

North American Economy

n-gen Generational Index Report

September 2009

Overview

This report presents recent North American statistics on the current state of the economy, and the impact it is having on certain sectors and regions.

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 likely are you to stay with an employer if you are not satisfied with them? How worried are you that this recession will have a negative impact on your career success? How likely are you to trade job security for opportunity in this economy?

We then layer a generational perspective on to how employees are responding to the current economic situation. 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.

The Economy

The state of the Canadian and US economies has been the number one issue discussed and debated over the last year. There is no doubt that North America is in a recession, the debate remains how long this recession will last, and who will be most negatively impacted.

The US employment market has suffered a 26-year high employment rate of 9.5% , resulting in the loss of 6.5 million jobs , the majority being cut by manufacturers and business services . The Canadian economy has also been negatively impacted with an unemployment rate of 8.6%, which the highest rate in 11 years . While Ontario accounts for 39% of the country's workforce, it has seen 64% of the recession's job losses, with the greatest loss occurring in the manufacturing and construction sectors .

Young employees (ages 15-24 years) are facing for the first time a difficult situation when it comes to finding work. Employment in this age category is down 5.1%, and the participation rate has dropped to 68.6% .

In response to the loss of full-time jobs, Canadians increasingly are finding part-time work, with over 40,000 jobs created in June 2009 . They are also creating their own work, which is demonstrated by a rise in self-employment .

Some reports suggest that the recession is over in Canada, and signs of hope do appear in the US, though rebuilding will take quite some time. While the impact has been deep and severe in some sectors and regions, others are rebounding quickly.



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The health and education sector are creating jobs, consumers are beginning to spend again which is evident in increasing retail sales, and companies in the technology sector are experiencing a rise in profits. Apple Inc., for example, has experienced a 15% increase.

As we navigate the next few months, employers and employees alike will likely be much more diligent about the relationships they enter into, and will be looking for ways to create stability and certainty.

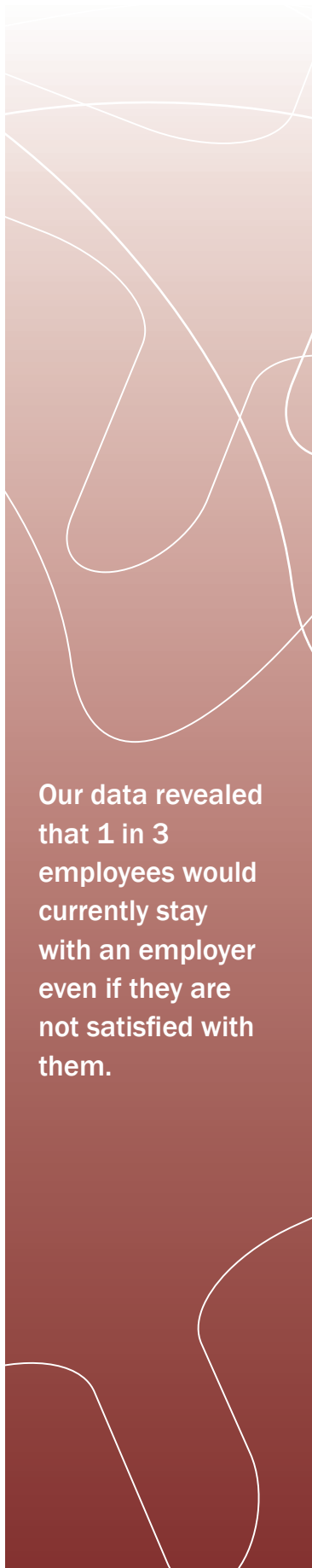
n-gen Research

Since the state of the economy cycles frequently, we realize that trying to measure employees' perceptions of the economic situation is a snap shot in time, and the data becomes quickly dated. For the purposes of our research, we are interested in employees' attitudes, behaviours and expectations during flat, prosperous or recessionary economies, specifically as it relates to retention and engagement. Our data revealed that 1 in 3 employees would currently stay with an employer even if they are not satisfied with them. Not surprisingly, when employees are concerned with their ability to find employment they are more likely to stay where they are, regardless of their satisfaction level. The risk is that as soon as the economic situation rebounds, a third of the workforce might be ready and eager to move. Baby Boomers were the most likely to stay despite being dissatisfied (41%) and Gen Ys were the least (29%). This underscores the need to focus on employee engagement, especially during a recession. Employees that remain in an organization must be as highly productive as possible to ensure the organization can emerge as unscathed as possible.

