

A Summary of

# Talking About My Generation:

Exploring the Benefits Engagement Challenge



## The full report includes:

- ✓ In-depth research into the financial aspirations, concerns and priorities of today's workplace generations
- ✓ Insight into benefits currently on offer and what employees really want
- ✓ The risks of getting benefits strategy wrong
- ✓ A toolkit to help HR professionals provide more generationally-appropriate benefits packages
- ✓ Tips for how best to communicate with a multigenerational workforce

## Why read this report?



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- Because your benefits programme is probably not meeting the needs of everyone in your workforce — the modern workplace is evolving in ways we have never seen before
- Because a benefits scheme that meets the needs of the different generations in your workplace will achieve better outcomes for you and your employees
- Because many have paid lip service to the “generation issue” but being aware isn't enough, you need to take action

## Overview of the report



For the first time in history, we are seeing up to five different generations in the workplace. These generations share the same managers, rub shoulders in the same spaces and collaborate on the same projects — but that is where the similarities end. With the age gap between these individuals reaching up to 50 years, we see just how far apart the values, drivers and needs of these different generations can be.

Meanwhile, for the past decade, a “perfect storm” has been raging in the workplace that has brought together a confluence of economic uncertainty, global competition, falling prices, ubiquitous and ever-evolving technology, and shortages in staff and resources. Throw in the changing “psychological contract” that now exists between different generations and their employers, and it is no surprise that HR professionals are rethinking how they reward their employees, looking beyond the “one size fits all” approach and assessing the effectiveness of traditional flexible benefits.

In unpacking some of these issues, Barclays has commissioned Dr. Paul Redmond (*pictured*), a leading expert on generational theory from the University of Liverpool, to conduct both quantitative and qualitative research to uncover the financial aspirations, concerns and priorities of today's workforce.

Through the lens of generational science, the report provides human resources (HR) professionals with a new and compelling way of thinking about how to use employee benefits to more effectively engage with the different generations.

“Employers must now address the fundamental landscape change in workforce requirements and demands.”

*Zain Wadee<sup>1</sup>*

<sup>1</sup> Wadee, Z., “Generations X and Y are different, so tailor your benefits accordingly,” *HRM Magazine*, 4 April 2011

# The research explores these five questions:

- 1 Does the current employee benefits structure suit the needs of the vast majority of the workforce?
- 2 How do these needs contrast and compare between the three key generational groups?
- 3 Is the language and media used to explain employee benefits appropriate for the growing Generation Y workforce? In what ways could it be better fit for purpose?
- 4 Will the current employee benefits structure be obsolete in five years as the generations in the workplace shift?
- 5 Building benefits packages for the multigenerational workforce — what's the cost of getting it wrong?



# What does the report tell us?

Here is a selection of research findings taken from the full report.

**1** Does the current employee benefits structure suit the needs of the vast majority of the workforce?

The report highlights that current benefits packages are too inflexible for today's employees

- Six-out-of-ten employees claim that a comprehensive benefits package is a key factor when looking for a new job.
- However, 85% felt that their current employee benefits packages failed to provide the support and flexibility required to meet present and future financial needs — a major finding suggesting that across the UK a serious discrepancy exists between the needs of employees and the benefits packages provided.
- Despite recognising the value of work-based financial guidance, over 90% of employees from all generations had no access to any form of work-based financial guidance.

## Financial education and guidance in the workplace




















Generations X and Y are particularly responsive to the idea of being able to access financial education in a variety of ways including face-to-face in the workplace. The report's focus groups discovered Generation X managers who were being kept awake at night worrying about pensions and mortgages, and talented Generation Y professionals who were resigned to not being able to afford a mortgage until their early forties.

**2** How do these needs contrast and compare between the three key generational groups?

Distinct generational characteristics have been found to exist within the workforce, which are especially apparent when looking at employee benefits packages:

- **Baby Boomers** (those born between 1945 and 1960) were the least demanding generation in terms of their employee benefits, with 71% valuing their company pension scheme, 48% valuing health care and 57% valuing opportunities for career development. Existing benefits packages were found to benefit this generation (after all, they designed them).
- **Generation X** (1961-1980) wants work-life balance, and while 71% value their company pension scheme, 69% value flexible working hours. Paying off the mortgage and spending more time with the family are major concerns for 41% of Generation X respondents, as is saving for retirement (30%).
- **Generation Y** (1981-1995) is focused on securing opportunities for career advancement and taking on more responsibility, with 64% citing ongoing career and personal development as most important to them. Nearly two thirds (65%) seek financial education and guidance, particularly because Generation Y faces significant financial barriers, as 29% currently prioritise getting on the housing ladder and 30% paying off debts.

