

WorldatWork Research

Beyond Compensation

How Employees Prioritize Total Rewards at Various Life Stages



To fulfill its mission, WorldatWork periodically sponsors research on total rewards topics. This study was funded by a competitive grant process. [Go online](#) for more information about research grants.

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April 2010
Published by WorldatWork

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Table of Contents

4		Executive Summary
6		Project Rationale: Why This Project? Why Now?
7		Key Findings
12		Bivariate Results
14		Case Studies
18		Appendix I Methodology
21		Appendix II Terms Used in This Report
22		Appendix III References
23		Appendix IV Resources for Further Learning
24		About the Authors

Executive Summary

“I’d like the pie heated and I don’t want the ice cream on top, I want it on the side, and I’d like strawberry instead of vanilla if you have it; if not, then no ice cream, just whipped cream, but only if it’s real; if it’s out of the can then nothing.”

— Sally Albright, *When Harry Met Sally*

For years, consumers have been able to customize their food and beverage orders. A well-known fast-food chain encourages patrons to “have it your way.” We customize our kitchens, closets and hair color. There’s even a market for designer pets; buyers can cross-breed to suit their allergies and aesthetic preferences.

But when it comes to work, employees have a limited menu of options with limited flexibility among and between those options. Typically, if an employee wants a different “deal” at work — perhaps more time with their families and less responsibility and compensation — they have two options: try to negotiate a special arrangement or look for a different employer.

The lack of broad flexibility in negotiating a total rewards package has several implications:

- Managers who are willing to customize an employee’s rewards arrangement must invest additional time and energy to understand, design, negotiate and monitor the arrangement. This usually is in addition to a manager’s “day job.” What’s more, the accommodating manager often must serve as liaison between the requesting employee and the HR department or CFO who often has final approval. For these reasons, negotiating custom rewards arrangements for employees is unpopular with some managers.
- Executives and certain “high potential” employees commonly receive customized rewards arrangements. If known or suspected by a broader base

of employees, these arrangements may cause rancor, resentment or loss of productivity among employees who aren’t deemed “eligible” for a customized package.

- Employees may perceive that their organizations are inflexible or unwilling to work with employees on customized rewards arrangements simply because they’re uncommon or not well known. The employee then decides that it would be easier to find a new workplace where customized rewards are more common, rather than approach his/her current employer with an unpopular request.

Yet, offering more fluid, customized rewards arrangements seems inevitable. Today’s workforce is more global, celebrates greater diversity and employs more knowledge workers than ever before. As WorldatWork concluded in 2007:

With an increasingly diverse workforce, no single reward element will be a value driver. Job enrichment, flexibility and career development will be valued above job security and stability. There will be increased importance of the value proposition for individual workers. . . . The traditional career path will be a thing of the past—there will be many opportunities for workers beyond affiliating themselves with one organization. (Kelley, Moore and Holloway, 2007)

Outside of work, things have changed, too: Only 17% of households now have a husband in the workforce and a wife who is not, down from 63% when the first Baby Boomers were not even in kindergarten. (Benko and Weisberg, 2007) In the words of Benko and Weisberg, “The workforce has changed, while the workplace has not.”

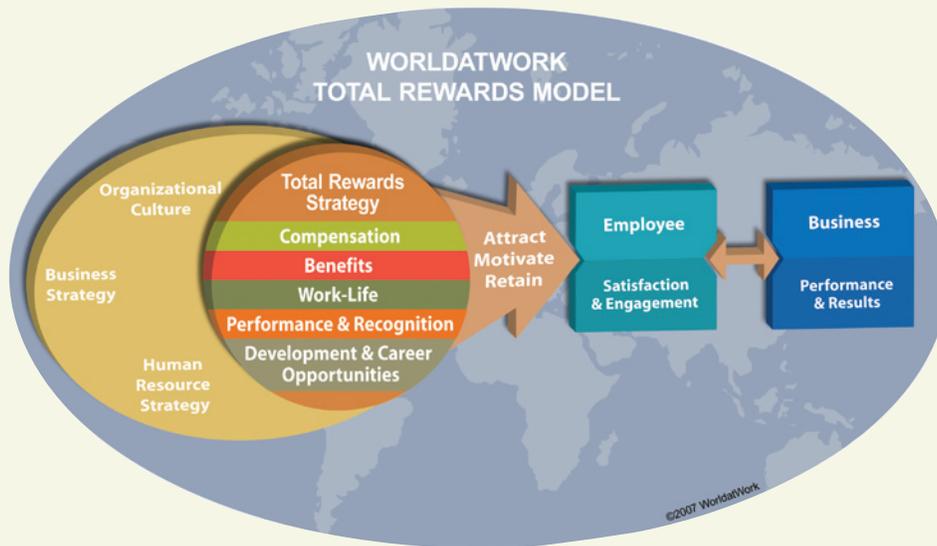
In 2008-2009, Next Generation Consulting (NGC) teamed with WorldatWork to study how employees at different life stages prioritize their rewards. (Note that “rewards” refers to all five elements of the **WorldatWork Total Rewards Model** (see **Figure 1**). We hypothesized that the relative importance of the five total rewards elements (compensation, benefits, work-life, performance and recognition, and development and career opportunities) is based on

life stage, including age, work experience, parental status and other demographic variables.

The implication is that compensation professionals, HR practitioners and managers who understand their employees’ life stages and rewards priorities can begin to fashion a more relevant and meaningful total rewards package, thereby increasing their odds of retaining employees and driving down turnover and replacement costs.

In December 2008, we completed a phone and Web survey of professionals that culminated in 678 responses. Survey questions centered around the total rewards model, including prioritization of the total rewards elements, work experience, professional goals and demographic questions. More details on methodology appear in **Appendix I**. ■

FIGURE 1: WorldatWork Total Rewards Model



Project Rationale:

Why This Project? Why Now?

