State of the 2005 Workforce Report

Working Together to Build Your Workforce

Western Wisconsin
Workforce
Development
Board, Inc.

7 Rivers region
On the Upper Mississippi

Table of Contents

LETTER FROM THE CHAIR

On behalf of the Western Wisconsin Workforce Development Board, Inc., I am pleased to present our third annual State of the Workforce Report. As a result of the two previous reports, it is apparent that our workforce has more generational diversity than ever before. Currently four generations, each with differing needs, is working side-by-side. Employers must develop strategies to meet the needs of one generation, without alienating others. In addition, we have all heard the state and national statistics that point to impending labor challenges predicted to start once the baby boom generation begins to retire. The Workforce Development Board wanted to delve more into the issue to see what we can do about overcoming the labor challenges.

This report focuses on two major areas. First, we will look at four generations and discuss the factors to help retain each in the workforce. Then we examine employees nearing retirement age to see at what age they plan to retire and what employers can do to keep them engaged in the workforce. We compared our findings to our 2003 Community Audit survey and two national studies – *WorkTrends* by Rutgers University/University of Connecticut and *Working in Retirement* by the American Association of Retired Persons.

We hope you enjoy this report and find it useful as you plan your attraction and retention strategies.

Sincerely,

Karen Dunn
Chair, Western Wisconsin Workforce Development Board, Inc.
V.P. Business Banking, Coulee Bank

Employer of Choice Award

For the past two years, the Western Wisconsin Workforce Development Board, Inc. has honored area employers who demonstrate best practices in attracting and retaining employees with an "Employer of Choice" designation. The following businesses have been honored:

2005

Riverfront, Inc.
Dairyland Power Cooperative
Organic Valley/CROPP

2004

D&S Manufacturing
Firstlogic, Inc.
Franciscan Skemp Healthcare
Freudenberg-NOK General Partnership
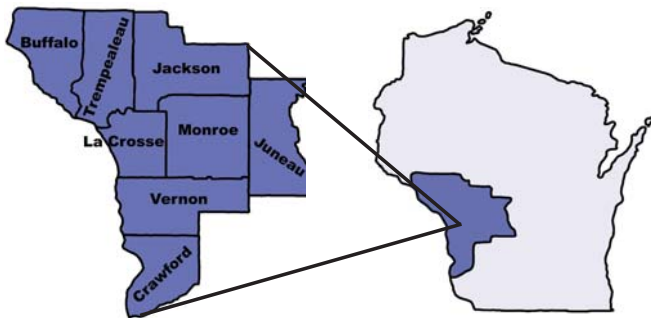Gundersen Lutheran Health System

Purpose

Introduction

The Western Wisconsin Workforce Development Board, Inc. (WDB) is a business-led organization incorporated in 2000, under the Workforce Investment Act, to develop and implement a regional strategy for coordinated workforce development. During the past several years, the WDB has worked diligently to assist employers with attracting and retaining a well-skilled workforce.

The 2005 State of the Workforce Report contains information used by the Western Wisconsin Workforce Development Board, Inc. in planning strategies to address workforce challenges. It is also intended to provide data for economic developers, planning agencies, business groups, chambers of commerce, and employers as each group looks to retain and recruit workers in the future.

The Western Wisconsin Workforce Development Area is an eight county region comprised of Buffalo, Crawford, Jackson, Juneau, La Crosse, Monroe, Trempealeau and Vernon Counties.

The Challenges

The United States Bureau of Labor Statistics, and the Wisconsin Department of Workforce Development, are predicting serious workforce challenges beginning around 2008 and reaching a peak in 2020 due to the retirement of the baby boomers. With such a large population exiting the workforce, it is anticipated that labor shortages will occur.

The labor force participation rate in western Wisconsin typically runs higher than the national average, which impacts area employers' ability to attract new workers into the workforce. While varying both from county to county as well as among differing ages and ethnicities, the overall labor force participation rate in 2004 was approximately 72 percent for our area and 66 percent for the nation.

The Wisconsin Department of Workforce Development forecasts the rate to drop to 64 percent in 2010. The reasons are many; however, the women's participation rate nearing saturation, the declining participation rates of the aging baby boomers, the area's low birth rate and the "brain drain phenomena" are among a few. Currently, the baby boom generation has participation rates in the 60th percentile, but as this population ages over the next six to 10 years, the participation rate will drop to below the 20th percentile.

The change in labor force participation rate is a contributing factor of a labor market shortage. While the widening of the gap between workforce "exiters" and "entrants" increasingly worsens in 2006, the problem will reach an all time high in 2015. Figure 1 depicts this phenomenon.

Figure 1
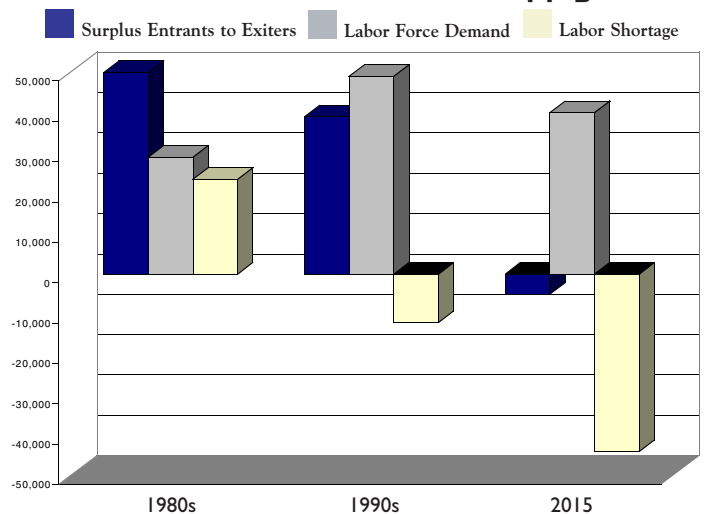
Wisconsin Workforce Supply

Chart Source: Wisconsin Department of Workforce Development, Office of Economic Advisors

In the past, employers could always raise wages to lure people to enter the workforce. Today, labor force participation rates are historically high. Therefore, the strategy is not as effective as in the past. There are three methods employers and economic developers can utilize to overcome labor shortages. First, labor market shortages can be addressed by increasing productivity through technology. Second, strategies can be put in place to attract labor from other areas, including foreign countries, untapped labor pools such as minorities, persons with disabilities, and previously incarcerated individuals. Third, employers can look at ways to retain workers with strategies such as family-friendly workplaces, flexibility in locations of work, and general differences in motivations to work. This last factor, addressing generational diversity, is the focus of this study.

