184)	52%	76%	78%	26%
On/off ramps through career lifecycle (n=16)	50%	75%	69%	13%
College/Scholarship Information* (n=106)	62%	62%	48%	11%
Financial Planning Services and Education (n=134)	31%	52%	88%	31%
Work Redesign (n=32)	50%	66%	59%	34%
Diversity/ Inclusion Initiatives (n=94)	67%	81%	64%	33%
Recognition Programs (n=484)	64%	78%	78%	35%
Access to Information Networks (n=103)	76%	83%	65%	25%
Mentoring Programs (n=96)	75%	72%	35%	13%
Career Ladders and Pathways (n=125)	73%	86%	45%	14%

*Due to the ambiguity of this answer option, it could have been interpreted as tuition reimbursement or educational programs.

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Figure 7: Attraction/Recruitment Effort, by Generation

Which of the following generations is your organization currently spending the most effort and resources to attract and/or recruit? (n=360)

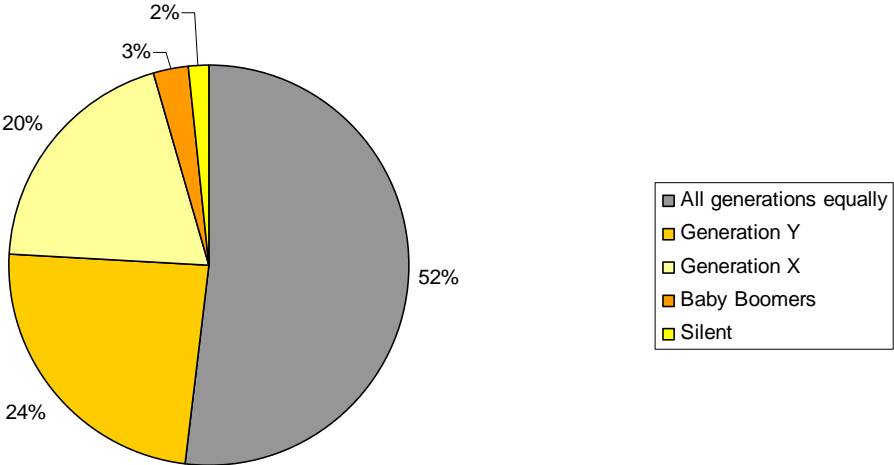
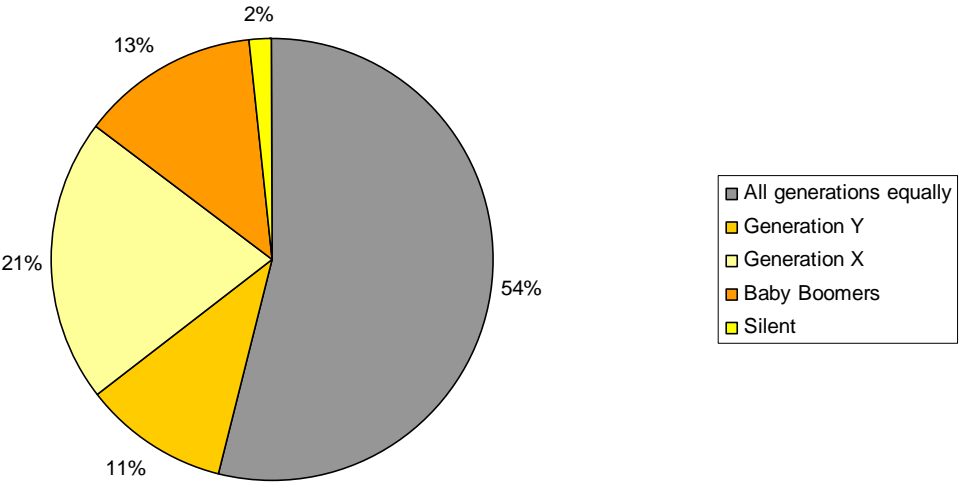


Figure 8: Retention Effort, by Generation

Which of the following generations is your organization currently spending the most effort and resources to retain in your workforce? (n=363)



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Figure 9: Motivation Effort, by Generation

Which of the following generations is your organization currently spending the most effort and resources to keep motivated in their work? (n=364)