In 1998, the dot-com heyday, NGC began studying 20- to 40-year-old employees — and the workplaces that attract and keep them. In 2001, after the dot-com collapse and the ensuing pink-slip parties, we wondered, “What makes a truly great place to work? One that can attract and keep talent for the long haul?”

We started conducting our own primary research about what makes employees happy and productive at work. Our original research looked at employees through a single lens: age. Specifically, we studied two cohorts: those under age 40 and those over age 40. These groups include four generations of workers in contemporary society: Generation Xers and Millennials (under 40) and Traditionalists and Baby Boomers (over 40).

Today there are hundreds of articles, books and resources outlining how the four generations prioritize various components of the total rewards model. Yet generational variables often fall short when trying to harness the dynamic makeup of the emerging workforce.

Understanding employees’ generational context is not enough to create dynamic and engaging work arrangements that turn on talent and bring out the best in each employee. A more nuanced approach is needed, one that considers the complex mosaic of employees’ needs and their life stages — which encompasses not only generation, but also age, family status and experience — both at home and at work.

In the near future, an organization’s ability to attract, motivate and retain will emerge as the primary indicator of fiscal performance and survival. To that end, given the diverse workforce, organizations will be offering more variety in rewards as they try to access the best and brightest in a seller’s market. ... For a diverse global workforce, no single reward element will be a value driver. There will be increased importance on the value proposition for individuals. (Kelley, Moore and Holloway, 2007)

The notion of individually tailored value propositions may cause the heads of total rewards professionals to spin. And it should. The commitment and administrative horsepower required to offer each employee his/her own customized career proposition is mind-boggling. Yet, it appears the time is coming.

Deloitte broke ground on this issue with the 2007 release of Mass Career Customization (MCC). (Benko and Weisberg) A thorough reading of their thesis — that work must change to respond to changes in the workforce — is spot-on. However, Benko and Weisberg take an employer-centered — almost transactional — approach to the solution. The MCC framework suggests that career customization can be based on four factors:

- Pace
- Workload
- Location/schedule
- Role.

This four-part framework does an adequate job of solving one part of the equation: how an employee can contribute to the organization. But it leaves room for an additional factor: how the employee would prefer to be rewarded for his/her contribution. This is the central question of this research.

To us, employee engagement is not something that is “done” to employees by employers. True employee engagement is centered on an interactive discussion between employer and employee, where a fair exchange of work for rewards — all kinds of rewards — is made. Many businesses are faced with a win-win opportunity to get more bang for their rewards bucks by enabling employees to have a say in the mix of rewards that is best for them, based on their personal and professional life stages. ■

Key Findings

With a survey sample of 678 responses, we compared total rewards prioritization across several categories related to life stage and other social statuses. (See “Categories Related to Life Stage, Social Statuses.”) These variables were combined in several ways to assess their effect on rewards prioritization via regression analysis and means comparisons. Three “life-stage profiles” emerged as most significant in terms of their effect on rewards prioritization. Additionally, several individual components of life stage were significantly linked to rewards prioritization. These **bivariate findings** are discussed later in this report.

CATEGORIES RELATED TO LIFE STAGE, SOCIAL STATUSES

- Age
- Years of experience in current field
- Years of experience in organization
- Number and age of children
- Number and age of adult dependents
- Marital status
- Supervisor status
- Employment status of spouse/partner
- Gender
- Race/ethnicity
- Income

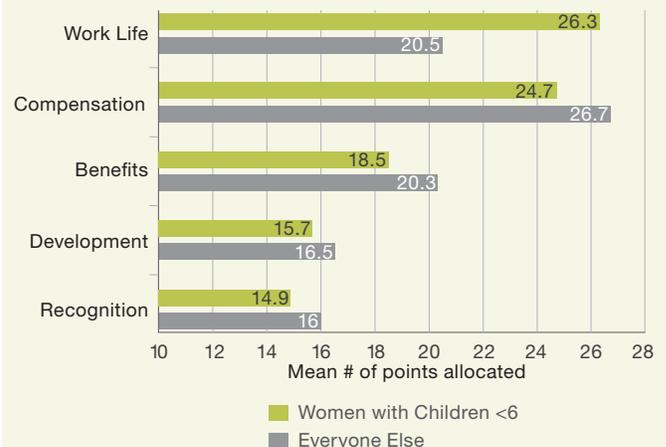
Life-Stage Profiles

Profile 1: Women with Children Under the Age of 6 (N=38)

Looking at the entire sample of 678 full-time employees, the majority prioritized “compensation” as most important. Respondents were asked to allocate 100 points to the five total rewards elements based on their relative importance. On average, respondents gave 26.7 points to compensation, followed by work-life at 20.5 points and benefits at 20.3 points. (See Figure 2.) However, not all groups put compensation first.

Women with children who are all under the age of 6 placed “work-life” first as their total rewards prioritization. These women gave an average of 26.3 points to work-life, compared to 20.5 points for everyone else (significant at $p=0.002$).

FIGURE 2: Total Rewards Prioritization: Women with Young Children



A Closer Look at This Profile

There were 38 women in the sample with children who were all under the age of 6. All of these women reported working full-time. In addition, these women reported:

- Working an average of 48 hours per week (but would prefer to work an average of 40 hours per week)
- Having an average of nine years of experience in their field, and six years at their organizations
- Having an average age of 33
- Having two children (median)
- Being very well educated; 53% being college graduates and 32% having a post-graduate degree
- Being married or living with a partner (90%), most of whom also work full-time (94%)
- Earning a median individual income of \$62,500 (before taxes).