The 2005 State of the Workforce Report is designed to delve into the generational composition of the current workforce and to uncover factors that will help retain workers, namely:

- Labor market data indicates the workforce has more diversity in generations than ever, with the potential for four generations to work side-by-side; and
- Each generation has specific requirements for work, requirements for retention and plans for retirement.

The report is divided into four sections:
- **Generational Diversity** – outlining research on the generational diversity.
- **Retention** – discussing national studies on the generations in relation to the 2005 Western Wisconsin State of the Workforce Survey.
- **Retirement** – outlining the western Wisconsin employees' plans for retirement and factors to entice them to remain in the workforce.
- **Summary**

Research and Methodology

Workforce Connections, Inc. developed and administered a generational survey focusing on factors for motivation, retention and retirement. During the summer and late fall of 2005, the survey was distributed to over 1,570 employees in the Western Wisconsin Workforce Development Area. Distribution occurred at the worksite, by email and through controlled access to the survey on the Workforce Connections, Inc. website.

Since the survey method was not entirely random, the survey can be considered a convenience sample and may not be representative of the workforce as a whole; however, generalizations can be made based on the results.

For the survey:
- The overall results are statistically accurate with a 95 percent confidence level and a 3 percent margin of error;
- Results for Generation Y (those aged 18-24) are statistically accurate at a 90 percent confidence level and a 7 percent margin of error;
- Results for Generation X (those aged 25-40) are statistically accurate at a 95 percent confidence level and a 5 percent margin of error;
- Results for the Baby Boomers (those aged 41-60) are statistically accurate at a 95 percent confidence level and a 3 percent margin of error; and
- Results for the Traditionalists (those aged 61 and above) are statistically accurate at a 90 percent confidence level and a 10 percent margin of error.

Unless the respondents were asked to rank the factors, all the results are shown as the percentage of the answers given. In these cases, the ranking is based on the highest percentages. Results are presented for the respondents as a whole, then as a breakdown by each generation or age group. If a respondent left a question blank, the "no reply" was not considered a response. Likewise, if a respondent gave more than one answer to a question, it was impossible to determine the first choice, so the answer was not considered.

In some questions, respondents had the opportunity to give answers other than the ones listed. When analyzing the results of these open-ended questions, it became apparent that most responses restated one of the listed factors. For that reason "Other, please specify" is not included in the percentages of reactors, although representative answers are given after each table.

Table 1 is a breakdown of the demographics of the all respondents of the survey.

Table 1

Topic	Characteristic	Percentage
Age	Ages 18-24	8.1%
	Ages 25-40	31.8%
	Ages 41-59	54.3%
	Ages 60 or Older	5.9%
Gender	Male	46.6%
	Female	53.4%
Education Level	Less than High School	2.0%
	High School Graduate Only	17.9%
	Some Post-Secondary–No Degree	34.8%
	Associate Degree	18.5%
	Bachelor's Degree	17.9%
	Graduate or Professional Degree	8.8%
Position	Clerical	11.8%
	Service	11.4%
	Maintenance	3.8%
	Production	11.1%
	Technical	12.4%
	Sales	3.5%
	Managerial/Executive	10.7%
	Professional	20.7%
	Other	14.6%
Industry	Manufacturing	20.6%
	Transportation/Communication	26.4%
	Financial/Insurance/Real Estate	8.4%
	Social Services	4.8%
	Health Services	12.2%
	Education	8.4%
	Public Admin./Gov't Services	11.3%
	Other	7.9%
Length of Tenure	1 day – 3 years	40.0%
	4-6 years	36.0%
	7-10 years	20.0%
	Over 10 Years	24%%
Hours of Work	Full-time	93.9%
	Part-time	6.1%

Note: These positions were self-disclosed and may not align with the companies position descriptions.

The following sections contain the analysis of the 2005 Western Wisconsin State of the Workforce Generational Survey as well as comparisons to the Community Audit and the national studies by Rutgers University, University of Connecticut and the American Association of Retired Persons.
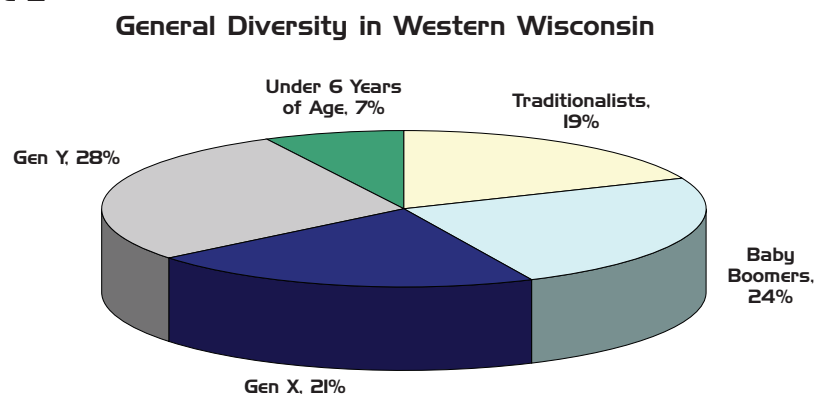
Generational Differences

Being aware of the generations present in today's workforce and their corresponding stereotypes is becoming increasingly important today. Currently, the nation is in a very unique situation, one in which four generations share the workplace. Older, middle-aged, and younger workers may share common work duties, but their values, approaches to work, communication styles, and perceptions of each other may differ greatly. These differences make conflict in the workplace almost unavoidable. It is increasingly important that businesses and employers are aware of the differences and unique characteristics of each group in order to more effectively manage a multi-aged workforce.

The four generations present in the workforce are divided by birth date and include: Traditionalists (Trads), Baby Boomers (Boomers), Generation X (Gen X), and Generation Y (Gen Y,) also known as Millennials. While there are a variety of different sources available on generational diversity and stereotypes, the range of years used for the 2005 State of the Workforce Report will include:

- **Generation Y** includes people born between 1981 and 1999 and are between the ages of 6-24.
- **Generation X** includes individuals born between 1965 and 1980 and are between 25 and 40 of age.
- **Baby Boomers** were born between 1946 and 1964 and are between 41 and 59 years of age.
- **Traditionalists** were born between 1900 and 1945 and are over the age of 60.

The breakdown of generational diversity in the western Wisconsin workforce is shown in Figure 2.

Figure 2

General Diversity in Western Wisconsin

Source: Wisconsin Department of Workforce Development, based on projections from the 2000 US Census.

There are common stereotypes associated with each generation:

- **Gen Y**, is seen as a group that is realistic and technology savvy. They also want information quickly and are very comfortable using the Internet for communication. Personal safety is very important to them, and they are an empowered, confident group due to their Boomer parents. This group is also very familiar with diversity in all aspects of their life. To Gen Y, a college degree is the norm and it holds the same value as a high school diploma did for other generations.

