

I N F O Bulletin

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Information Bulletin for Group Insurance Plan Administrators and Benefit Advisors

The Administrator's Corner



Generational Diversity in the Workplace

Most companies have a multigenerational labour force. Because each generation has its own specific characteristics, efficiently managing workplaces with such diversity represents a major challenge.

Companies must learn to adapt to the demographic make-up of their staff before planning for future growth. Given the imminent departure

of a massive number of baby boomers from the workforce and the arrival of Generation Y members, investing in harmonious intergenerational management has become critical.

The active population is comprised of four groups: seniors (1%), baby boomers (44%), Generation X (30%) and Generation Y (15%).¹

Active population representatives

The table below gives a general overview of each generation.

<p>Seniors Born prior to 1946</p> <ul style="list-style-type: none"> ■ Today: <ul style="list-style-type: none"> ■ Retired ■ Life experiences: <ul style="list-style-type: none"> ■ 2 World Wars ■ Great Depression ■ Great builders ■ Personal characteristics: <ul style="list-style-type: none"> ■ Respect for traditional values ■ Discipline, strength of character ■ Selflessness, contribution to the common good ■ Importance of values, ethics ■ Professional characteristics: <ul style="list-style-type: none"> ■ Respect for authority ■ Corporate loyalty ■ Resistance to change 	<p>Generation X Born between 1964 and 1977 (approx.)</p> <ul style="list-style-type: none"> ■ Today: <ul style="list-style-type: none"> ■ On the labour market ■ Progressing on their career path ■ Life experiences: <ul style="list-style-type: none"> ■ Economic turbulence ■ Precarious employment growth ■ Cold War ■ Technological progress ■ Personal characteristics: <ul style="list-style-type: none"> ■ Individualism ■ Cynicism ■ Impressive educational background ■ Importance of freedom ■ Seek adventure ■ Professional characteristics: <ul style="list-style-type: none"> ■ Little corporate loyalty ■ Seek balance between work and personal life
<p>Baby boomers Born between 1947 and 1963 (approx.)</p> <ul style="list-style-type: none"> ■ Today: <ul style="list-style-type: none"> ■ At the apex of their career ■ Nearing retirement ■ Ready to share their knowledge ■ Life experiences: <ul style="list-style-type: none"> ■ Post-war period ■ Economic prosperity, full employment ■ Indebtedness ■ Personal characteristics: <ul style="list-style-type: none"> ■ Self-esteem ■ Satisfaction of personal needs ■ Builders of social programs ■ Professional characteristics: <ul style="list-style-type: none"> ■ Importance of career ■ Importance of professional success ■ Balance between corporate loyalty and following one's dreams 	<p>Generation Y Born between 1978 and 1992 (approx.)</p> <ul style="list-style-type: none"> ■ Today: <ul style="list-style-type: none"> ■ Adolescents, young adults ■ Studying or at the start of their career ■ Life experiences: <ul style="list-style-type: none"> ■ Fall of the Soviet Union ■ Technological disasters ■ Environmental disasters ■ Internet boom ■ Personal characteristics: <ul style="list-style-type: none"> ■ Self-confidence (me, myself and I) ■ Importance of independence and living for the moment ■ Open-mindedness (diversity, globalization) ■ Impressive educational background ■ Extremely fragile ■ Professional characteristics: <ul style="list-style-type: none"> ■ Seek independence, achievements, challenges ■ Seek recognition ■ Seek balance between work and personal life

Source: "Les défis de la gestion intergénérationnelle," conference presented during the Rendez-vous technologique montréalais 2006 by Anne Bourhis, Ph. D., Associate Professor, HEC Montréal.

1. Data culled from Statistics Canada's 2006 census.

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Attracting and retaining the next generation of employees

The looming retirement of the baby boomer generation will leave a significant personnel void that companies will need to fill. In Canada, the labour force is aging and the pool of available workers shrinking, which means that finding the right person for the right job at the right time is increasingly challenging. Efficient management of the next generation of employees is thus a matter of corporate survival. Conscious that trying to simply “latch onto” experienced employees is insufficient, many companies are introducing labour force planning strategies. They must focus on meeting the aspirations of the next generation of employees while assessing their ability to attract and retain personnel. The younger generation’s values are vastly different from those of its predecessors, and employers must make adjustments if they wish to satisfy the needs of these new types of workers. To successfully recruit these resources, employers must understand the specific benefits their company can offer them. Doing so requires analyzing the corporate culture, environment and demographic make-up. This analysis can be conducted using various tools such as questionnaires, group discussions and exit interviews. Management must work with teams from Human Resources and Marketing to implement targeted strategies that take the characteristics of the job market into account and focus on specific descriptions of tasks and working conditions. The younger generations, and Generation Y in particular, prefer a more direct recruitment process, asking questions that workers of previous generations would never have dreamed of uttering. Among these are queries regarding career path, compensation for overtime, management style, etc. Members of Generation Y are, for the most part, intent on working for an employer with which they can enjoy a win-win relationship. Young candidates have a good understanding of their potential value to an organization and can choose whether or not to put their knowledge, skills, and time to work for a given employer.