Are They Finding the Work-Life Balance They're Looking For?

Looking at their profile, these mothers with young children are very valuable to employers. They bring experience, education and hard work to their jobs. They also are conducting a balancing act, trying to manage work and family, especially given that their children are not yet in school full-time (many 5-year-olds will be in half-day kindergarten). So, while these women are working an average of 48 hours per week, they must find child-care arrangements for their children. Flexibility is a must.

Are They Finding the Flexibility They Need at Their Organizations?

All respondents were asked to rate their level of agreement with three statements about work-life at their current organizations:

- My manager or supervisor actively promotes a healthy work-life balance at my organization.
- Flexible work arrangements (e.g., telework, reduced workload, compressed work weeks) are available at my organization.
- My job gives me flexibility to meet the needs of both my professional and personal life.

Figure 3 shows how the 38 women with children under the age of 6 responded compared to their counterparts (men with children younger than 6).

As exhibited, neither men nor women with young children showed high levels of agreement with regard to work-life at their organizations (a “high-level of agreement” is categorized as 80% agreement or above). Compared to men, women with young children perceived that their managers were better at promoting work-life balance. However, in terms of offering flexible work arrangements, less than half of women in this profile (47%) reported feeling that they had access to arrangements like telework or compressed work weeks, compared to 56% of men. Additionally, 50% of women with young children reported feeling that their job gave them the flexibility they need to balance their professional and personal lives, compared to 66% of men.

These results are telling: Women with young children — who value work-life more than any other life stage group — were dissatisfied with the level of flexibility at their workplaces and are therefore “at risk” for leaving.

How can employers retain this valuable set of employees? See the “Case Studies” section.

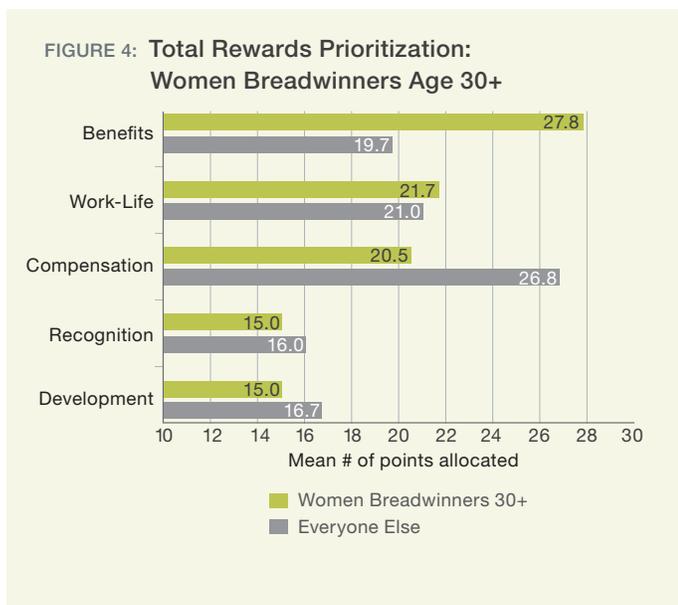
FIGURE 3: Level of Agreement with Work-Life Statements: Women and Men with Children Under the Age of 6

Work-Life Statements	Women with Young Children (N=38)	Men with Young Children (N=32)
My manager or supervisor actively promotes a healthy work-life balance at my organization.	66% Agree	56% Agree
Flexible work arrangements (e.g., telework, reduced workload, compressed work weeks) are available at my organization.	47% Agree	56% Agree
My job gives me flexibility to meet the needs of both my professional and personal life.	50% Agree	66% Agree

Profile 2: Experienced Women (Age 30+) Who Are the Breadwinners in Their Households (N=31)

Full-time female employees whose partners do not work full-time (30 hours or more) (i.e., women breadwinners) have a unique set of needs when it comes to their workplace. In terms of total rewards, they placed “benefits” ahead of other rewards, followed by “work-life” and “compensation.” This trend is particularly significant for female breadwinners who are 30 or older. (See Figure 4.)

Women in their 30s and 40s who are the primary breadwinners gave an average of 27.8 points to “benefits,” compared to only 19.7 points for everyone else (significant at $p=0.0001$). Not only is the difference significant, but also large — a discrepancy of more than eight points.



A Closer Look at This Profile

There were 31 women in the sample who were 30 or older and whose partners did not work full time. All of these women reported being employed full time. In addition, they reported:

- Working an average of 47 hours per week (but would prefer to work an average of 37 hours per week)
- Having an average of 17 years of experience in their field and 12 years of experience at their organizations
- Having an average age of 47

- Having no children or dependents
- Having a college degree or higher; 39% being college graduates and 23% having a post-graduate degree
- Earning a median individual income of \$45,000 (before taxes).

Are They Happy with the Benefits They're Receiving?

This set of employees brings experience and commitment to their employers, averaging 17 years of experience in their field and 12 years at their organization. They are older and most do not have the responsibility of caring for children or dependents (58% do not have children, 74% do not have dependents). Yet, they do have the responsibility of “bringing home the bacon,” as their partners do not work full-time. Because their partners are unlikely to be eligible for benefits at their jobs — either because they do not work at all or only work part-time — these women see benefits as critical to their total rewards package.

How Satisfied Are They with the Benefits They Receive at Their Organizations?

Respondents rated their level of agreement with three statements regarding benefits:

- I have access to high-quality health insurance from my employer.
- I receive a satisfactory amount of paid time off (e.g., vacation, personal days, sick days).
- I have access to good retirement benefits through my company.