- **Gen Xers** have a variety of stereotypes are associated with them, many are not seen as positive. Gen Xers are seen as a group of slackers working a variety of low-paying, low-status jobs. They tend to be materialistic, arrogant, and overly concerned with finding fun and personal fulfillment in their work. Many were latch key kids so they are very independent, resourceful, and flexible. In addition, Gen Xers prefer a rapid style of information collection. They were raised on CNN, VCRs, the Weather Channel, and the Internet. (Tulgan)

- **Boomers** are seen as optimistic. They believe in and want change and are very competitive. Since there are so many people in this generation, some theorize this trait is attributed to Boomers needing to compete for a variety of resources during their life.

- **Trads** are generally seen as being very competitive, patriotic, hard working, loyal, and show respect for leaders and leadership.

Understanding generational differences is very important to businesses in regards to recruiting, retaining, managing, and retiring employees. Being aware of each group's values can be an advantage to employers in the marketplace. Employers will need to develop attraction, interviewing, and retaining and managing strategies in order to address and adapt to the changing demographics of the workforce.

Attracting

When companies develop strategies to attract potential candidates there are many things to consider, including how to advertise. The traditional method of placing an ad in a newspaper, a common strategy for Trads and Boomers, may alienate a large pool of candidates. Company web site should be used to attract both Gen X and Y candidates. Both generations use web site to discover job openings and learn about the company. Gen Y prefers to see multi-generational and diverse photos on company web site. (Lancaster and Stillman)

In addition, employers should consider the potential applicant's values, including what motivates a person to work, what factors motivate a person to stay with a current employer, and what a person views as meaningful work. Prospective employers can use this knowledge to their benefit when trying to attract talent.

The local survey tried to uncover the differences in motivations for work. Employees were asked, **"Other than earning an income, why do you work?"** The responses were chosen from:

Table 2

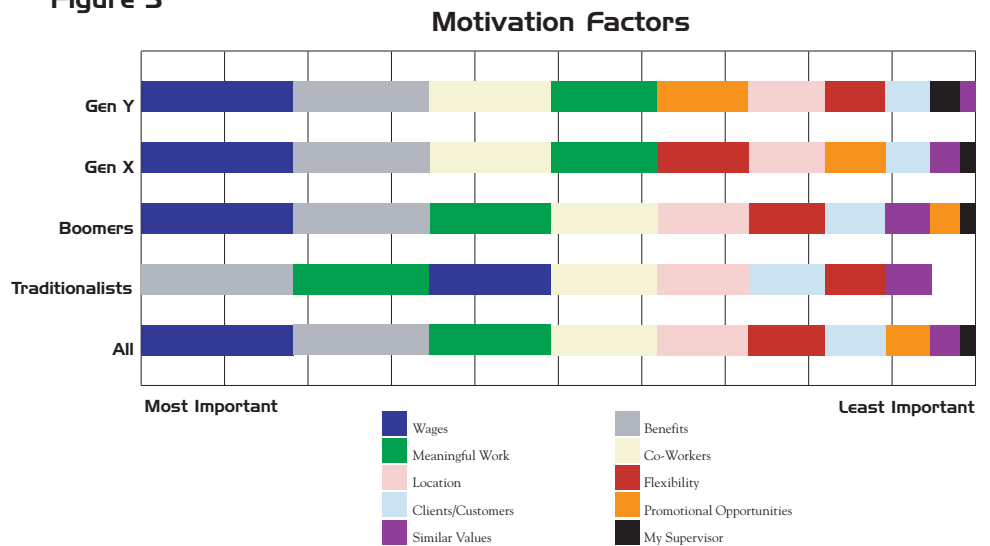| Motivation to Work (exclude income)	Overall
Health benefits	58.5%
Personal fulfillment	23.4%
Like the structure and daily routine of working	9.4%
To belong to a team/social interaction	5.3%
To learn	3.4%

Overall, all generations aligned with the top three motivating factors listed in the above table.

Gen Y placed a higher emphasis on "to learn" ranking third. This is not surprising, when national stereotypes indicate that Gen Y is concerned with building their resume and continually learning new skills.

Respondents were also given the opportunity to provide a response to "other." Comments that were provided included: variations of financial obligations, career/personal goals, and benefits.

Next, employees were asked to rank 10 factors that most motivated them to stay at their current employer. Responses are shown in the Figure 3.

Figure 3

Motivation Factors

Most Important   Least Important

■ Wages	■ Benefits
■ Meaningful Work	■ Co-Workers
■ Location	■ Flexibility
■ Clients/Customers	■ Promotional Opportunities
■ Similar Values	■ My Supervisor

All generations ranked "meaningful work" as one of the top four motivations to stay with their current employer. A potential employee's definition of "meaningful work" will impact what industry they work in, what employer they work for, and what will attract them to a company or a position. In the 2005 State of the Workforce Survey, respondents were asked to define what they considered "meaningful work."

• **All generations** responded that the definition of "meaningful work" included helping others and personal fulfillment.
• **Boomers** and **Gen Y** both cited "helping the community or society as a whole" as an important aspect of defining "meaningful work." These two generations may have this value in common as many Gen Yers are children of Boomers and are being raised with similar values.
• Overwhelmingly, the most common response given by **Gen X** was "personal fulfillment." Variations of this answer included: "Having something that I can take pride in," "Enjoying what I do," and "Feeling that I have accomplished something at the end of the day." These local responses align with the national information gathered that Gen X is seen as being indulgent and arrogant.
• **Boomers** and **Gen X** both placed emphasis on "meaningful work" as being something that enables them to pay their bills.

Results from the 2005 State of the Workforce Survey were in direct alignment with the results of the 2003 Community Audit of the Western Wisconsin Workforce Development Board, Inc. In that study, 3,650 employees in were given a list of retention factors to rank. Overall, the "wages," "benefits" and "meaningful work" ranked as the top motivating factors for individuals to remain in their current employment. These three factors were consistently ranked as being equally important throughout the study. When the overall results were broken down by age, "co-workers" was one of the highest motivating factors for the 16-23 age group, Gen Y in the current survey.

Interviewing

According to, *When Generation Collide: Traditionalists, Baby Boomers, Generation Xers, and Millennials: Who They Are, Why They Clash, How to Solve the Generational Puzzle at Work, by Lynne C. Lancaster and David Stillman*, to be attracted to a company, each generation prefers a particular type of interview.

