

# Tomorrow's Employee **Expectations**

Ron Lloyd • *Hewitt Associates*

**a**wareness on the part of Canadian organizations of the impending labour shortage has not yet resulted in many concrete measures designed to address the issue. This lack of initiative must change, and quickly, if employers are to attract and retain the workforce they'll need to accomplish their business objectives.

While a large number of employers acknowledge that the mass retirement of the baby boomers will have some impact on them (perhaps even a significant impact), few are dealing with the problem.<sup>1</sup> And this is only one of the factors having a radical effect on the workforce in Canada and other industrialized nations. Significant demographic, economic, sociopolitical and technological changes are all converging. The result will be a serious and potentially long-term struggle to fill job openings.

To minimize the impact of these changes on their ability to attract and retain employees, organizations must anticipate the nature of tomorrow's workers, understand their expectations and determine how to meet them.<sup>2</sup>

## **CHARACTERISTICS OF THE NEW WORKFORCE**

**The workforce will be smaller and less sufficiently skilled.** Canada's population is expected to grow more slowly over the next couple of decades. In fact, The Conference Board of Canada projects that Canadian deaths and births will equalize by 2025, resulting in zero growth in the natural population.<sup>3</sup>

Currently, the fastest growing segment of the population is those aged 55 to 59 years, up 4.7 per cent in the last year alone. The number of people aged 55 and older has grown by 19 per cent since 1998, with a 28 per cent increase in those between the ages of 55 and 64. During the same period, Canadians between the ages of 25 and 44 have decreased in number by 2.3 per cent; while those aged 15 to 24 have grown by around seven per cent.<sup>4</sup>

As the number of Canadians of prime working age is shrinking, older workers have been leaving the workforce in droves. They are choosing to retire at younger ages, certainly before age 65. The result is an extreme shortage of available, skilled workers.

**A global labour market will emerge.** Changes in immigration laws and policies, along with technological advancements, are creating a global labour market. This trend is likely to heat up as more baby boomers retire and organizations look beyond immediate borders to fill jobs. In some cases, workers will come to the jobs, but jobs will also be sent offshore to employees in other countries.

**We will work together, virtually.** The latest communication technologies have redefined what it means to be at work or a co-worker. Growing use of wireless phones, high-speed broadband connections and personal digital assistants means that employees can do their work almost anywhere, anytime. The current generation of new workers, those aged 15 to 24, has grown up in a virtual world so this

way of working is natural to them. In addition, employees are no longer dependent on a common physical location to be able to connect. They can now collect information and collaborate with ease across the organization, around the world.

**Diversity will be the norm.** The new workforce will be the most diverse in history in terms of age, gender, ethnicity and lifestyle. There will be an unprecedented number of generations at work at the same time. And women, who have been entering the workforce at an increasing rate, will continue to do so.

Today, one in 10 people living in the developed world is a migrant. Roughly 175 million people are living in a country different from the one in which they were born.<sup>5</sup> As baby boomers retire and the supply of domestic labour shrinks, more Canadian-based employees will come from abroad.

Fewer workers are following the traditional progression through life stages — education, work and family, followed by leisure. Instead, they are mixing up the pattern and changing stages more frequently in their lifetimes. This trend is likely to continue and become even more prevalent.<sup>6</sup>

**There will be no more gold watches.** Technology and the impending labour shortage will put workers squarely in the driver's seat, in control of their professional lives. They will have the ability to switch employers with relative ease and minimal sacrifice. They will not be limited to one corporation or career path as their sole route to promotion and increased rewards. Gone are the days of retiring with 40 years of service and a gold watch.

The challenge for employers will be to build employment brand loyalty so that employees are encouraged to stay with the organization, despite frequent, even better offers from other companies.

## **TALENT MANAGEMENT IN THE FUTURE**

A workforce is being created that is dramatically different from the one that employers have known in the past. As a result, organizations must rethink the way they manage talent. Given that scarcity and

other factors will put employees in control, it is imperative that organizations anticipate the type of workforce they'll need, determine what attracts these workers, as well as what engages them so they stay.