When asked if they would trade job security for opportunity in this economy, 30% of employees agreed, and Gen Ys were the most likely to say yes (32%). So while the youngest cohort is unlikely to remain in a dissatisfied employment situation, Gen Ys are eager to find work that will provide them with increased stability. This makes sense given that they are just beginning their careers and have never been exposed to economic instability. The flip side is, 70% of employees place a greater importance on opportunity - even during a recession. This means that employers must continue to communicate career growth opportunities to existing employees, and invest in learning and development that extends beyond an employee's current role.

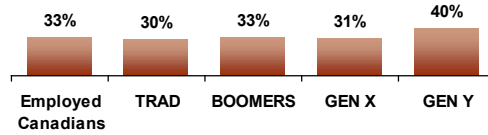
We also wanted to gauge employees' mindset during the recession, specifically as it relates to their career. When asked how worried they are that this recession will have a negative impact on their career success, only 33% said yes, which translates into 67% of employees who are not concerned. This is significant because it reinforces the fact that employees are aware of the cyclical nature of our economies and the fact that employees have greater control over their career direction. Thus, they can navigate turbulent times much more effectively than in the past. Compared to private sector employees, government and not-for-profit employees were less concerned the recession would negatively impact them.

When we sliced the data along generational lines, we see that Traditionalists and Gen Xers are the least concerned.



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"I am worried that this recession will have a negative impact on my career success"



Since Traditionalists (age 64-87) are nearing the end of their careers, they aren't as concerned about their employment future. Gen Xers are highly independent and have already faced 2-3 recessions in their career. They are aware of the need to be flexible and adaptable in order to succeed, and therefore this recession is unlikely to shake their confidence. Since Gen Ys have only experienced a booming economy during their working career, their concerns are likely founded on media reports about the dire situation and stories from friends who can't find jobs. As Gen Ys enter into the workforce and seek employment they too will likely adjust to the current situation by creating their own opportunities for career growth and success, as defined by them.

Finally, we thought it was important to understand where employees place their greatest emphasis when evaluating their employment. When asked what the most important thing is for them in their current positions, 21% of employees said a good work environment. For each of the generations the most important factor was:

- ❖ Traditionalists – Working with good people (27%)
- ❖ Baby Boomers – Good work environment (23%)
- ❖ Gen Xers – Good work environment (20%)
- ❖ Gen Ys – Money (23%)

While Gen Ys indicated money as their most important factor, a good work environment was also a high priority for them at 21%. The commonality across the generations is a strength that organizations can leverage by focusing on creating a positive work environment for all four generations. This requires that senior leaders, HR leaders, and front-line managers be committed to strong management, increased team collaboration and enhancing employee engagement.

Generational Considerations

The state of the economy impacts each generation, regardless of where they are in their career. Additionally, the values, behaviours and expectations as to how to act during prosperous or recessionary conditions was shaped by the economic conditions each generation experienced during their coming of age period (the first sixteen years of life). This influences how they react, respond and prepare for future economic changes.

Traditionalists grew up in difficult times. The War and the Depression significantly impacted their childhood experiences, which translated into a very fiscally conservative mindset. This generation learnt from a very young age to live by the adage 'waste

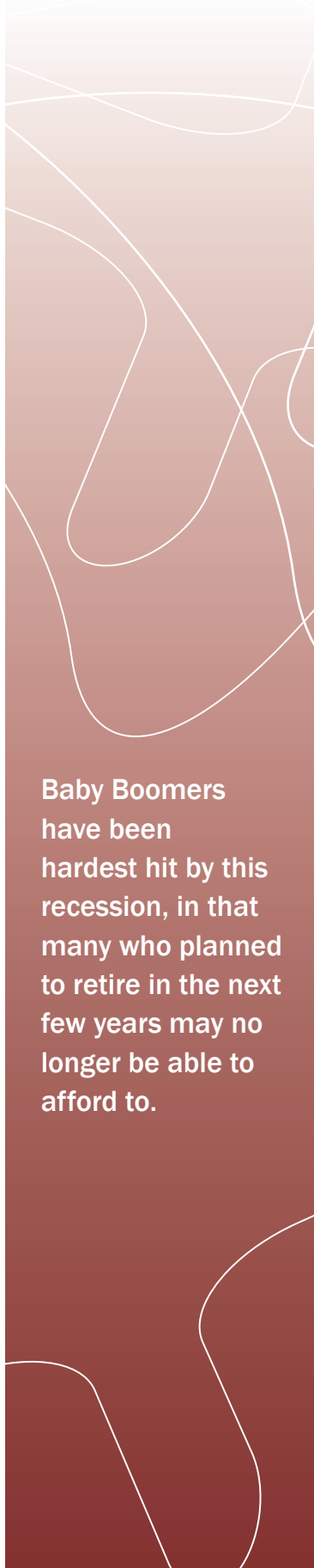
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not, want not,' which ensured that even during very difficult times Traditionalists could be creative enough to make ends meet. Traditionalists are savers by nature and have been saving for the rainy day that we now face. With more than a trillion dollars invested, this generation is focused on maintaining the retirement investments and providing for their families through large inheritances. Traditionalists in the workplace will continue to focus on building a legacy. For those in this cohort that have already retired, they may consider re-entering the workforce in order to build a stronger financial profile.