- **Gen Y** is also looking for meaningful work, a company with similar values to their own, and a future. Gen Y wants to build resumes and create parallel careers. This generation prefers working with peers in a fun group environment and participate in decision-making.
- During the interview, **Gen X** wants to learn about job responsibilities and prefers the discussion be future-focused. Gen X is attracted to companies that value freedom/flexibility in scheduling to allow for a balance between work and personal life. Other factors considered important are continuous training, paid time off, a clear career path, and a relaxed dress code.
- **Boomers** want to impress the interviewer and prefer a future-focused discussion. They are more concerned with getting hired for the position first and covering the specifics later. When discussing the particulars of the job, Boomers value their time and feel flexibility in their schedule is more important than their wage. This national information contradicts the local results from both the 2003 Community Audit and the 2005 State of the Workforce Survey which showed that Boomers are motivated more by wages and benefits.
- **Trads** are accustomed to the interviewer doing a majority of the talking and asking open-ended questions. They want to learn more about the company's history and want to feel that they are still productive at any age.

Retaining and Managing

According to Lancaster and Stillman, job recognition is important for all four generations in different ways.

- When being recognized for accomplishments, **Gen Y** prefers gift certificates and free meals. It is also important to this generation that jobs have meaning for the company and for others. Generation Y is looking to build resumes and find that changing jobs is just part of the daily schedule. A person from this generation will on average have at least eight careers in his or her lifetime. Gen Yers tend to dislike the practice of "paying their dues."
- To **Gen X**, the ultimate reward is freedom (flexibility of time) to maintain the balance one desires between personal and work life. They prefer public recognition and acknowledgement for a job well done as it gives exposure to other opportunities. This differs from the results of the 2005 State of the Workforce Survey. According to the results, Gen X cited that they liked to be recognized for a job well done first with "a raise or bonus" and second with "freedom/flexibility in my schedule."
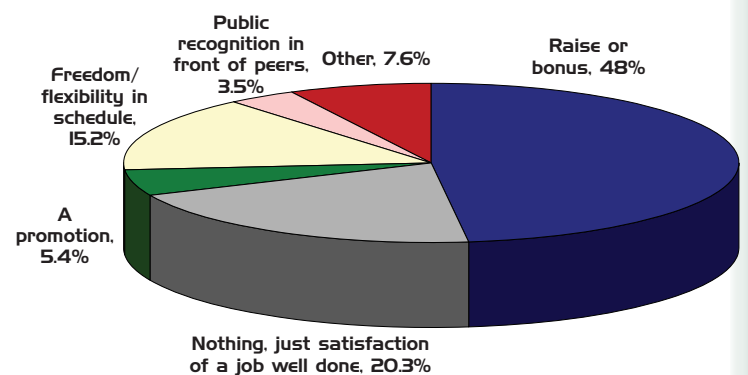
To retain a person from **Gen X**, an employer will need to show a potential career path and future opportunities in the company. Members of this generation prefer to constantly learn new skills to make them feel valuable and to strategically build their resumes. They also tend to quit "managers" and not "jobs."
- **Boomers** generally like to be recognized publicly or in ways that show others how they are doing. Examples are raises, enhanced titles, or corner offices. When receiving feedback either positive or negative, Boomers prefer it is done formally once a year with documentation. They desire accurate and specific recognition. If an employer focuses too much on training and continuing education, Boomers will leave since they prefer to concentrate on doing their jobs.
- Typically, **Trads** prefer not to be publicly recognized and believe "no news" is "good news." They are satisfied with a "job well done." If the company has a training program, Trads prefer to learn by trial-and-error or learning on-the-job.

In order to understand if there were local variations to the national information, survey respondents were asked the preferred method for recognition and feedback from their supervisor. When asked, **"I like to be recognized for a job well done with…,"** the overall responses can be seen in Figure 4:

Figure 4

I like to be recognized for a job well done with…

- Freedom/flexibility in schedule, 15.2%
- Public recognition in front of peers, 3.5%
- Other, 7.6%
- Raise or bonus, 48%
- A promotion, 5.4%
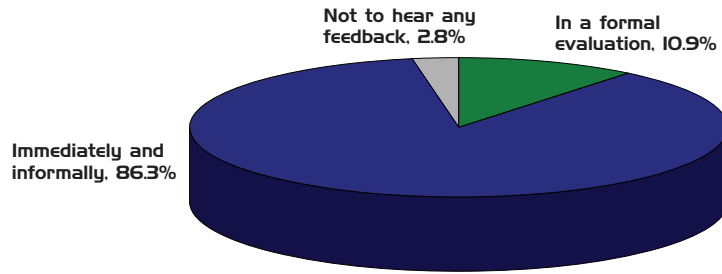- Nothing, just satisfaction of a job well done, 20.3%

When the results were broken down and analyzed by age. No significant variations occurred.

When asked **"When it comes to feedback from my supervisor, I prefer…,"** the preferred method for all generations is immediate and informal feedback, with 86.3 percent of respondents choosing this option.

Figure 5

When it comes to feedback from my supervisor, I prefer…

Not to hear any feedback, 2.8%

In a formal evaluation, 10.9%

Immediately and informally, 86.3%

In order to better understand how to retain the workforce, an employer must also recognize the reasons an employee may choose to leave his or her position. Nationally, when individuals were asked, "If you could make good money some place else, why would you stay with your current employer?," there was quite a difference in the answers given.

- **Gen X** would stay with their current employer because of autonomy, a flexible schedule, and time off. Their loyalty is to their co-workers first and then to the company. (Lancaster and Stillman)
- **Boomers** generally said that they would stay "to make a difference."
- **Trads** tended to stay because of loyalty to the company and to clients/customers, and because of the time off they had earned.

Locally, employees were asked, **"If you were to leave your current job/employer, why would you leave?"** When the results of this question were analyzed by age cohorts, the responses aligned with the overall results and can be seen in the Table 3.

Table 3

Respondents	Overall	Gen Y	Gen X	Boomers	Trads
		(18-24)	(25-40)	(41-59)	(60 or older)
Retiring	44.5%	27.3%	18.0%	55.7%	91.9%
Wages not competitive	20.5%	18.2%	27.9%	18.7%	3.5%
Lack of promotional opportunity	10.5%	13.1%	17.2%	7.5%	2.3%
Company does not have a clear career path for me	7.4%	9.1%	10.7%	6.2%	-
Lack of meaningful work	5.3%	8.1%	8.0%	3.9%	1.2%
Build my resume with another company	4.2%	12.1%	7.2%	2.0%	-
Don't get along with supervisor	3.5%	6.1%	5.5%	2.6%	-
Boredom	3.4%	6.1%	4.5%	2.7%	1.2%
No training opportunities	0.7%	-	1.0%	0.7%	-

Generations are motivated by different incentives and prefer certain management techniques. While important to all, "Flexibility in scheduling" will be a determining factor for retaining Trads. To retain Gen Y and Gen X, employers must provide opportunities to build careers.