A necessary prerequisite for anticipating workers' needs is a proactive approach to talent management, and a willingness to take steps to ensure employees are available to fill positions when the need arises. Accomplishing this would once have required a crystal ball, but new technology provides answers with relative ease.

The first step is to ensure that real-time data is always available. There needs to be continuous monitoring of current staff. Gathering information on workforce demographics and skill sets is important, of course. However, it is also useful to regularly survey employees on their attitudes towards their jobs, the workplace, leadership and the organization in general. To round out the picture, it is important to track workforce trends, both externally and internally, on a broad, company-wide scale, as well as by division and/or location.

By gathering this information and continuing to monitor it, organizations can plan for the future and address upcoming problems before they escalate. In order to do so, it is essential that up-to-the-minute workforce data be consolidated in one central repository, whether internal or external, and that advanced data analysis and customized reporting options be available. Those who opt to out-source human resources functions will also have the opportunity to access aggregate data from the provider's entire client base.

With workforce monitoring in place, the next step is for organizations to determine critical talent measures that influence business success. This will include identifying key employees who are at risk of leaving the organization — perhaps because they are nearing retirement age — and implementing measures that encourage these employees to stay longer and/or ensure a proper succession plan is in place. In addition, organizations must ascertain which groups of employees are critical to business success and determine whether there are ways to boost their productivity.

This combination of information gathering, analysis and alignment propels the role of human resources into one focused on anticipating workforce needs and preparing to meet them. While this

strategy certainly creates a competitive advantage for organizations, they must also develop tactics to attract talent from outside the company as well as engage those who are currently on staff.

### **FLEXIBILITY IS A MUST**

As a result of the workforce's new diversity, organizations will have to transcend traditional staffing practices and consider sources they have underutilized in the past. Employers will be actively recruiting women, workers with disabilities and workers from other parts of the world who will continue to work from afar.

Another major source will be older and retired workers, including former employees. As more Canadian provinces move towards abolishing mandatory retirement (the most recent being Ontario, which introduced legislation this year), barriers to working past 65 will be removed.

It may not be as difficult as one might think to persuade older workers, particularly those aged 55 to 69, to remain on the job. Recent statistics show that this group is willingly staying in the workforce longer<sup>7</sup> — a real reversal. This is likely for a number of reasons, including the need to increase retirement savings as people live longer.

Even if they aren't prepared to stay of their own accord, it might not take as much as some employers believe to persuade older workers not to retire. When retirees were asked why they had decided to retire, the number one response was not because they were financially able to do so (as employers responding to the same question presumed), but rather because they no longer enjoyed their work.<sup>8</sup>

In another survey, recent retirees indicated they would have worked longer if they had been offered flexible work arrangements.<sup>9</sup> It would seem that employers would improve the odds of attracting older workers if they give them interesting work to do as well as flexibility in their working arrangements.

Of course, because these incentives will likely appeal to all workers, employers will build them into the employment relationship. In order to develop their skills, provide them with variety and test their suitability for other roles, organizations will offer short- and long-term internal projects to employees. In addition, workers will be

offered various work arrangements, such as part-time work, flexible, temporary work, telecommuting, job sharing, non-traditional shifts, seasonal employment, on-call work, internships regardless of age and contract work. Phased retirement will also be a more common model offered to older workers.

In order to secure next-generation talent, some organizations will be proactive and stockpile talent for the future. Armed with a clear idea of the type of people they are looking for, they will run ads and develop ongoing relationships with recruiters, professional associations and universities. They will be ready to create roles for those who appear promising.

