

**Reward Network Conference
2005
THE FUTURE REWARD CHALLENGE**

**THE CHANGING FACE OF
THE WORKFORCE**

Gayle Witcher



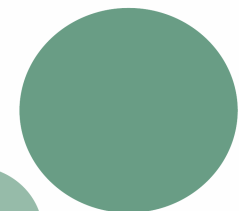
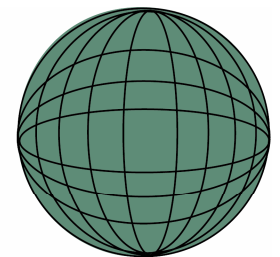
5 MAJOR EMERGING TRENDS

- ▶ **The Aging Population**
- ▶ **More Varied Household Types**
- ▶ **Generations of Co-Workers**
- ▶ **Diversity – World as a Global Village**
- ▶ **Need for a Higher Purpose in the Workplace**



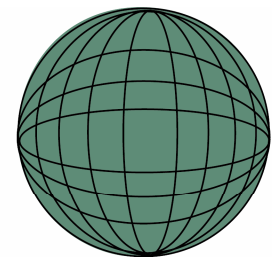
TREND 1 THE AGING POPULATION

- ▶ **single most important trend in USA**
- ▶ **lifestyle changes and medical advances**
- ▶ **financial pressure and personal desire are keeping them working**
- ▶ **by 2025, workers aged 55 and older will be more than 20% of the work force in the USA**
- ▶ **by 2050, 75 – 78 will be middle age**
- ▶ **mortality tables: maximum life expectancy from 99 (1980) to 120.5 years (2003)**
- ▶ **lack of younger replacement workers due to baby bust**



But in South Africa ...

- ▶ **1985 – 1994 life expectancy was 54 for males and 64 for females (pre-aids baseline from Stats SA)**
- ▶ **2004 life expectancy 48.8 (UN Development Program). Other estimates as low as 43.3.**
- ▶ **Aids: globally 55m. 75% in Sub-Saharan Africa**
- ▶ **SA population mid 2005 (Stats SA) is 46.9m. Estimated HIV prevalence rate is 10%. For age 15 – 49 prevalence rate is 17%.**
- ▶ **Perhaps generation gaps in SA workforce**
- ▶ **Implications of aids orphans**



How You Can Live Past 100

- Have a pet, preferably a dog**
- Eat breakfast**
- Exercise frequently**
- Lower your blood pressure**
- Use dental floss every day**
- Eat less fat in your diet**
- Have faith**
- Use a seat belt all the time**
- Maintain friendships**
- Work on balance so you will be less likely to fall**
- Be an optimist**
- Don't use a cell phone while driving**
- Have sex at least twice a week**
- Engage in volunteer work**
- Work to make your stress level tolerable**



TREND 2 MORE VARIED HOUSEHOLD TYPES

- ▶ **Decline of the nuclear family**

- ▶ **Rise of alternative households**
 - **female heads of households**
 - **same-sex partners**
 - **dual-income families**
 - **unmarried couples**
 - **single mother/father households**
 - **senior domestic partners**



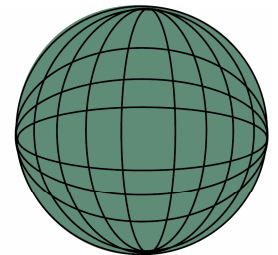
Future Reality

- ▶ **Many new and varied household types comprising so much of the labour force (in USA 77%)**
- ▶ **Can no longer rely on outdated, nuclear family stereotypes to design HR policies, benefits, remuneration packages**
- ▶ **Companies can no longer assume a “typical” employee’s family make-up**