Baby Boomers have been hardest hit by this recession, in that many who planned to retire in the next few years may no longer be able to afford to. Baby Boomers grew up in the prosperous post WWII era, where materialism reigned. They are, by nature, consumers rather than savers. So Baby Boomers will stay in the workforce longer and may need to accept lateral career moves rather than promotions. Older Baby Boomers who have built a successful career may be interested in continuing to work but not necessarily in the same roles. This generation is seeking work that meaningful and aligns with their values. Not-for-profit organizations can benefit from this generation who want to stay involved but who are focusing on giving back rather than being solely driven by personal profit.

Gen Xers are extremely resilient. Many came of age during the recession of the late 70's and 80's. They have been exposed to 2-3 recessions and have honed their survival instincts. In the 90's, they faced tough economic times when entering the workforce from college and university and are prepared to weather this storm as well. This generation continues to focus on achieving results and gaining marketable skills. They are also highly adaptable and flexible. Gen Xers will take several part-time jobs if required, and/or will take ownership of their career success by starting businesses or being independent contractors.

Gen Ys have never been exposed to an economy where they couldn't immediately find work. The current recession has shaken some Gen Ys, and they have recognized that perhaps not all of their immediate career goals will come to fruition. However, this generation is still very optimistic about the future. In our Navigating the Business Environment workshop which is targeted at training new Gen Y employees / students / interns, participants have shared with us that while they feel grateful to have found work in this economy, they are unwilling to stay in a job that isn't fun, engaging and meaningful to them. The members of this generation are true global citizens, which translates into a greater awareness and desire to work in other countries. They also possess an incredibly varied skill set, which affords them greater flexibility to find work. Finally, this generation is well supported (both financially and emotionally) by parents and grandparents. Their strong network of parental support provides Gen Ys with a cushion or safety net that other generations didn't have. This cohort can often afford not to work, or to wait to find work they want, which promotes a greater sense of optimism and possibility of future success.



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Impact on People Practices

It is generally agreed that the state of the economy has a significant impact on people strategies as it relates to recruitment and retention. However, what organizations often overlook is how engagement is impacted during strong and weak economic cycles. In both cases, it is important to understanding your current level of employee engagement, the levers that influence engagement, and how to drive greater engagement from employees and teams.

- ❖ When experiencing tough economic times and/or a recession, consider the following questions to help stay focused on engagement:
- ❖ How does the current economy impact your ability to demonstrate organizational engagement?
- ❖ How can you increase engagement in tough economic times?
- ❖ What are the risks (business outcomes / metrics) if engagement levels drop?
- ❖ What do managers need to do each day to create an engaging work environment for their multigenerational teams?
- ❖ How can you ease the stress employees experience during a recession?

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. U.S. retail sales jump up (Globe and Mail: July 14, 2009)
 - ii. U.S. sheds 467,000 jobs, rate rises (Globe and Mail: July 8, 2009)
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 - iv. Jobless rate inches up to 8.6% (Globe and Mail: July 10, 2009)
 - v. Canada's jobless ranks swell (Globe and Mail: June 5, 2009)
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 - vii. Jobless rate inches up to 8.6% (Globe and Mail: July 10, 2009)
 - viii. Jobless rate inches up to 8.6% (Globe and Mail: July 10, 2009)
 - ix. Almost 80,000 jobs lost in February, Statscan says (Globe and Mail: April 29, 2009)
 - x. Retail sales rose more than expected in June (Financial Post: August 24, 2009)
 - xi. Apple profit surges 15 per cent (Globe and Mail: July 21, 2009)
 - xii. Jonathan Chevreau, Boomers hope coming \$1 trillion inheritance will make up for 2008 losses (National Post: July 15, 2009)

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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.