Figure 5 shows the level of agreement with these statements for female breadwinners who are 30-plus compared to women 30-plus who are not the sole breadwinners in their households. Figure 5 also shows that, generally, women were not entirely satisfied with the benefits they receive, yet breadwinner women were particularly dissatisfied. Women responsible for providing benefits for both themselves and their partners were looking for more from their companies. They reported being most dissatisfied with retirement and health insurance benefits, with agreement levels well below 40%. (As a side note, men who were the sole breadwinners also carried this weight, and indicated low levels of agreement with the benefits statements — less than 40% for all three statements).

The message is clear: To retain these experienced

FIGURE 5: Level of Agreement with Benefits Statements: Breadwinner and Nonbreadwinner Women, Ages 30 and Older

Benefits Statements	Breadwinner Women Ages 30+ (N=31)	Non-Breadwinner Women Ages 30+ (N=169)
I have access to high-quality health insurance from my employer.	36% Agree	49% Agree
I receive a satisfactory amount of paid time off (e.g., vacation, personal days, sick days).	42% Agree	48% Agree
I have access to good retirement benefits through my company.	29% Agree	46% Agree

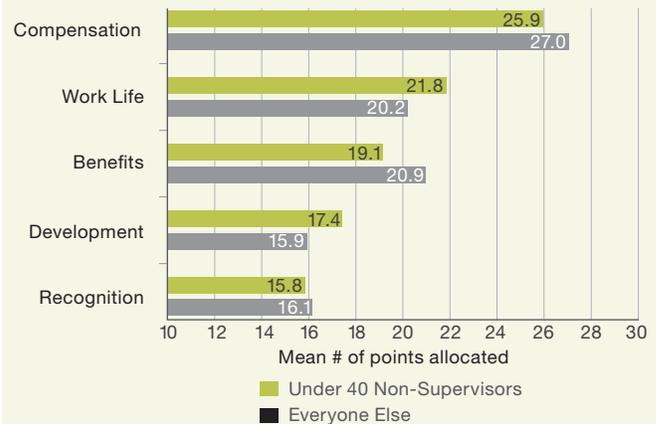
women, employers should consider renegotiating their benefits packages, perhaps in exchange for a slightly lower salary. Remember: Women breadwinners ranked compensation third, behind benefits and work-life. For more ideas, see the “[Case Studies](#)” section.

Profile 3: Employees Under 40 Who Are Not Supervisors (N=250)

As age increases — as well as years of experience — the importance placed on development decreases (significant at $p=0.008$). When supervisor status is added to the picture, this trend is magnified: Younger employees — especially those who are not supervisors — place significantly more importance on development than older employees. (See [Figure 6](#).)

To be more specific, employees under 40 who are not supervisors gave an average of 17.4 points to “development” compared to 15.9 points for everyone else ($p=0.074$). Although this may not seem like a large difference, it is significant and telling. Development is ranked last for almost all employees except for these younger employees, who rank it fourth.

FIGURE 6: Total Rewards Prioritization: Employees Under 40 Who Are Not Supervisors



A Closer Look at This Profile

There are 250 employees in the sample who are under the age of 40 and are not supervisors. In addition, they:

- Work an average of 47 hours per week (but would prefer to work an average of 40 hours per week)
- Have an average of six years' experience in their field and four years' experience at their organizations
- Have an average age of 30
- Are married or living with a partner (65%)
- Have no children (65%) or dependents (94%)
- Are very well educated; 63% are college graduates and 23% have a post-graduate degree
- Earn a median individual income of \$45,000 (before taxes).

Are These Employees Getting the Development Opportunities They're Looking For?

Secondary research confirms the data presented here: Development is a must for young employees who desire opportunities to learn and grow. In 2007 and 2008, PricewaterhouseCoopers conducted a survey of more than 4,000 recent university graduates. It found that training and development is the most highly valued employee benefit for this group, with three times the number of respondents voting it No. 1 compared to cash or compensation. (PricewaterhouseCoopers, 2008)

Although development was ranked fourth by employees under the age of 40 in this survey, it is nevertheless more important for younger employees — especially those who do not yet have supervisory or management responsibilities. These employees may be looking for opportunities to learn and grow precisely because they hope to become supervisors and managers later in their careers.

Are They Finding These Opportunities at Their Organizations?

Respondents were asked to rate their level of agreement with four statements surrounding development:

- In the last six months, I have talked to a supervisor or mentor about my career development.
- I am provided with the training and support I need to excel in my career.
- I have the opportunity to assume leadership roles on projects and/or in my work group.
- In my organization, I am encouraged to learn and develop new skills.

The news is good for this group: It reports higher levels of agreement with the development statements than other groups. **Figure 7** compares their agreement levels with their “opposites”: employees 40 and older who are supervisors. As the figure shows, it is actually older supervisors who have a negative perception of development opportunities. Younger employees (under age 40) who are not supervisors are relatively happy with the development opportunities they receive, with fairly high levels of agreement (60% or more).

The moral of this story is that we know that younger employees value development opportunities more than older employees, which perhaps makes them more likely to seek out opportunities to learn and grow.

FIGURE 7: Level of Agreement with Development Statements: Under 40 Nonsupervisors and 40-Plus Supervisors

Development Statements	Under 40 Nonsupervisors (N=250)	40-Plus Supervisors (N=169)
In the last six months, I have talked to a supervisor or mentor about my career development.	68% Agree	29% Agree
I am provided with the training and support I need to excel in my career.	60% Agree	21% Agree
I have the opportunity to assume leadership roles on projects and/or in my work group.	70% Agree	18% Agree
In my organization, I am encouraged to learn and develop new skills.	68% Agree	17% Agree

This could contribute to their relative satisfaction with development opportunities.

