

Career Expectations

n-gen Generational Index Report

September 2009

Overview

This report presents recent North American statistics on job tenure, including findings on why employees choose to change positions and/or organizations.

The results of n-gen's Generational Index Report are also shared. The research for the Generational Index report was conducted for n-gen by Leger Marketing in March 2009, with a representative sample of 806 employed Canadians aged 18 and over. This method simulates a probability sample which would yield a maximum margin of error of +/-3.5%, 19 times out of 20. Our research posed questions such as: How many career changes do employees expect to make in their lifetime? How strong is the desire (and expectation) to reach a senior level in the workplace? How much control do employees feel they have over their career path?

Career expectations are then discussed through a generational lens, and the impact of helping employees navigate their careers – both within and beyond your organization – are considered. It is important to note that the employee workforce is segmented into four distinct generational cohorts. The cohorts are as follows:

| | |
|-------------------------|------------------|
| <i>Traditionalists:</i> | <i>1922-1945</i> |
| <i>Baby Boomers:</i> | <i>1946-1964</i> |
| <i>Gen Xers:</i> | <i>1965-1980</i> |
| <i>Gen Ys:</i> | <i>1981-2000</i> |

Given the need to understand and respond to generational differences, we provide some areas for consideration as it relates to building and enhancing organizational people practices.

Career Expectations

As the workforce in North America becomes increasingly diverse (age, ethnicity, skill sets), organizational leaders and HR professionals are charged with managing complex people practices. The practices need to tap into employees' career expectations in order to harness and drive higher levels of engagement and improve retention statistics.

While there may be an assumption that today's workforce is transient and has no loyalty, the fact is that the average job tenure in Canada has increased. In Canada, it has increased over the past three decades to 98 months (just over 8 years) from 83.7 months (almost 7 years), while the tenure in the US is at 4.1 years. Differences are apparent, however, when these statistics are broken down by age. The tenure of Traditionalists and Baby Boomers is almost four times the tenure of Gen Xers and Gen Ys (9.9 years versus 2.7 years). So can we assume that young employees increasingly have greater expectations of job changes, promotions and/or career moves? Yes. Employees no longer expect or want to work for one employer for their entire career. Even in the public sector, where tenure is double that of the private sector, employees are making career choices that allow them to move to private sector or not-for-profit organizations.

In response to fluctuating economic cycles, employees have adopted a free agent market perspective. This perspective translates into a desire to have control over one's career and make career changes that are in the best interest of one's individual needs - not necessarily in the best interest of their employers.

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The three most common reasons for leaving a job are:

1. lack of career growth
2. dislike of work
3. dislike of manager

Given this reality, it is not surprising that employees demonstrate high expectations of learning and development, skill building, challenging work assignments, variety of work, and strong leadership. It is only logical that if 30% of employees leave their employer to seek new challenges or opportunities, then the best way to keep and grow a diverse workforce is to proactively respond to their career expectations. The key is to create innovative and integrated people practices.

n-gen Research

The area of career expectations encompasses a wide range of topics, from promotion opportunities, to control over career directions, to the variety and frequency of career moves. As career expectations change across the generations, so too have employee relationships with their employers. Increasingly, our clients are faced with the challenge of proactively managing career expectations, specifically promotional opportunities. Therefore, in the n-gen Generational Index, we were interested in researching employees' expectations regarding reaching a senior level within their organization. We also wanted to determine how much control employees want over their careers, and whether they are actually experiencing a desirable level of control in their current position. Finally, we explored employees' expectations of career changes.

Our question on career advancement expectations, specifically reaching a senior level position, showed that overall 47% of employees indicate it is important to them to reach a senior level, while 52% of employees expect to reach a senior level within an organization. 1 in 3 employees do not expect to reach a senior level position within an organization, and 1 in 4 employees say they expect to reach a senior level position once they have earned it, however long that may take.