It is interesting to note that the overwhelming response in the table for most generations was "retiring." This does not necessarily mean that the respondents have immediate plans for retirement, or that they would only leave due to retirement. Further study may be necessary.

When the responses were analyzed for those who choose "other, please specify" some interesting trends were found.

- **Gen Y** listed school, pay issues, and staying home to raise a family as "other" reasons they would leave their current employer.
- "Other" reasons **Gen X** stated would motivate them to leave their current employer were location, problems with supervisor or co-workers, family reasons, and work politics.
- **Boomers** would leave their current employer due to too much stress, to work closer to home, or because of co-workers.
- **Trads** indicated the "other" reasons they would leave their current employer would be retirement or illness.

Respondents were also asked to indicate if they planned on leaving their current employer within the next year.

- A large majority of the respondents, 87.7 percent, stated that they do not plan on leaving their current employer within the next year.
- 26.7 percent of **Gen Y** (18-24) stated that they plan on leaving their current employer within the next year. This percentage aligns with the national stereotypes that Gen Y is looking to build resumes and that changing jobs is part of their daily life.

To further uncover factors that may affect an employee's decision to remain with an employer, they were asked, **"If you plan on leaving your current employer within the next year, what could your current employer do to motivate you to stay?"** The following results appear for those who responded "yes" to leaving within the year.

Table 4

Respondents	Overall	Gen Y (18-24)	Gen X (25-40)	Boomers (41-59)	Trads (60 or older)
Give me a raise	51.1%	46.2%	53.2%	48.0%	57.1%
Provide a more flexible work schedule	17.4%	23.1%	17.0%	8.0%	42.9%
Allow me to work from home	14.1%	15.4%	14.9%	16.0%	-
More autonomy in responsibilities and duties	12.0%	-	10.6%	24.0%	-
Additional training	4.3%	15.4%	4.3%	-	-
Add more up-to-date training	1.1%	-	-	4.0%	-

- **All generations** ranked "an increase in wages" as the most motivating factor given to remain with their current employer.
- **Gen X and Y** placed flexibility as the next motivating factor. These results show that local respondents from Gen X and Y tend to follow the national trends for what motivates an employee to stay.

When the responses were analyzed by generation, the following trends were found:

- Overwhelmingly, **Gen Y** stated that there was nothing that their employer could do to motivate them to stay.
- **Gen X's** responses tended to be position specific including: problems with specific supervisors, advancement/promotional issues, and desire to have a local route (truck drivers).
- Many **Boomers** stated there was nothing that their employer could do to motivate them to stay. Other reasons included promotional issues, better benefits, and individual problems with specific supervisors/management.

In addition, all respondents, regardless if they are planning on leaving their current employer or not, were asked, **"What could another employer could do to motivate you to leave your current employer?"**. The responses are illustrated in Table 5.

Table 5

	Overall	Gen Y (18-24)	Gen X (25-40)	Boomers (41-59)	Trads (60 or older)
Increase in wages	57.5%	64.1%	60.5%	55.6%	43.1%
Have opportunities to be promoted	9.2%	10.7%	12.3%	7.8%	-
Provide flexible hours	8.9%	5.8%	9.1%	8.9%	13.7%
Provide better health benefits	8.5%	5.8%	4.7%	10.5%	19.6%
Have values similar to mine	7.2%	6.8%	5.1%	8.0%	15.7%
Located closer to home	6.7%	4.9%	6.1%	7.3%	7.8%
Provide training opportunities	1.5%	1.9%	1.5%	1.6%	-
Have up-to-date technology	0.4%	-	0.7%	0.3%	-

- **Gen Y** placed a greater emphasis on having similar values as their employer.
- **Gen X** placed more emphasis on "proximity to work" and less on "provision of health benefits."
- **Boomers** also placed less importance on "opportunities for promotion."
- **Trads** placed the least value on "opportunities for promotion," "training," and "technology."

Respondents were give the opportunity to choose "other" and to give an individual response. When "other" was analyzed, the overwhelming response give by all generations was that there was nothing another employer could do to motivate them because they were happy with their current employer and did not plan on leaving. The following were additional responses:

- **Gen Y** replied that they would like to work from home with the same pay and benefits.
- **Gen X** cited better wages, benefits, and promotional opportunities as "other" reasons to leave.
- **Boomer**s indicated that an employer who provided a schedule with weekends off would motivate them to leave (may be position specific), being closer to home for the same wage, and more flexible hours.

RETIREMENT

The Bureau of Labor Statistics estimates that the number of workers aged 55 and older will grow by 50 percent between the years of 2002 and 2012. As the labor force continues to age, employers will need to address retirement by learning what is important to each generation's retirement needs and motivating employees to remain attached to the workforce.

In 2003, The American Association of Retired Persons (AARP) published a report focusing on retirement entitled, *Staying Ahead of the Curve 2003: The AARP Working in Retirement Study.* According to this report, nearly 70 percent of workers who had not retired were planning on working into their retirement years or never retiring. Almost half envisioned themselves working into their 70's. Financial need was the primary reason given for an extended retirement, but many workers' decisions were also effected by non-financial reasons. Another reason was staying mentally and physically active.

AARP reported that workers definitions of retirement are adapting to the changing atmosphere of the workforce.

- **Gen X** prefers to appreciate things throughout their life and career, not just at the end of it.
- **Boomers** view retirement as a retooling of their career and may choose to leave the 9:00-5:00 world to become consultants in their field of expertise.
- **Trads** view retirement as a reward after a lifetime of service to a company.