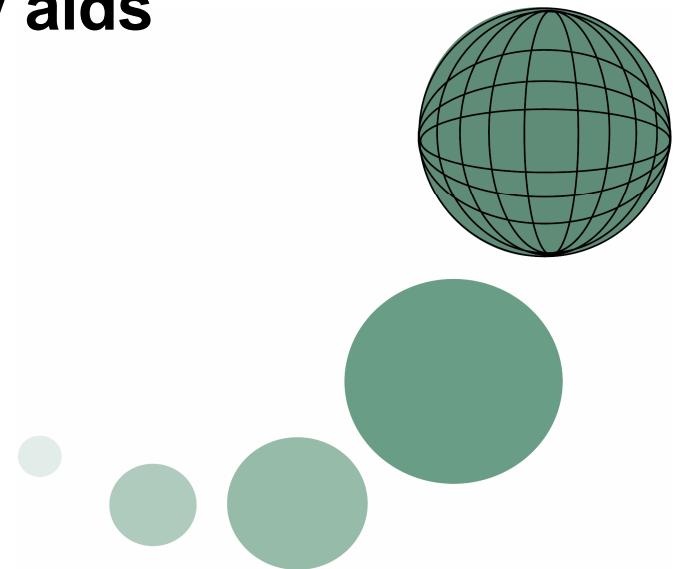
Implications

- ▶ **Providing benefits to life partners (who qualifies? Common law marriages; same sex; significant others e.g. parent / sibling.)**
- ▶ **Policies which are attentive to the needs of single parent households – time off / flexible work arrangements / telecommuting / virtual office / job sharing etc.)**
- ▶ **Flexibility of benefit choice is key. This will become the norm and not the exception.**
- ▶ **Respect for a vast variety of household types must reflect HR policy flexibility.**



Counter Trend – Traditional Families for the New Millennium

- ▶ Resurgence of traditional families with stay-at-home moms who function as business mentors, financial advisors or additional income producers
- ▶ Push towards family values
- ▶ Push to regain balance in one's life
- ▶ But, in SA may be faced with many aids orphans. Family structure ?



TREND 3 GENERATIONS OF CO WORKERS

- ▶ **By 2050 in USA four or even five generations will be working together in the work force**
- ▶ **Finding and keeping the best and the brightest from all the generations will be the challenge of the future**
- ▶ **Management, training, remuneration and time scheduling will all be affected by the multigenerational workforce**



Generation Definitions

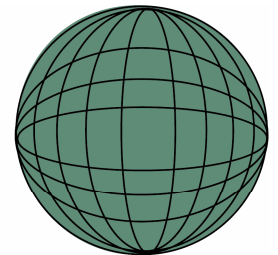
The Silent Generation: Born 1922 to 1945
(The Veterans; Seniors; The Greatest Generation)

The Baby Boomers: Born 1946 to 1964
(Boomers; Me Generation)

Generation X: Born 1965 to 1976
(Baby Bust; Xers)

Baby Boom Echo: Born 1977 to 2000
(Generation Y; Nexters; Internet Generation)

Millennium Generation: Born since 2000



Characteristics of Generations

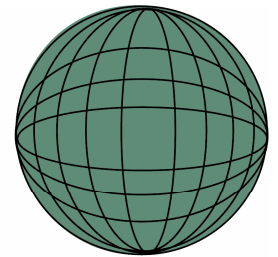
- ▶ **The Silent Generations: most traditional – working fathers, nuclear families, traditional work ethics; Highly disciplined, hardworking, loyal employees. Wisdom-keepers of society**
 - natural workplace leaders
 - natural affinity between them and Baby Boom Echo generation: mentoring



Characteristics of Generations contd.

▶ **Baby Boomers: many raised in homes enjoying economic prosperity and a strong nuclear family; most fathers were breadwinners and mothers were homemakers. Education was a top priority. Self-absorbed; optimistic; competitive and focused on personal achievement. Poor savers – the ME Generation spends, spends, spends. Workaholics**

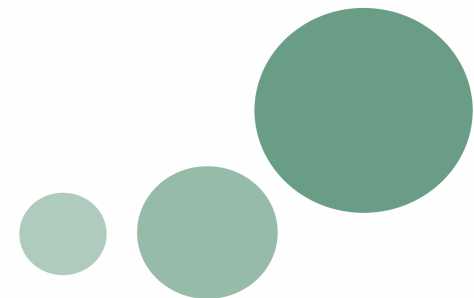
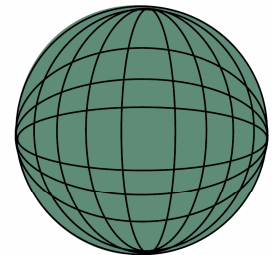
- will continue to work
- will seek jobs that align with dreams / aspirations
- professional career women return to work
- look for better balance between work and home



Characteristics of Generations contd.

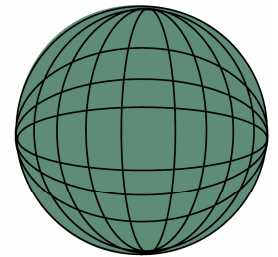
▶ **Generation X: most fascinating - on the one hand they were raised with a bigger silver spoon than the Boomers, have a heightened sense of entitlement and are viewed as slackers. On the other hand, some are traditionalists, optimistic and hardworking. Some are like a 2nd wave of hippies and some are narrow-minded believers in gender roles and stereotypes. One of the most elusive because difference amongst members is so extreme. Latch-key kids (divorce and working mothers)**

- independence, resilience, adaptability
- desire, immediate and ongoing feedback
- work well in multicultural settings
- desire for fun in the workplace
- pragmatic approach for getting things done
- loyal to teams and bosses, not to employer



Characteristics of Generations contd.