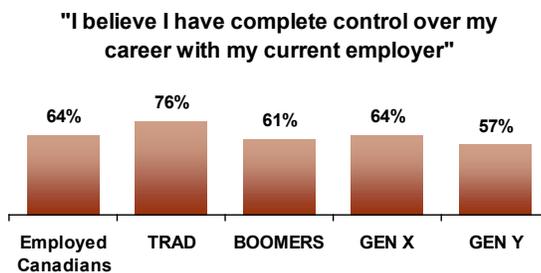
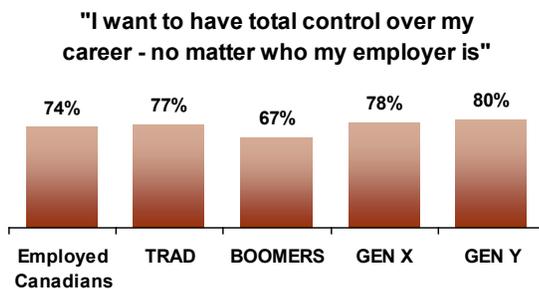
Gen Xers and Gen Ys are much more likely than Traditionalists and Baby Boomers to want and expect to reach a senior level position, with Gen Xers (66%) and Gen Ys (77%) indicating this desire versus Baby Boomers (38%) and Traditionalists (30%). This data is not surprising as Gen Ys are very vocal in asking for promotions and in communicating their expectations of career advancement. 1 in 5 Gen Ys expect they will reach a senior level position early in their career, which is dramatically different than what the other generations expect. We know from the hundreds of workshops that we have delivered, that Gen Xers have a desire to progress up the corporate ladder, but only if it means they can still maintain a work-life balance. Their drive is to have challenging work that improves their skill sets. If they can achieve this without moving up but by moving laterally, then many Gen Xers are satisfied. The fact that only 38% of Baby Boomer employees expect to reach a senior level position is telling. While this cohort is well known for its commitment and drive to climb the organizational ladder, this data reveals that perhaps as Baby Boomers age they are adjusting their expectations. It's becoming increasingly apparent that



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they may not reach the senior level ranks they once desired. Or perhaps, they have adjusted their desire for career growth to focus on non-career activities.

The ability to progress in an organization could be intimately tied to the ability to control the direction of one's career. Our research revealed an interesting disconnect between employees' desires and their actual experiences. 74% of employees want to have total control of their career – regardless of their employer, while only 64% of employees believe that they have total control over their career with their current employer. This disconnect is further exemplified when we examine the data along generational lines.



The 14% difference for Gen Xers and 23% for Gen Ys is significant because it highlights the gap between what younger employees want versus what they are experiencing. Many organizations in the last decade have communicated to employees that they own their careers, and therefore require that employees assume a greater responsibility for their own development. This data reveals that while that message may have been communicated and heard by employees, organizations appear to have failed to deliver on that message. If employees don't believe that they have complete control over their careers, then the question is who does control employees' career opportunities? Senior leaders? Managers? HR? If the expectations of employees having control over their careers cannot be met in reality, then organizations need to manage employee expectations and need to adjust their internal and external communication accordingly.

The career change data revealed that on average, employees believe they will have at least two career changes in their lifetime. A generational breakdown of the career change data shows that there is a distinct difference between more experienced generations and the younger generations. While the largest percentage of Traditionalists and Baby Boomers (25% and 20% respectively) said they expect no career change, Gen Xers and Gen Ys (19% and 24%) indicated that they expect to have three career changes. And for those who expect to have four career changes in their lifetime, Gen Xers were the largest percentage of respondents (11%).

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Generational Considerations

Given that the four generations possess different values, expectations and behaviours, we have been keenly aware of how generational career expectations impact organizational people practices. Of the more than 8000 people that we have trained, hundreds have shared stories of how younger employees expect more rapid career advancement, or of how more experienced employees often feel excluded from growth opportunities.