Conversely, some employers might assume that their older employees — especially those in supervisory positions — are “done” with their learning and growth, and may be less likely to encourage development opportunities. In turn, these employees aren’t exposed to the same development opportunities as younger employees. ■

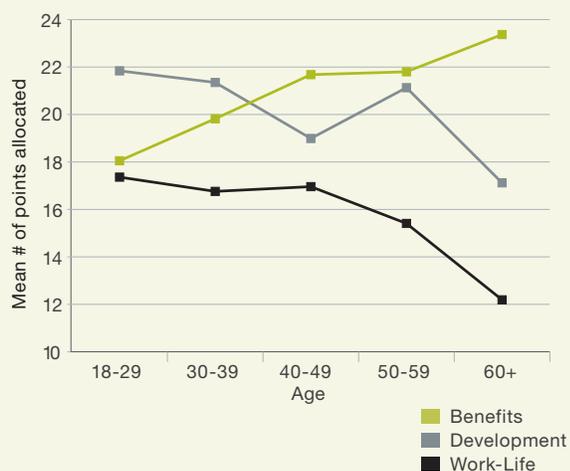
Bivariate Results

In addition to the life stages listed in the last section, several individual life-stage variables were significantly related to total rewards prioritization. These bivariate relationships were analyzed using linear regression. Only significant relationships are listed (p -value of less than 0.05).

Older Employees Value Benefits More; Younger Employees Value Work-Life, Development More

Younger employees value development and work-life more than older employees, and older employees value benefits more than younger employees. The results found that, as age increases, the importance of benefits increases ($p=0.0001$) and the importance of development ($p=0.008$) and work-life ($p=0.022$) decrease. (See Figure 8.)

FIGURE 8: Total Rewards and Age



More Experienced Workers Value Benefits More; Less Experienced Workers Value Work-Life and Development More

Age and years of experience are highly correlated (i.e., older workers tend to have more experience), so the results around years of experience are very similar to age: As years of experience increased, the importance of benefits increased ($p=0.041$) while the importance of work-life ($p=0.014$) and development ($p=0.049$) decreased.

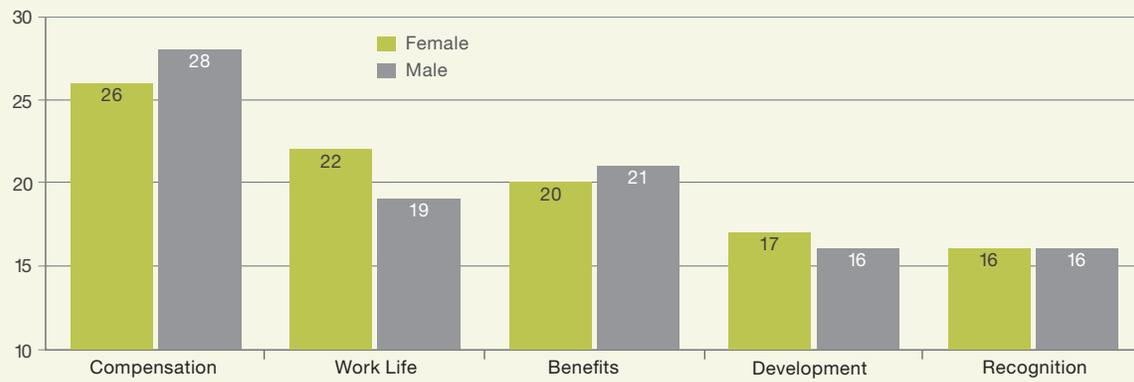
Men Favor Money; Women Favor Balance

Men gave significantly more points to compensation than women ($p=0.062$). Specifically, men gave an average of 2.2 more points to compensation than women. Conversely, women gave significantly more points to work-life than men ($p=0.001$). Specifically, women gave an average of 3.2 more points to work-life than men. (See Figure 9.)

Work-Life Is Significantly More Important for Parents with Young Children

Parents of children under the age of 6 ($N=70$) gave significantly more points to work-life than everyone else ($p=0.036$). Specifically, parents of young children gave an average of 3 more points to work-life than everyone else.

FIGURE 9: Total Rewards Points by Gender



Benefits Are Significantly More Important for Breadwinners

Employees whose partners do not work outside the home full-time (N=109) gave significantly more points to benefits than everyone else ($p=0.015$). Specifically, employees who reported being the primary breadwinners gave 3.3 points more to benefits than everyone else.

Total Rewards Perception

In addition to asking respondents to prioritize the total rewards elements that matter most to them, respondents also were asked to evaluate the total rewards elements as they function (or fail to function) in their current organization. Respondents rated three to five statements on a Likert Scale (“completely agree” to “completely disagree”) for each of the total rewards elements. Following is their overall agreement or perception of total rewards at their current workplace:

- Development and career opportunities: 49.7%
- Benefits: 48.2%
- Performance and recognition: 46.9%
- Work-life: 45.9%
- Compensation: 44.3%

In other words, nearly half of respondents (49.7%) agreed that their workplace offers plenty of development and career opportunities, including training and support, leadership roles on projects, mentorship and encouragement to develop new skills. Specifically, the statement with the highest level of agreement (54.6%) was, “In the last six months, I have talked to a supervisor or mentor about my career development.”

At the other end of the spectrum, compensation received the lowest levels of agreement. Specifically, the statement with the lowest level of agreement overall (42.1%) was, “People at my organization are paid fairly compared to industry standards for similar work.”

Across the board, employees consistently prioritize compensation above all other rewards elements, yet they have the lowest perception of compensation at their workplace. This clearly shows a mismatch between what employees value most and what they perceive. ■

Case Studies

Based on real-life situations common in organizations, this section outlines some of the meta-data trends that this research seems to indicate. The intent is to offer ideas to HR professionals and practitioners on how to address these trends to offer a competitive advantage in retaining, engaging and attracting workers throughout their life stages. Our implicit belief is that by proactively addressing life stages with employees, and by negotiating customized rewards packages at the appropriate times, employers can improve morale and shared understanding, decrease turnover, maintain team cohesion and retain valuable institutional knowledge.