### **CUSTOMIZING REWARD PROGRAMS**

Expect to see reward programs that are customized to meet the various needs of the workers of tomorrow. Reward programs will generally be designed to appeal to groups of employees, but in some circumstances, individual needs may come into play. To attract and retain a broader range of employees with diverse needs, flexible benefit programs will expand to include choice in work assignment and location, training and work-time flexibility. Some forward-thinking organizations are already moving their benefit programs in this direction, offering, for example, sabbaticals with greater frequency.<sup>10</sup>

The next generation of workers will also receive communications that are tailored to their particular circumstances, rather than generic mailings. For example, those workers who are approaching retirement age may receive information regarding phased retirement or other stay-at-work options so that they are aware of the choices available to them.

The messages being sent to employees will be personalized and will focus on letting workers know that they are important to the organization and that their contribution is valued.

### **ORGANIZATIONS WILL HAVE TO WORK**

With demand exceeding supply, organizations will have to work hard to combat threats to employee engagement, such as organizational conflict. In order to do so, organizations will cultivate a culture of

inclusion, free of discrimination. The culture will unify workers, so that they all feel as though they are part of one team, regardless of their demographic or geographic diversity and the position they have in the organization. Workers will rally against a common cause — the competition. Successful collaboration will be recognized and rewarded.

Other employee engagement threats, such as job-related stress and job insecurity, will also be addressed and minimized. Employees will be put in charge of arranging their work schedule so as to meet both professional and personal demands. They will also be rewarded on the basis of results, rather than hours worked. Career progression will not be contingent on putting work ahead of life, and employees will be encouraged to achieve their own personal balance between the two.

As for job security, workers whose role within the organization is secure will be so informed, as will those whose jobs are not secure. For those who fall into the latter category, organizations will help them maintain their marketability by maintaining their skills and involving them in short-term projects.

Ready or not, the workforce is changing dramatically, thanks to a confluence of factors. Talent management must also change to accord with new realities. If organizations choose not to adapt their workforce strategies to accommodate the needs and expectations — in fact, the demands — of the next generation, they will almost certainly face a severe talent crisis.

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<sup>1</sup> Survey Findings: Trends in Canadian Retirement Programs, Hewitt Associates, 2004. Seventy-three per cent of the 174 survey respondents indicated that their organization would feel at least some impact from the baby boomers' retirement — 35 per cent stated the impact would be significant. However, only 13 per cent had any plans to offer incentives or entice baby boomers to work longer; 57 per cent were unsure of what they would do.

<sup>2</sup> This chapter relies heavily on the research and analysis conducted by three Hewitt associates, Elissa Tucker, Tina Kao and Nidhi Verma, for *Next-Generation Talent Management*, Hewitt Associates, 2005.

<sup>3</sup> Hodgson, Glen, "Grandma and Grandpa Go to Work," *Inside Edge*, The Conference Board of Canada, 2005.

<sup>4</sup> Cross, P., "Recent Changes in the Labour Market," *Canadian Economic Observer*, Statistics Canada, March 2005.

<sup>5</sup> Karoly, Lynn A. and Constantijn W.A. Panis, *The 21st Century at Work*, Rand Corporation, 2004.

<sup>6</sup> Dychtwald, Maddy, *Cycles*, The Free Press, 2003.

<sup>7</sup> The participation rate for people aged 55 to 69 shot up from a low of 36 per cent to a record 47 per cent in 2004. The largest gain was for the group aged 60 to 64 (from 33 per cent to 43.7 per cent), while the participation rate for 65 to 69-year-olds grew from 11.5 per cent to 16.2 per cent. *Canadian Economic Observer*, supra, note 4.

<sup>8</sup> *Survey Findings: Trends in Canadian Retirement Programs*, supra, note 1.

<sup>9</sup> Béjaoui, Ali, "Working Later in Life," a presentation given at the *Exploring New Approaches to Social Policy* conference, Ottawa, Dec. 13-14, 2004.

<sup>10</sup> *Survey Findings: Flex-ability: Employer Attitudes toward Flexible Benefits*, Hewitt Associates, 2005.

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