- ▶ **Baby Boom Echo: Parents (Boomers) were the most child-centered caregivers; high expectations of achievement. Echo's are self-confident, set goals and go for them, multitaskers and team players. High-tech is second nature**
 - expect to work hard
 - desire structure and direction
 - respectful of positions and titles
 - are entering workforce now and research and literature abounds regarding them as prospective employees



TREND 4 DIVERSITY – World as a Global Village

▶ Refers to

Gender

Race

Religion

Creed

Disability

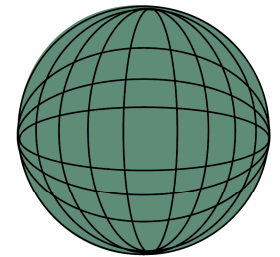
Sexual Preference

Nationality



Gender – the issue that won't go away

- ▶ **Unequal pay: wage gap widening in USA**
- ▶ **Motherhood (pull back on careers)**
- ▶ **Different career tracks (major growth expected in women of 50 years plus re-entering workforce)**
- ▶ **Senior positions (10% of board and senior positions)**
- ▶ **Expected change (types of jobs and role models)**
- ▶ **Gender differences e.g. negotiation style, define success differently**

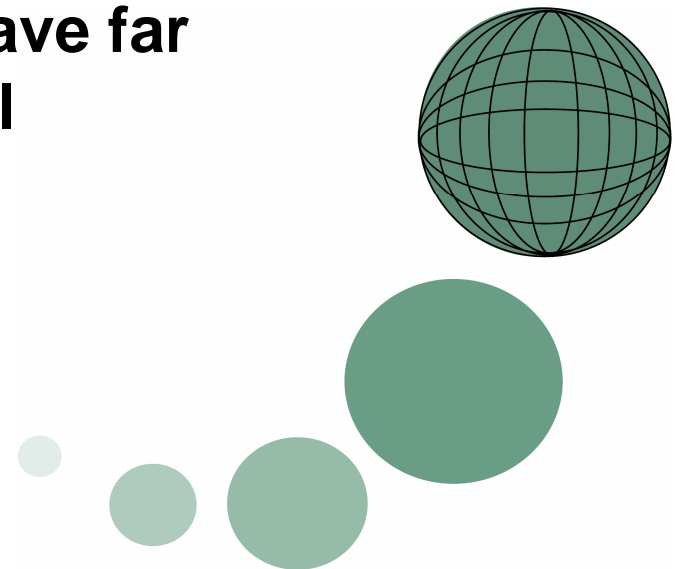


Diversity – A workforce of Acceptance and Respect

Definition: Diversity is acceptance and respect for individual differences

The workforce of the future will embrace differences amongst employees

Companies that embrace diversity have far greater access to the best talent pool



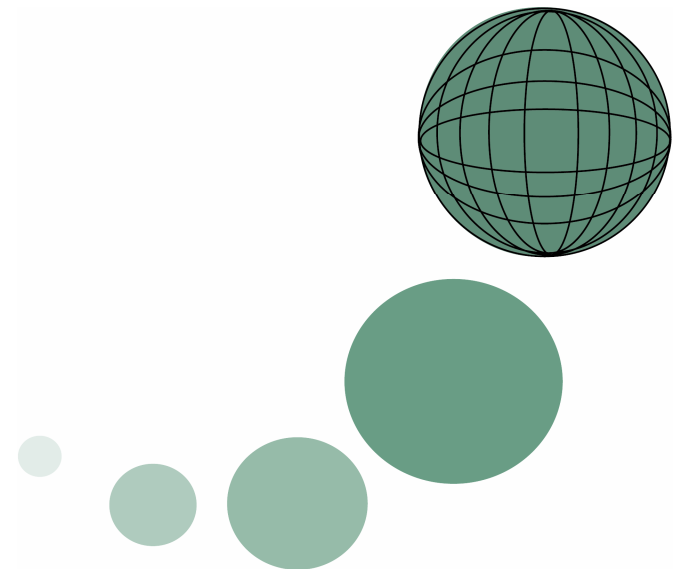
TREND 5 NEED FOR HIGHER PURPOSE IN THE WORKPLACE

- ▶ **Creating an environment of trust, respect and ethics where each individual can do his/her best work, i.e.:**
 - acting with integrity
 - treating people with dignity / respect
 - encouraging a work / life balance
 - a culture which embodies care values / ethical principles
 - doing business in a socially responsible manner