Mike and Jennifer: Engaging Next-Gen Parents

Mike is a 27-year-old who works in sales. He was hired at his organization straight out of college and is a steady performer. He meets or exceeds his sales goals each month and has been “salesman of the month” six times in the past five years. Mike travels two weeks out of each month to meet with clients in his region, averaging 8 to 10 nights away from home each month.

Mike has been offered a promotion to regional sales manager (RSM) twice in the past year, but he turned down the offer both times. He’s been very clear that he loves his job and doesn’t want the stress he sees other RSMs deal with.

Mike is married to Jennifer. They work for the same organization and met four years earlier when Jennifer was hired to be the organization’s campus recruiter. Recently, Jennifer and the rest of the HR team shifted focus to help the organization navigate two rounds of layoffs that affected more than 200 employees. Now, Jennifer is helping the organization research and restructure its compensation packages.

Jennifer and Mike were married two years ago. This year they bought a house, and they recently announced that they’re expecting their first child. Our research shows that parents of young children — particularly

mothers of young children — reprioritize their rewards to better suit their family situation. Specifically, compensation becomes relatively less important and work-life becomes relatively more important.

Our research shows that while this emphasis on work-life is especially significant for mothers, it still is important for fathers — particularly Millennial (born 1982-2001) fathers. These new male entrants to the workforce were raised in families and neighborhoods where working wives and working mothers were common. They came of age understanding that they would probably marry women who worked. They shared their high school gyms with women’s athletic teams, voted for female class presidents and had female figures as academic deans and administrators.

Millennial men and women came through their favorite years seeing each other as peers and equals. What’s more, in many large North American cities Millennial women often earn more than their male counterparts, setting up a new social and family dynamic where it’s common for women to be the household’s breadwinner.

At work, then, it’s little surprise that Millennial dads and moms, whose children are not yet in school full-time, shift their relative ranking of rewards. Their home life bears little resemblance to that of their grandparents, and their total rewards preferences reflect that difference.

Yet, many organizations’ work-life policies have been set — or at least approved by — men and women who came of age in a different era, one in which there was usually a stay-at-home spouse. If organizations are to retain and engage their younger workforce, they must rethink the on- and off-ramps inherent in Millennial-led families and offer more flexible total rewards packages that allow for the natural, family-focused time that begins with the birth of a child and continues at least until children begin attending school full time.

How can your organization craft a total rewards package that works for Millennial parents like Mike and Jennifer?

- Mike and Jennifer's direct supervisors should each meet with their employees individually to discuss available parental leave options and flexible work arrangements that might be available if and when they return to work. Their supervisors should ask Mike and Jennifer to discuss these options with each other and follow up with a tentative outline of their plans.
- Schedule a follow-up meeting that includes Mike, Jennifer, their direct supervisors and HR to review their plans and make any modifications. Ask Mike and Jennifer if they have any concerns about taking leave and/or returning to work.
- Check in with Mike and Jennifer at least a few weeks before the birth of their baby to follow up and make any last-minute arrangements for their leave (e.g., who will serve as their backup when they are away? What projects are in queue?)
- Check in with Mike and Jennifer a month after they return to work to assess how their arrangements are working for both them and the company. Ask them to be open about any concerns they are having, or if they would like to make any changes in their work arrangements. Discuss how this might affect their total rewards package (e.g., Mike wants to scale back to a 35-hour workweek; how will this affect his salary and benefits?).
- Employees who go on leave or take advantage of flexible work arrangements may worry that they will be less valued at the organization. Evaluate whether the organization is treating Mike and Jennifer fairly compared to their peers. Do they have the same access to projects and clients? Are they given the same opportunities for advancement as their peers? Are the lines of communication open and do they receive the same levels of communication as other employees?

Lisa: Making Work Work for Women

Lisa is a 38-year-old CPA who's been with her firm for 10 years. She learns quickly and is well liked by her peers and supervisors. She recently was added to the "high potential" list and is receiving additional mentoring and training to develop her leadership skills.

Because she's an excellent performer, Lisa hardly needs to be "managed" in the traditional sense. She's a motivated self-starter whose inner drive propels her. In a sense, Lisa represents the future of the organization; she is one of several women who is figuring out how to juggle increasing demands at the office while also having a family. This is important to the organization because 52% of the employees are female and 60% of all new accounting graduates are women. A new initiative, "Women's Forum," recently launched to help nurture more female leaders in the organization.

At home, Lisa has a 6-year-old son and is the breadwinner in her household; her husband has been a stay-at-home dad until just recently, and now is working part-time at a non-profit.

The effect of women in the workplace has been profound — and relatively sudden. Since the 1970s, the number of women participating in the workplace has rapidly increased. Today, women make up almost half of the workforce and their representation at work is growing at a faster rate than that of men.

In 2008, women accounted for 51% of all workers in the high-payment management, professional and related occupations. (Department of Labor, 2009) They outnumbered men in occupations such as:

- Public relations managers
- Financial managers
- HR managers
- Education administrators
- Medical and health services managers
- Accountants and auditors
- Budget analysts
- Biological scientists
- Preschool, kindergarten, elementary, middle and secondary school teachers
- Physical therapists
- Writers and authors
- Registered nurses.