Approximately 53 percent of employed people cited that their definition of retirement was "working for enjoyment and not money." Combined with the desire to stay mentally active, this will have major implications on how employers will attract and retain older workers. Employers can no longer rely on advertising positions in their company based on salary and benefits. The focus will need to change to show that the work environment is flexible, offers opportunities to stay physically and mentally active, and is an enjoyable place to work.
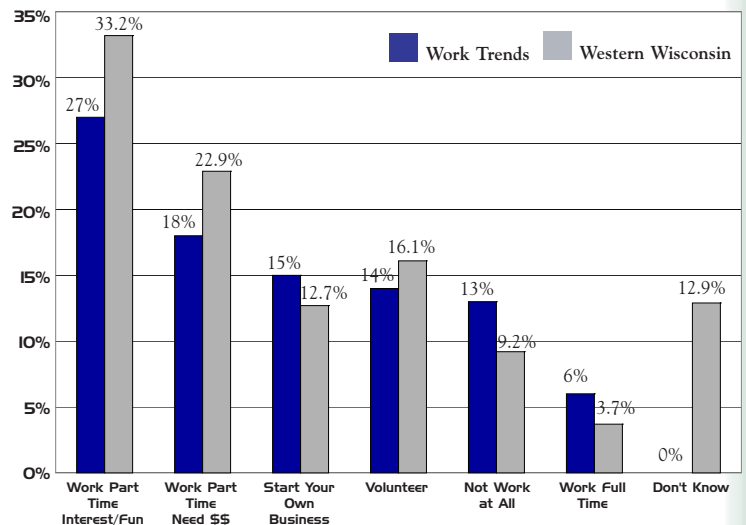
Pre-retirees and working retirees were asked to rate job attributes that are very important for working into their retirement. At least half of the respondents listed the following:

- An environment where employee opinions are valued;
- A company that lets older workers remain employed for as long as they wish to be employed;
- Flexible hours (being able to set own hours and being able to take off to take care of relatives); and
- Good health benefits offered while working and during retirement.

WorkTrends is another national study that explores the attitudes of the United States workforce, performed each year by the John H. Heinrich Center at Rutgers University and the Center for Survey Research and Analysis at the University of Connecticut. The 16th annual survey focused on retirement and the changing views about older workers. In the study, *WorkTrends: A Work Filled Retirement: Worker's Changing Views on Employment and Leisure*, respondents in 2005 were more open to the opportunities to work during their retirement than those in the 2000 study. In fact, the 2005 study found that among workers who had retired, 54 percent went back to work because they needed the income. The State of the Workforce study tried to parallel the *WorkTrends* study, so findings will be addressed in relation to the local study.

Employees were asked, **"When thinking about your employment in later years, which of the following statements best describes what you think you will be doing when you retire from your main job?"** Figure 6 shows western Wisconsin survey results in relation to the national study.

Figure 6
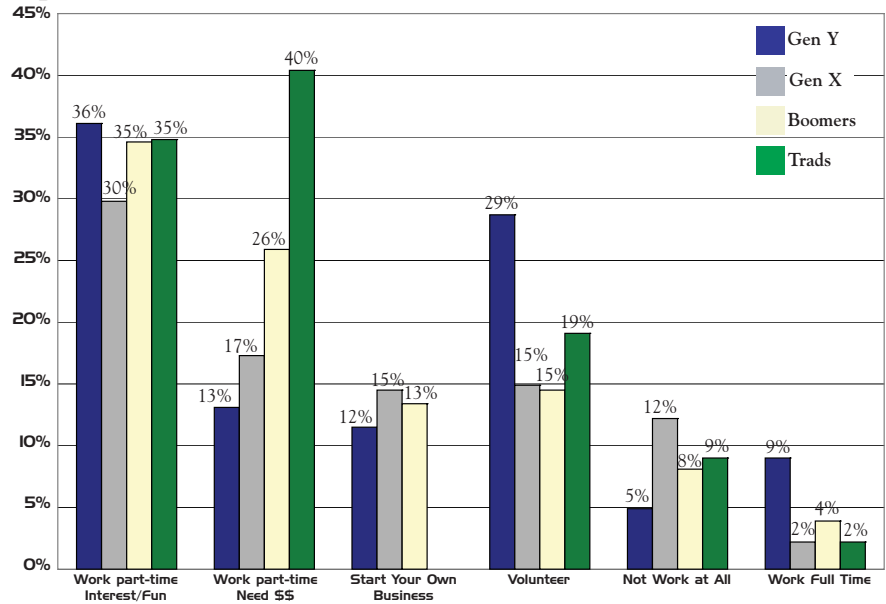### Plans for After Retirement

Based on statistical analysis, the results for western Wisconsin, do not follow the same distribution as the *WorkTrends* study. Respondents in western Wisconsin are more likely to volunteer after retirement, than those in the national study.

When examining the plans for each generation present in western Wisconsin, it is apparent that generational differences appear.
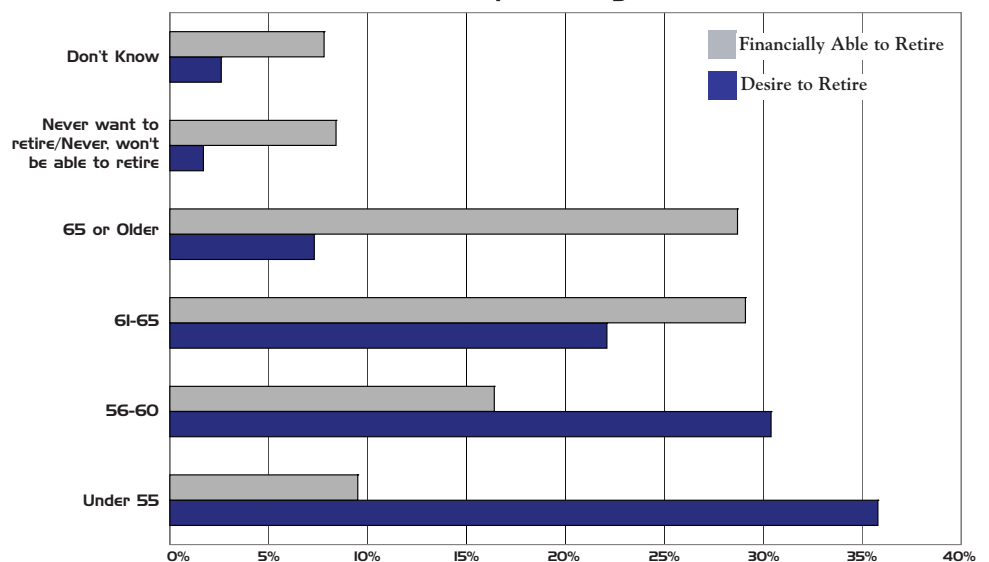
Figure 7   **Plans for After Retirement**

- **Trads** rank "Working part-time for the income it provides" as the first option. This generation is the closest to retirement age, and may be able to see the realities of their financial situations.

- "Volunteer in the community" was ranked second for **Gen Y**. This response is consistent with their perception of "meaningful work" they defined as "helping the community or society as a whole."

Next, employees were asked about plans for retirement. The survey wanted to uncover both the age when employees would like to retire and what age that they think they will be financially able to retire from full-time work. Overall, responses show that the majority of people surveyed would like to retire under the age of 55, but do not think they will be financially able to retire until after 65.