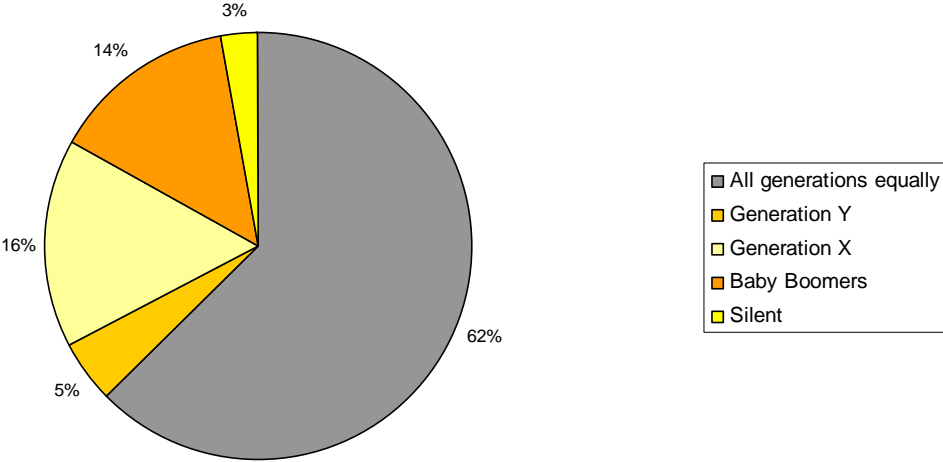
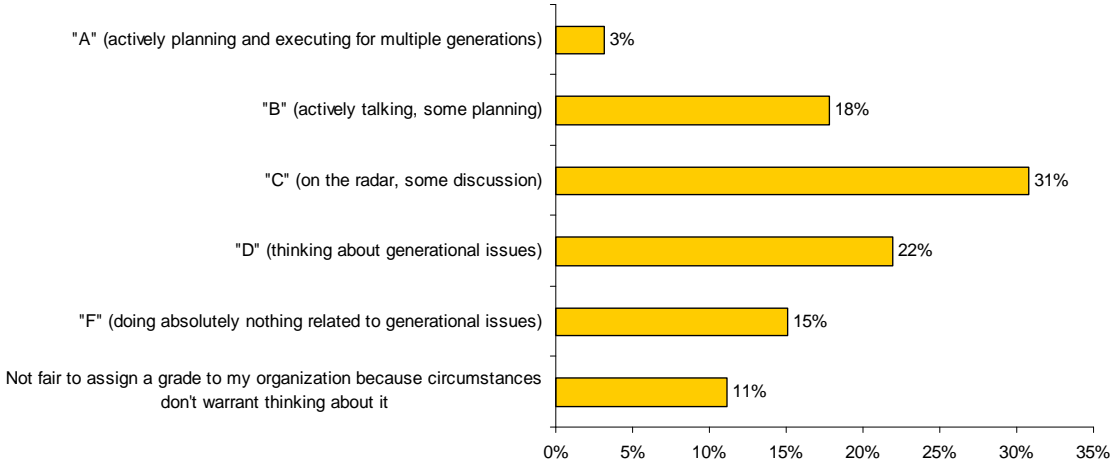


Figure 10: Self-Assignment of Letter Grade in Addressing Multigenerational Rewards

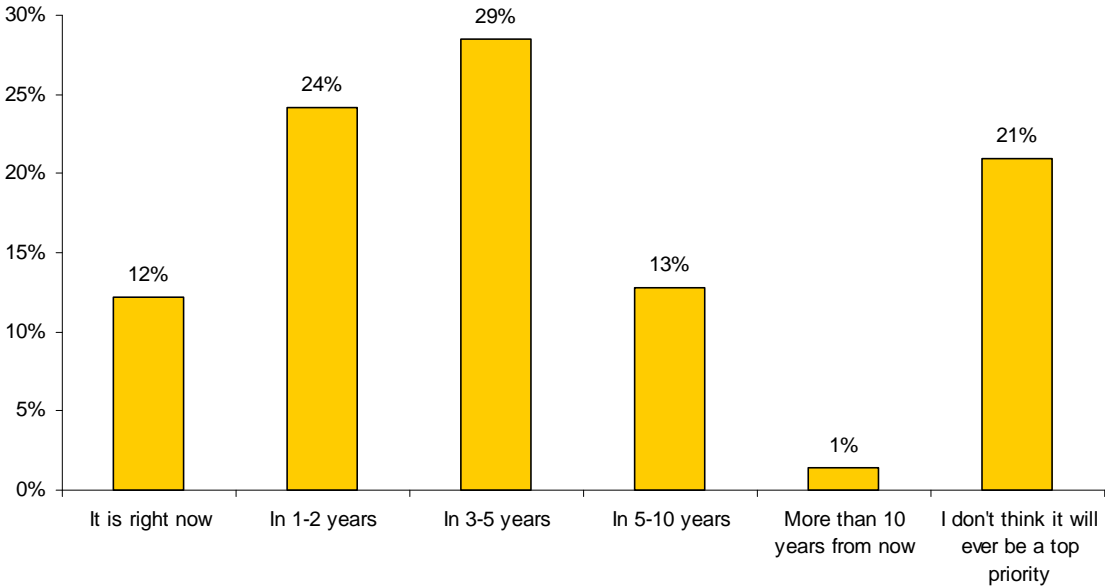
Please assign a letter grade to your organization for how it is currently addressing the issue of rewarding a multigenerational workforce. (n=370)



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Figure 11: When This Issue Will Become a Priority

When do you think the issue of rewarding multiple generations in the workforce will become a top rewards issue for your organization? (n=368)



Demographics

Figure 12: Industry Demographics (n=171)

Finance & Insurance	12%
Healthcare & Social Assistance	11%
Manufacturing	8%
Professional, Scientific & Technical Services	8%
Utilities	8%
Information	6%
Other Services (except Public Administration)	6%
Educational Services	5%
Public Administration	4%
All Manufacturing	3%
Retail Trade	2%
Transportation & Warehousing	2%
Accommodations & Food Services	2%
Computer and Electronic Manufacturing	1%
Arts, Entertainment & Recreation	1%
Agriculture, Forestry, Fishing & Hunting	1%
Wholesale Trade	1%
Real Estate & Rental & Leasing	1%
Management of Companies & Enterprises	1%
Construction	1%
Other	17%

Figure 13: Organization Size Demographics (n=171)

Less than 100 employees	5%
100-499	9%
500 - 999	9%
1,000 - 2,499	17%
2,500 - 4,999	15%
5,000 - 9,999	21%
10,000 - 19,999	6%
20,000 or more	18%

Figure 14: Responsibility Level of Participant Demographics (n=176)

Executive/Officer/Top Level	9%
Senior Level	42%
Mid Level	45%
Emerging Level	3%
Consultant	2%