Today, nearly 60% of all college graduates are women. Women are outperforming men in college, graduating with better grades and more honors, and demonstrating leadership and contribution to their communities more often. Women now represent over 50% of those receiving master's degrees, and now compose half of all law students, close to half of

medical students and over 40% of MBAs. (Benko and Weismann, 2007)

Not only are women filling education and employment pipelines; research shows that female executives often lead more successful enterprises. One study conducted over a period of 28 years and published in the *Harvard Business Review* evaluated 215 Fortune 500 companies. Compared with the median companies in their industries, organizations with a higher number of women executives performed better with respect to profits as a percentage of revenue, assets and stockholders' equity by a range of 18% to 69%.

To engage and retain women at all levels in the enterprise, our research indicates that organizations must reconsider the importance of work-life solutions and reprioritize it alongside compensation — or risk losing their valuable women. For women like Lisa, who are breadwinners and carry insurance for the family, benefits also are extremely important.

Our research suggests that employees like Lisa value benefits, work-life and compensation most (in that order). However, Lisa is in transition; her husband recently started working part-time and her son will be entering first grade and full-day school in September. What will this mean for Lisa? Moreover, what does Lisa's story say about women in the workplace in general?

How can your organization retain a top performer like Lisa and offer a total rewards package that best fits her life stage?

- Ask Lisa to prioritize the components of total rewards you offer, including compensation, health-care benefits and additional insurance benefits, paid time off, flex time or other flexible work options and so on.
- Meet with Lisa to discuss her five-year plan and how it might affect her total rewards priorities. If Lisa's transitions at home come up during the discussion (e.g., her husband going back to work, her child entering school full-time), discuss how these changes might affect her role at work.
- Work with Lisa to customize a total rewards package that suits her best and discuss some of the give-and-take that might be involved (e.g., if additional benefits are extremely important to Lisa, would she be willing to negotiate a small decrease in salary or a two-year salary freeze?).

- If changes in Lisa's rewards package are implemented (e.g., compressed work week, additional benefits), check in with Lisa at an agreed-upon time 30 to 90 days after their implementation to assess how it is working for both her and the organization.

Tyler: Developing a Rising Star

Tyler is a single, 24-year-old who started at the organization as an intern two summers ago and accepted a full-time position after graduation. He's been with the organization as a supply chain management team member for just over a year. Tyler is well-liked by his peers, is a fast learner and volunteers for company-wide committees like the United Way campaign. He also plays on the company's co-ed softball team. He is not a great athlete, but he's a great team member.

Tyler's supervisor, Becca, has been in her job for nine months. Quiet and controlled, Becca demands perfection from herself and others. She runs a profitable department, and she'd like to keep it that way. Becca is not fond of Tyler; he's made his share of "freshman" mistakes, and he's asked her twice about off-site training opportunities.

Tyler recently scheduled a meeting with the Training Director and asked for more opportunities to learn about supply chain management, and he expressed interest in taking some finance classes. He inquired about tuition reimbursement for an MBA degree. When the director suggested that Tyler talk to Becca, Tyler admitted that he had — twice — to which Becca had replied, "You need to get your day-to-day work perfect before you'll have a chance to learn more."

Tyler feels defeated. He wants to learn and grow in his job, but feels that as long as Becca sees him as nothing more than an extroverted mistake-maker, he'll never get stretch assignments.

Based on this research, Tyler and his peers value compensation most, but also are significantly more interested in development opportunities than their older colleagues.

How do you effectively engage Tyler (and other young, relatively inexperienced employees) at work, offering him an adequate total rewards package that benefits both him and the organization?

- Schedule a meeting with Becca to talk about Tyler and his potential. Explain that Tyler (and

all young employees) make “freshman” mistakes, but shouldn’t be prevented from opportunities to learn and grow. Ask Becca what training she feels Tyler needs to perform at adequate levels.

- With a game plan in place, meet with Becca and Tyler to talk about his performance and a personalized training plan. Ask Becca to clearly explain her expectations for Tyler. Explain how Tyler’s performance will be measured moving

forward, and layout a training plan to help him grow in his current role while also acquiring additional skills.

- Schedule a meeting to follow up with both Becca and Tyler. In most cases, first-time managers simply need guidance in how to deal with employees, just as young employees need assistance in developing their learning plans.

Conclusion

We anticipate that many readers will greet the idea of customized rewards packages with a groan. It is, after all, easier to treat all employees the same. Making “special deals” requires time, positive intention, creative thinking and discussions that many managers and compensation practitioners have little experience or comfort with.

And yet ...

... How would the organization prosper long-term — beyond the birth of a baby — by retaining a solid sales performer and an HR professional who’ve shown flexibility and willingness to take on new assignments, like Mike and Jennifer?

... What message would you send to other women in the organization if you can’t negotiate a workable agreement with Lisa, a high-potential employee and the “face of the future” for the organization?

... What message do you give to young, new employees if you don’t work with them and their supervisors on learning plans that help them grow in their current positions and acquire new skills, as in Tyler’s situation?

Customizing total rewards packages for employees’ unique life stages is one important way to demonstrate that engagement is a shared commitment between employer and employee. ■

Appendix I

Methodology

NGC took a multi-method approach to best capture the links between total rewards and life stage. Data sources included:

- Web survey of NGC’s panelists (a group of mostly 20- to 40-year-old professionals who periodically take NGC surveys) conducted in November and December 2008, culminating in 378 responses
- Random-digit-dialed phone survey conducted by Dieringer Research Group in November and December 2008, which culminated in 300 responses.

The survey included approximately 22 questions related to total rewards and employment, and approximately 18 demographic questions, ranging from number and age of children to partner’s work status.

The primary independent variable in this study was life stage. “Life stage” is defined here as a crosswalk between age, family/household status and experience as well as other demographic variables.

The dependent variable in this study was prioritization of rewards or, more specifically, prioritization of the five total rewards elements: compensation, benefits, work-life, performance and recognition, and development and career opportunities. Prioritization of rewards was measured through a “point allocation” question, in which respondents were asked to allocate 100 points total to the five total rewards elements based on their relative importance.