Figure 8

Ideal and Expected Age of Retirement

Additionally, all employees were asked, "**How confident are you about being able to retire when you want to.**" Figure 9 shows that the respondents in western Wisconsin were slightly less confident overall than their national counterparts (54 percent to 64 percent, respectively). A statistical test held that the distributions for the two surveys were not similar.

How Confident are you that you will be able to retire when you want? - Generational

In western Wisconsin, the large majority of **Trads** are "very confident" about when they will be able to retire. Interestingly enough, **Gen X and Y** are overwhelmingly "somewhat confident" about when they will be able to retire even though that could be many years away.

The survey was also able to breakdown the confidence level by gender and income level. It was interesting to note that the respondents in western Wisconsin fell in line with the *WorkTrends* study, showing similar traits for their confidence levels, although females in western Wisconsin are somewhat less confident in their ability to retire. The following charts show the confidence level for retirement by these demographics.

Figure 10

How Confident are you that you will be able to retire when you want? - Gender
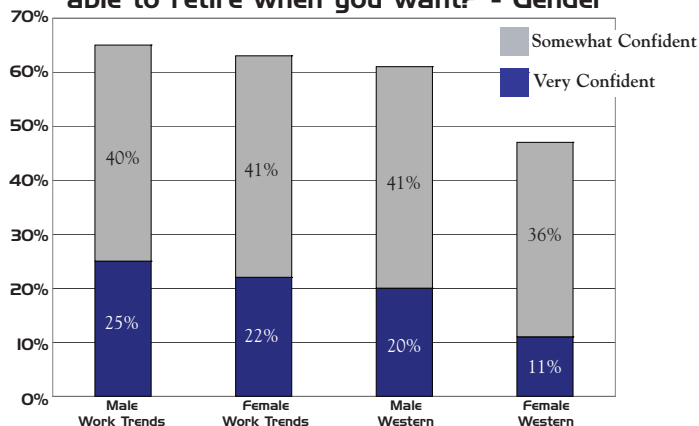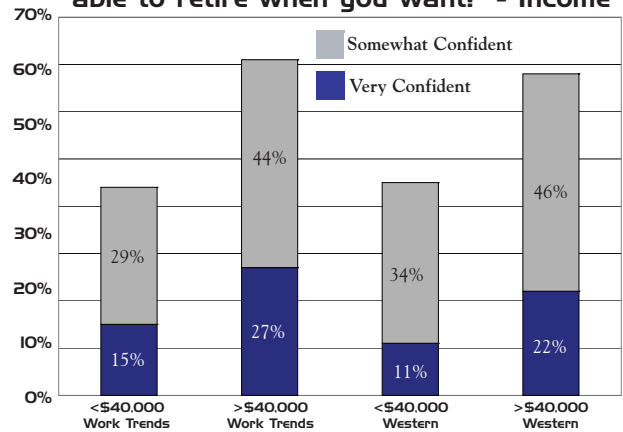

Figure 11

How Confident are you that you will be able to retire when you want? - Income

Respondents who indicated plans for retirement were asked, **"How long until you plan on retiring?"** Table 6 illustrates when the Boomers and Trads plan on retiring.

Table 6

	Overall	Boomers (41-59)	Trads (60 and older)
Less than one year	6.1%	5.5%	14.5%
1-3 years	15.8%	11.4%	51.3%
4-6 years	20.7%	22.6%	25.0%
7-9 years	14.8%	19.7%	5.3%
10 or more years	42.7%	40.8%	3.9%

Of the respondents who retired and recently re-entered the workforce, 50 percent stated that they returned for the needed income that it provides (54 percent in *WorkTrends*) and 33 percent said that they returned for the interest or enjoyment that working provides.

The survey was able to break down retirement plans by industry. Some interesting data appeared and one can make generalizations about western Wisconsin, although this data may not be statistically representative of the industry as a whole, due to data collection methods.

• Manufacturing – According the 2005 State of the Workforce survey results, 74 percent of respondents working in the manufacturing industry were between the ages of 41 and 59 years old. Of these respondents, 42 percent indicated that they were planning to retire from the manufacturing industry within the next six years. According to data from the Economic Modeling Specialists, Inc., the manufacturing industry is projecting a 14 percent change in the amount of manufacturing jobs in western Wisconsin by 2012. These two trends could indicate a more severe labor shortage for this industry.
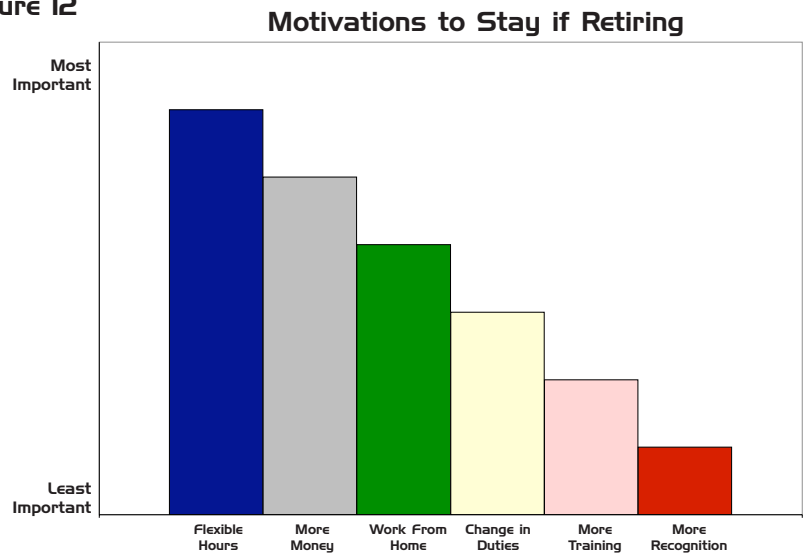
- Education – Of the respondents to the survey, 55 percent were between ages of 41 and 59, while 54.6 percent were planning on retiring within the next 6 years.

- Health Care – Approximately 61 percent of respondents were over 41 years of age and 44 percent were planning to retire in the next 6 years. The age of the respondents did fall in line with the reported average age of nurses in the area being over 40 years of age.

According to Economic Modeling Specialists, Inc., the anticipated change in jobs in the health care industry in 2012 is three percent. Again, the health care industry may feel the impact of a labor shortage more severely than other industries in western Wisconsin.