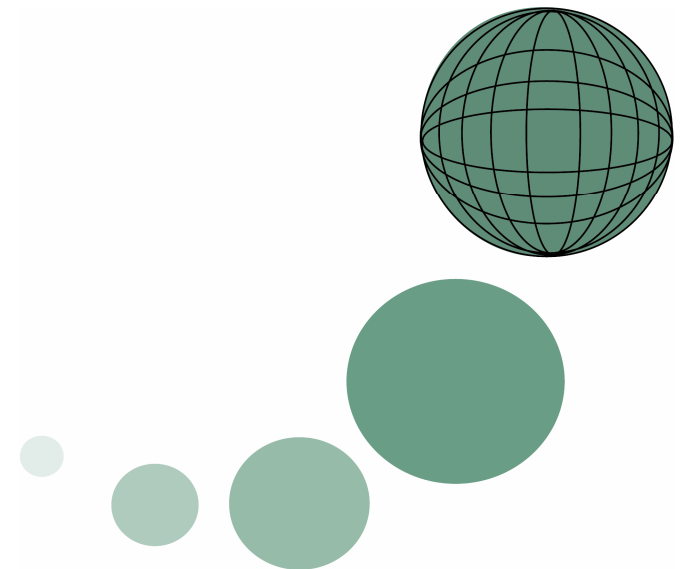
Reasons for Higher Purpose Trend

- ▶ **Worker priorities are changing**
- ▶ **Aging Baby Boomers reflecting on their lives and their lives' meaning**
- ▶ **Bio-environment: abuse of our planet → higher purpose in the work-place**
- ▶ **“Maturing” scientific outlook: some answers lie outside of science**
- ▶ **Proliferation of violence**



IMPACT OF THE TRENDS ON HR MANAGEMENT

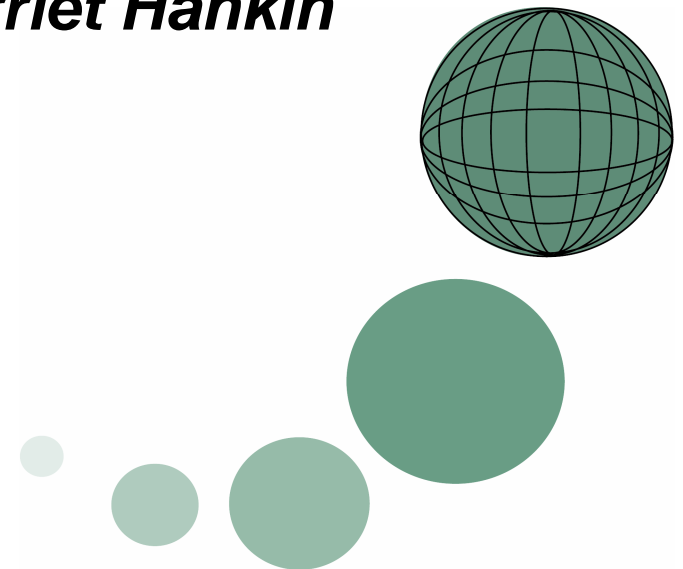
- ▶ **HR Policies : Rules to guidelines**
- ▶ **Recruiting : More one-to-one fits**
- ▶ **Training and Development**
- ▶ **Compensation and Benefits**



Implications for Compensation and Benefits

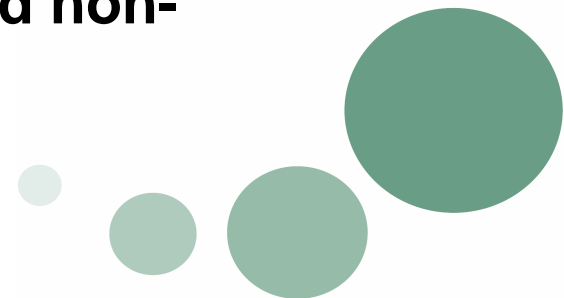
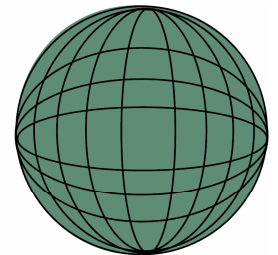
“Of all the aspects of human resources, perhaps none will be more dramatically affected by the trends of the future than compensation and benefits.”

Harriet Hankin



What Impact:

- ▶ **Design of benefit plans will change drastically; no single set will be successful for all**
- ▶ **Benefits will represent a larger and larger share of the total cost of employment**
- ▶ **Flexibility is paramount**
- ▶ **Complex workforce requires a sound HR and remuneration strategy to guide decisions – company philosophy, priorities and productivity**
- ▶ **Diminishing role of pay**
- ▶ **Cafeteria approach to guaranteed and non-guaranteed elements**



Flexibility, Respect and Tons of Communication



QUESTIONS