After completing the surveys and preparing our preliminary findings, we conducted online focus-groups via interactive Webcasts with HR professionals and managers, from both WorldatWork membership and NGC contacts. The focus groups were intended to gauge HR practitioners’ responses to the survey findings and give them opportunities to ask questions that would help further refine our analysis. The focus groups were conducted in June and July 2009. Approximately 44 people attended. More information about the focus group results are included later in this section.

Survey Demographics

Figure 9 describes the demographic characteristics of the 678 respondents. The survey also included several questions related to employment. **Figure 10** summarizes respondents’ employment characteristics.

Focus Group Results

Polls with the 44 participants were conducted during the online focus groups. We found that:

- Most participants work at large organizations (100 employees or more).
- Most participants said their organization’s financial condition has been somewhat affected by the recession and is “moderately healthy.”
- Most participants said their organization has limited flexibility to customize a total rewards model for employees (i.e., few employees have a customized package).
- Participants see the findings being more useful during retention. Performance review periods and recruiting were two other times during which the finds would be useful.
- Participants were most surprised by the age differences in total rewards prioritization.

In addition, the focus groups yielded several questions and comments from participants. One prominent theme was how to apply these findings to the workplace. Specifically, participants were interested in leveraging these findings in spite of having limited flexibility at their workplace to customize total rewards packages. ■

FIGURE 9: Survey Demographics

Gender

Female	64%
Male	36%

Age

Under 30	25%
Ages 30-39	36%
Ages 40-49	16%
Ages 50 & over	23%

Race/Ethnicity

White	87%
Black/African-American	7%
Hispanic/Latino	3%
Asian	2%
Other	3%

Education

College Graduate	50%
Post-Graduate	24%
Some College	14%
High School	8%
Other	4%

Marital Status

Married or Living Together	70%
Single	20%
Separated/Divorced	9%
Widowed or Widower	1%

Children

None	63%
1 child	16%
2 children	13%
3 or more children	8%

FIGURE 10: Employment Characteristics

Employment Sector

For-profit	55%
Non-profit	27%
Government	18%

Hours Worked per Week

Less than 40	7%
40-49	36%
50-59	32%
60 or more	25%

Size of Organization

Less than 10 employees	10%
10 to 49 employees	20%
50 to 99 employees	9%
100 to 499 employees	17%
500 or more	44%

Industry

Business & Professional Services	15%
Education	15%
Healthcare	12%
Government	10%
Manufacturing	8%
Financial Services	6%
Technology & Information	6%
Consumer Products and Services	6%
Transportation & Tourism	4%
Construction	3%
Retail	3%
Other	12%

Years with Organization

2 years or less	32%
3-5 years	27%
6-9 years	15%
10-14 years	11%
15 years or more	15%

Years of Experience in Current Field

2 years or less	9%
3-5 years	23%
6-9 years	19%
10-14 years	17%
15 years or more	32%

Individual Income

Less than \$30K	13%
\$30K to less than \$50K	37%
\$50K to less than \$75K	29%
\$75K to less than \$100K	12%
\$100K or more	9%

Union Membership

Union members	10%
Non-members	90%

Supervisor Status

Supervisors	43%
Not supervisors	57%

Appendix II

Terms Used in This Report

benefits

One element of the WorldatWork Total Rewards Model that encompasses all programs an employer uses to supplement employees' monetary compensation, including social insurance (e.g., unemployment, worker's compensation, disability), group insurance (e.g., medical, dental, retirement) and paid time off (e.g., breaks, vacation, personal days).

breadwinner

For the purposes of this report, a full-time employee with a partner or spouse who works less than 30 hours per week.

compensation

One element of the WorldatWork Total Rewards Model that simply refers to an employee's pay, including fixed pay, variable pay, short-term incentive pay and long-term incentive pay.

development and career opportunities

One element of the WorldatWork Total Rewards Model. "Development" refers to learning experiences designed to enhance employees' skills (e.g., corporate universities, tuition assistance for advanced degrees). "Career opportunities" are organizationally supported plans for employees to advance their career goals (e.g., internships, apprenticeships, succession planning).

life stage

The primary independent variable in this study, "life stage" encompasses age, family and household status and experience (e.g., work experience, personal experience). Life stage interacts with other variables, such as gender and income, to influence employees' priorities at work.

performance and recognition

One element of the WorldatWork Total Rewards Model. "Performance" involves the alignment of organizational, team and individual effort toward the success of the organization, and includes performance planning, the performance itself and performance feedback. "Recognition" is the acknowledgement and appreciation of employees' efforts and performance (e.g., verbal recognition, trophies, certificates).

prioritization of rewards

The primary dependent variable in this study. "Prioritization of rewards" is measured by number of points allocated to each of the five elements of total rewards.

total rewards

A WorldatWork model that includes all of the tools employers may use to attract, motivate and retain employees. The five elements of "total rewards" include: compensation, benefits, work-life, performance and recognition, and development and career opportunities.

work-life

One element of the WorldatWork Total Rewards Model. Work-life refers to a set of organizational practices, policies and philosophies that support employees in achieving success at work and home. There are seven categories of organizational support for work-life, including workplace flexibility, time off, health and well-being, dependent care, financial support, community involvement and management involvement/culture change interventions.

Appendix III

References

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Appendix IV

Resources for Further Learning

[Mass Career Customization](#) by Cathy Benko and Anne C. Weisberg

[Corporate Voices for Workplace Families](#)

[Life Meets Work](#), hosted by Kyra Cavanaugh

[Workplace Flexibility 2010, an initiative by Georgetown Law](#)

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