The employees who would leave because of retirement, social security issues aside, were asked to check all of the options that would motivate them to stay in the workforce. Overall, the top motivating factors were "flexible hours" and "more money" (see Figure 12 for a ranking of the importance of each factor).
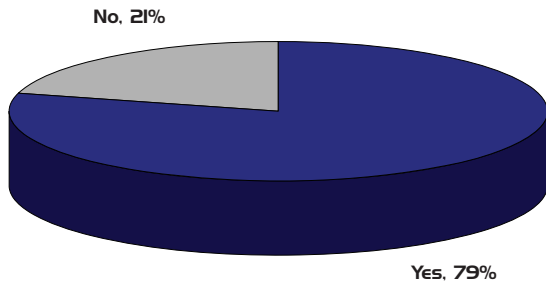
Figure 12

Motivations to Stay if Retiring

Most Important / Least Important — Flexible Hours, More Money, Work From Home, Change in Duties, More Training, More Recognition

Lastly, employees who indicated that they are planning on retiring in the near future were asked, **"What other concessions could your employer make to accommodate you remaining in the workforce?"** Responses were similar for both the **Boomers and Trads**. Common responses included: flexible hours with same benefits, flexible hours with higher pay scale, summers off, more vacation time, and less stress in the workplace. These concessions are in line with results provided in the retention section. Locally, employees are the most motivated by flexible hours and more money.
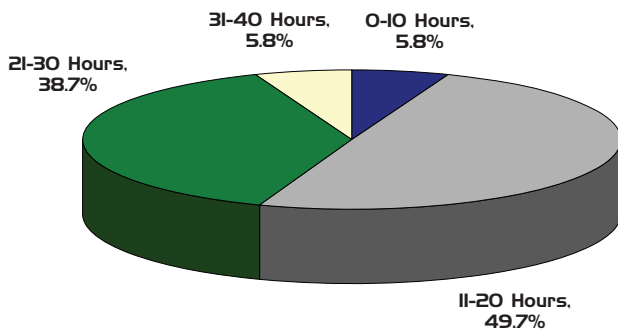
In an effort to better understand what factors could impact the time frame when employees leave the workforce, respondents were asked, **"Would you continue working if you could have the option of reducing your working hours and phase your retirement over a number of years?"** See Figure 13 for results.

Figure 13

Would you consider continuing to work?

No, 21%

Yes, 79%

A majority of the responses included that people were interested or motivated to stay in the workforce by flexible hours. In order to get a better idea of what flexible or less hours means to employees, the survey asked, **"If you could phase out retirement and work less hours, how many hours would you like to work?"** Overall results are illustrated in Figure 14. When analyzed by generation, the results did not vary.

Figure 14

If you could phase out Retirement and reduce hours, how many hours would you like to work?

31-40 Hours, 5.8%
0-10 Hours, 5.8%
21-30 Hours, 38.7%
11-20 Hours, 49.7%

Over half of the of the survey respondents, 55.5 percent, indicated if they could phase out of retirement, they would do so by working 20 hours or less per week. This response suggests that abruptly stopping work life, probably does not serve the interests of either the employee or the employer and does not occur without some degree of stress. The decision to retire is further exacerbated in today's economy by uncertainties not the least of which are health insurance and whether or not retirement budget estimates will hold for the longer term. Meanwhile in the workplace, qualified workers are at an ever increasing premium. Transitioning retirement with declining work hours rather than sudden cessation would seem to serve interests of both employers and employees.

Summary

In conclusion, employers as well as community leaders in western Wisconsin need to recognize and understand the economic and business implications of generational diversity. These implications are particularly acute in western Wisconsin where the workforce population is aging above the norm and where four generations are now meshed into the workplace. There are resulting changes in consumer demand, government service needs and workplace expectations. Recognizing the implications of generation diversity is the first step. The second step is understanding the differentials among the generations and putting actions into place that address these differentials. The many possible considerations include actions such as adapting work to accommodate good paying positions with flexible hours and allow Trads and Boomers to phase into retirement. Beginning to address the issue of generational diversity now can help businesses keep their qualified workforce as well as the quality of their workforce thereby lessening the pinch of a workforce shortage.

Generational Differences

Employers need to be aware that each generation has diverse values, motivating factors, perspectives, and strengths that are an advantage in the marketplace. Understanding these differences and motivating factors can also help businesses recruit, develop, and retain the top talent of each generation.

Retention

Motivational factors vary between generations. Generation X and Y tend to be more motivated by flexible hours, co-workers, training opportunities, and promotional opportunities. Employers who are recruiting need to be aware of the factors that motivate people to work, including: wages, benefits, meaningful work, and flexibility. Boomers and Traditionalists tend to be motivated by wages and benefits.

In order to attract a wide range of candidates, employers need to use a variety of resources when recruiting such as the newspaper, internet, and corporate web site. They should also use the motivating factors to entice specific generational to enter or be retained in the workforce.

Retirement

Employees retirement plans include working part-time for interest or fun, working part-time for income, starting own business, or volunteering. Local respondents, compared to national respondents, placed a higher emphasis on volunteering. Area employers need to be aware of this trend and may have to take additional measures to retain older workers.

A majority of employees would like to retire by age 55, but do not think that they will be financially able to retire until after age 65. Although financial inability to retire may require older workers to remain in the workforce longer, employers must not rely on this factor to retain older workers.

Employers who are trying to motivate older workers to remain in the workforce need to be aware that Boomers and Traditionalists are motivated by flexible hours and increased wages. "Meaningful work" was a motivating factor for employees in western Wisconsin in both the 2005 State of the Workforce Report as well as in the 2002 Community Audit report, employers must strive to develop jobs that provide meaning, if they are to retain older workers.

Sources

Staying Ahead of the Curve 2003: The AARP Working in Retirement Study. AARP, Washington DC 2003

Bureau of Labor Statistics www.bls.gov

Census 2000 Summary File 3 Sample Data www.census.gov

Economic Modeling Software 2005 http://www.economicmodeling.com.

When Generations Collide: Traditionalists, Baby Boomers, Generation Xers,Millennials: Who they are, why they clash, how to solve the puzzle at work. Lancaster, Lynn C. and David Stillman, New York, Harper Business, 2002

A Work Filled Retirement: Worker's Changing Views on Employment and Leisure, The State of New Jersey Rutgers and Center for Survey Research and Analysis at the University of Connecticut. Reynolds, Scott, Neil Ridley, and Carl Van Horn, Ph.d. Vol 8.1: Summer 2005

Managing Generation X: How to bring out the best in young talent. Tulgan, Bruce. New York: W.W. Norton, 2000.

2004 State of the Workforce Report. Western Wisconsin Workforce Development Board, Inc., 2004

2003 Community Audit Report. Western Wisconsin Workforce Development Board, Inc., 2003

Workforce Development Area Profile - Western Wisconsin. Brockmiller, William. April 2004

Acknowledgements

Questions on the report may be directed to:
Beth Sullivan
Director of Planning
Workforce Connection, Inc.
608-789-5610
sullivanb@wwtc.edu