Chart 1: An overview of the working generations

Characteristics	Maturists (pre-1945)	Baby Boomers (1945-1960)	Generation X (1961-1980)	Generation Y (1981-1995)	Generation Z (Born after 1995)
Formative experiences	Second World War Rationing Fixed-gender roles Rock 'n' Roll Nuclear families Defined gender roles — particularly for women	Cold War Post-War boom “Swinging Sixties” Apollo Moon landings Youth culture Woodstock Family-orientated Rise of the teenager	End of Cold War Fall of Berlin Wall Reagan / Gorbachev Thatcherism Live Aid Introduction of first PC Early mobile technology Latch-key kids; rising levels of divorce	9/11 terrorist attacks PlayStation Social media Invasion of Iraq Reality TV Google Earth Glastonbury	Economic downturn Global warming Global focus Mobile devices Energy crisis Arab Spring Produce own media Cloud computing Wiki-leaks
Percentage in U.K. workforce*	3%	33%	35%	29%	Currently employed in either part-time jobs or new apprenticeships
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude toward technology	Largely disengaged	Early information technology (IT) adaptors	Digital Immigrants	Digital Natives	“Technoholics” – entirely dependent on IT; limited grasp of alternatives
Attitude toward career	Jobs are for life	Organisational — careers are defined by employers	Early “portfolio” careers — loyal to profession, not necessarily to employer	Digital entrepreneurs — work “with” organisations not “for”	Career multitaskers — will move seamlessly between organisations and “pop-up” businesses
Signature product	 Automobile	 Television	 Personal Computer	 Tablet/Smart Phone	Google glass, graphene, nano-computing, 3-D printing, driverless cars
Communication media	 Formal letter	 Telephone	 E-mail and text message	 Text or social media	 Hand-held (or integrated into clothing) communication devices
Communication preference	 Face-to-face	 Face-to-face ideally, but telephone or e-mail if required	 Text messaging or e-mail	 Online and mobile (text messaging)	 Facetime
Preference when making financial decisions	 Face-to-face meetings	 Face-to-face ideally, but increasingly will go online	 Online — would prefer face-to-face if time permitting	 Face-to-face	 Solutions will be digitally crowd-sourced

\*Percentages are approximate at the time of publication.

### 3 Is the language and media used to explain employee benefits appropriate for the growing Generation Y workforce? In what ways could it be better fit for purpose?

- E-mail (45%) and staff intranet (41%) are still the most popular ways for companies to communicate their benefits to employees, compared to seminars (20%) and one-on-one meetings (13%).
- The result: *confusion*. One in five Generation Y respondents said that in the past year they have been confused about what employee benefits they have or are currently entitled to.
- More than 50% of employees now use the Internet when sourcing financial information. However, counter to claims about the rise of the “digital native” generations, our report’s focus groups discovered widespread support for face-to-face interventions and personal engagement particularly amongst Generation Y.
- Although auto-enrolment is likely to increase participation of Generation Y employees in company pension schemes, this report suggests that unless supplemented by more generationally-tailored benefits, auto-enrolment, as a form of engagement, is likely to have limited impact on recruitment or retention.

### 4 Will the current employee benefits structure be obsolete in five years as the generations in the workplace shift?

- Thinking about future employee benefits needs, each generation faces its own unique obstacles and challenges. While dissatisfied with existing benefits packages, few employees were able to see beyond their current benefits offerings.
- Although the majority (80%) of employees across all generations expect their employer to provide a comprehensive benefits package, we found that relatively few employees have a clear sense of the type of benefits package that would best suit their future needs. Helping staff visualise their future selves — particularly in terms of the financial challenges they are likely to face in the future — can be a highly effective way of overcoming this obstacle.

### 5 Building benefits packages for the multigenerational workforce — what’s the cost of getting it wrong?

- 12% of Generation Y respondents are so dissatisfied with their current benefits package that they have considered moving to a different organisation. This indicates the emergence of a new Generation Y “psychological contract” impacting how future generations engage with their employers: The role of the employer will shift from being a benefits “provider” to a benefits “enabler.”
- However, the reward for offering the right benefits packages to the right generational groups can be significant. Research shows that employees who are satisfied with their benefits packages are also more likely to be loyal to their employers and engaged with their organisations.<sup>2</sup>
- If tailored to the specific aspirations, priorities and objectives of each generation, benefits packages can be highly effective in enhancing employers’ engagement strategies. Organisations with high levels of engagement have 40% lower employee turnover rates than companies with low levels of engagement. In addition, Total Shareholder Return (TSR) at these organisations has been calculated as being 42% higher than their competitors. Employees with the highest levels of engagement perform 20% above average, while being 87% less likely to leave their organisation.<sup>3</sup>

## A toolkit for HR professionals

Understanding the generational differences is a key business imperative, particularly when devising and implementing organisational engagement strategies. In a post-recession workplace, where employee loyalty is undergoing a fundamental shift, what do employers need to do to ensure that they are meeting the needs of all their employees, at every stage of their lives?

Workplace generations need and expect tailored benefits packages. Based on generational profiles, the full report provides broad suggestions on the products and methods of communication for each generation that can help you begin your journey toward greater employee engagement.

One in five Generation Y respondents said that in the past year they have been confused about what employee benefits they have or are currently entitled to.

<sup>2</sup> “Benefits and the coming employee retention crisis,” *Trends E-Magazine*, October 2011

<sup>3</sup> P.A. Consulting, “Engaging your employees to drive superior organisational performance,” 2013

## Chart 2:

The full report includes details of the growing gulf in the traditional psychological contract — the unspoken relationship between employer and employees — and the emergence of a new psychological contract.

### Baby Boomer Psychological Contract

Work “for”  
an organisation

**COMMAND**  
& control

Job for  
**LIFE**

career clarity

Employer-  
**provider**

**RISING INCOME**  
and security

Promotion  
& *progression*

**SAVE NOW**  
spend in the future

### The New Psychological Contract

Work “with”  
an organisation

**FUNCTIONAL**  
teams

Job for  
**NOW**  
(fixed term contracts)

portfolio career

Employer-  
**enabler**

**RISING INCOME**  
reduced security

Personal  
*development*

**SPEND NOW**  
save in the future

The full report, *Talking About My Generation: Exploring the Benefits Engagement Challenge*, is available from Barclays:

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Item ref: IBIM2328. Sept 2013.