In organizations today, career paths are still predominantly linear, not allowing for many lateral moves. The future career path model will have to be spiral or spider-web like in structure. These types of models will allow employees to apply their knowledge and skills to a variety of roles, often across a variety of organizations. Providing opportunities and a mechanism for execution of spiral and webbed career progression helps all employees proactively participate in their own career development. This allows for greater ownership and control over their careers. For the organization, the benefit is that retention rates increase as employees are able to build a career that matches their desires within your organization, rather than outside of your organization. Constructing a spiral or web model is the first step. The second step is creating a mechanism that encourages employees to take advantage of the opportunities or possibilities.

Traditionalists may initially be uncomfortable communicating their career expectations, especially if they have a long tenure with your organization. The fact that many in this cohort (and Baby Boomers as well) have experienced a top-down approach to career development, where senior leaders directed their employees next move in an organization, as well as decided who would reach senior ranks. With open communication and support for the development of new skills, however, Traditionalists are often eager to identify how they can continue to positively contribute to the organization. Traditionalists may desire a lateral move to another part of the organization where their expertise can be utilized, or to be placed on a special assignment to act as a coach or advisor to younger colleagues. In the latter stages of their careers, their career path is about building a legacy.

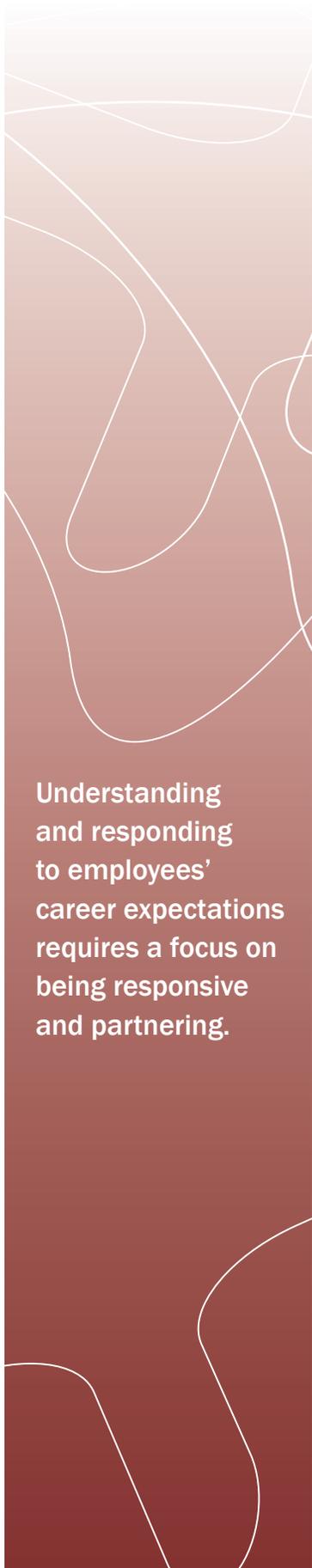
For experienced Baby Boomers who are well entrenched in their careers, frustration often surfaces with the perception that organizations are overly-accommodating to younger employees' demands. The frustration is that Baby Boomers assert that they were given little consideration for advancement so early in their careers. It is important for organizations to recognize that many Baby Boomers still want to contribute and advance in their careers and develop new skill sets. However, it's also important to recognize that many Baby Boomers feel that they have taken on too much work and have been working unreasonable hours. Baby Boomers frequently share with us their desire to work less, leveraging flexible work arrangements and a desire move into different areas of the business. To re-engage long-term Baby Boomer employees who may feel they have reached a plateau, it is important to provide greater opportunities for them to control their career path and make lateral moves. Baby Boomers are increasingly focused on investing in a career that is meaningful and aligns to their interests. While they have dedicated the first part of their careers to acquiring material and financial success, many are "willing to trade some of their current success for greater significance in their lives and work, even if that means doing something altogether different".



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While all generations want opportunities to manage and control their development, it's a higher degree of expectations that younger generations bring to the workplace which requires attention by senior leaders and HR professionals. Since both Gen Xers and Gen Ys expect to have at least three completely different careers in their lifetimes, it's not surprising that younger employees are willing to move to different organizations, industries and sectors more quickly than Baby Boomers and Traditionalists. If employees today expect to be an accountant, a chef, and an event planner within their working lifespan, then their relationship with their current employer will be drastically different than it would be for someone who expects to work in one organization and one industry for their entire career. In addition, their expectations of what their employer will do for them are much more short-term. While Baby Boomers and Traditionalists may have been accustomed to having their career paths defined and directed for them, Gen Xers and Gen Ys expect to manage their careers themselves. They don't trust an organization to look after them. Specifically, Gen Xers expect to be able to move laterally to gain new marketable skills, and Gen Ys expect to be promoted within the first 12 months of employment.

Given that Gen Ys have a need for speed, career opportunities that promote cross-functional moves will align to this generation's motivations and expectations. This allows employees to move into a variety of different roles at a relatively quick pace. It's a win-win for both employees and the organization. Spiral careers build bench strength for your organization through depth and breadth of experience, and provide enough variety to keep Gen Ys engaged, excited and motivated.



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Impact on People Practices

Understanding and responding to employees' career expectations requires a focus on being responsive and partnering. By helping employees to navigate their careers – both within and beyond your organization – you will strengthen your employment relationship and demonstrate a commitment to creating a win-win employment relationship. To create a workplace culture that supports employees in owning their own careers, consider:

- ❖ How can employees clearly identify the career options within your organization?
- ❖ How can employees direct their own learning and skill development?
- ❖ How can employees experience a spiral or webbed career within your organization?
- ❖ How can you proactively understand your workforce's career expectations?
- ❖ How can you enhance your current HR / people practices (recruitment, retention, learning and development etc) to address employee expectations?

Since the manager-employee relationship is most critical to long-term retention, it is imperative that managers create a culture that supports and promotes employees' career development. In order to help managers to be most effective, consider:

- ❖ How can managers shift from directing employees' careers to facilitating their development?
- ❖ What tools do managers require to help them facilitate employees' career choice?
- ❖ How will managers be rewarded for taking a partnering approach to their employee's career development?

For information on how n-gen People Performance Inc. can help you to design, develop and deploy a comprehensive performance management process, please contact 1-877-362-7564 Ext.1 or info@ngenperformance.com.

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- i. Statistics Canada (2003)
 - ii. Employee Tenure Summary (United States Department of Labor: September 26, 2008)
 - iii. The State of Employee Engagement, North American Overview (Blessing White: 2008)
 - iv. 7 big reasons people leave their jobs (HR Morning: June 6, 2008)
 - v. Morison, Robert, Tamara Erickson and Ken Dychtwald, Managing Middlecence (Harvard Business Review: March 2006), p. 80

n-gen People Performance Inc.

As pioneers since 2003 in providing solutions for managing generational differences in the workplace, n-gen is the partner of choice for industry leaders. By addressing issues related to generational differences in the workplace, our clients have become more targeted in responding to the values, expectations and motivations of all four generations, thereby increasing employee engagement.

n-gen has worked with 10 of the 14 Canadian Fortune 500 companies, as selected by Forbes magazine in 2008. n-gen's diverse client group spans small, medium & large enterprises, including 5 of the top 6 Canadian banks, 20 leading post-secondary institutions in North America, 12 of Canada's largest energy companies, and government agencies at the federal, provincial, and municipal level. More than 25,000 people have benefited from n-gen's expertise in the last 6 years, by attending a workshop or a presentation.

n-gen's training programs, e-learning, and consulting services provide people managers at all levels, from front line to CEO, the strategies and techniques needed to manage, engage and lead a multigenerational workforce.

Based in Toronto, Canada, n-gen's expertise is sought after by leading-edge organizations across North America who believe maximizing the skill sets of all four generations is an integral part of building a sustainable business strategy.



For more information about n-gen's products and services, visit www.ngenperformance.com or call 1-877-362-7564.