There is a certain unease regarding the lack of commitment and loyalty among new labour market participants, specifically those from Generation Y. According to Statistics Canada, 20 to 25% of them

leave their job to “take on new challenges.” 40% of them do so after having worked for their employer for less than two years. Company leaders must take responsibility for imbuing workers with a sense of commitment, because a high employee turnover rate leads to a drop in productivity, which adversely affects profitability. The days of a “lifelong job” are long gone. To develop loyalty among new employees, companies must offer interesting working conditions and motivating factors. The availability of public transport, daycare centres in the workplace and flexible schedules are all working conditions that enable employees to achieve their personal goals, without neglecting their career aspirations. The most effective motivating factors are management coaching and communication, closely followed by involvement, independence, versatility, training and ongoing skills development.

Four Generation Y expectations

- 56%** Flexible schedules
- 48%** Regular discussions regarding performance and bonuses
- 42%** Career development plans
- 36%** Additional days of leave

Source: Robert Half, 2006. The recruitment firm held a survey among Generation Y employees in 1,765 companies across the globe.



Transferral of “deep smarts”

According to specialists at Harvard Business School, companies progressively lose what is called “deep smarts” whenever employees retire. Deep smarts notably include intuition, which is acquired over the years, on the basis of experience and oftentimes at great cost. These intuitions “are stored in their heads and hands. Their knowledge is essential. The organization cannot proceed without it.”² They are based on practical, widespread and in-depth knowledge of a company’s clients and products. More importantly, they can be lost in

2. Dorothy Leonard and Walter Swap, “Deep Smarts,” Harvard Business Review, September 2004.

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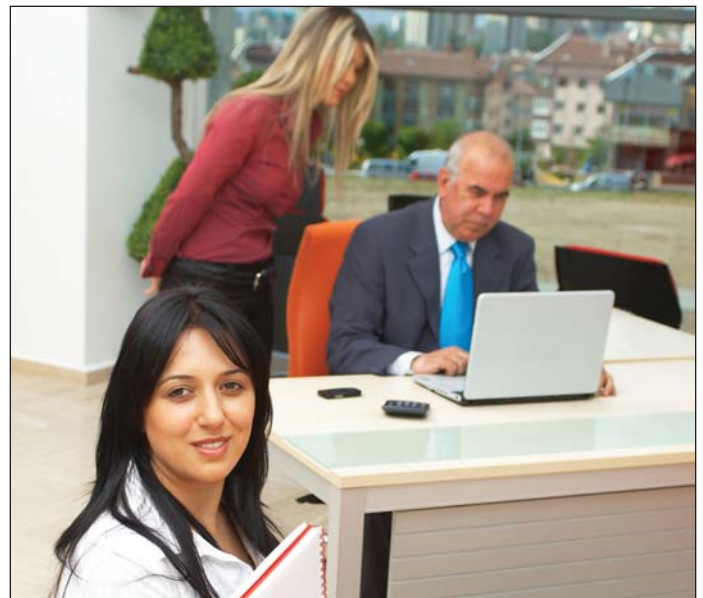


a heartbeat, namely when employees decide to retire, for such employees take a portion of an organization's memory along with them when they leave. Let's consider NASA. Over the past several years, the agency saw so many of its engineers retire that it irreparably lost certain knowledge, creating a situation that could prove detrimental to future missions, such as a revival of the lunar exploration project. In order to mitigate this dilution of knowledge, NASA announced plans to track down some of its retirees so that they could transfer their knowledge to the new generation of employees.

While deep smarts are hard to pin down, some companies have nonetheless initiated programs for attempting to store and save this wealth of knowledge. With the goal of helping those who are leaving to "pass the torch" to their successors, numerous companies are investing time and money in transfer-of-knowledge strategies. Such a transfer is generally ensured through mentoring or a buddy system (also called matching), where the soon-to-be retiree helps and advises the trainee who will be replacing him. There are also documentation systems that describe the tasks of employees and thereby constitute valuable resources for future generations. According to experts, employees who will soon be retiring are usually open to transferring their knowledge to younger personnel. "In general, people consider it as being beneficial, as a part of their legacy," said Nicole Vachon, President of IC Formation, a company that assists companies with the transfer of knowledge.³ There are also job extension programs which protract the rupture between a company and a future retiree by enabling the latter to hold a position as an advisor, mentor, or consultant within the organization. This method of retaining experienced resources can be sufficiently interesting as to prompt some employees to dedicate an additional two to five years to their employer.

Cohabitation of generations

The infusion of "new blood" revitalizes a company's labour force. This new collaboration, however, is not painless, for the cohabitation of generations inevitably generates tension in the workplace. To better prepare for intergenerational conflicts, some organizations offer training to employees on the various characteristics of the different generations, as well as the factors that drive them. Such training can consist of traditional conferences or even interactive seminars. Exercises can be conducted to identify the differences within a conflict-free environment. Depending on a company's needs, the trainer could query participants as to what they admire – and what irks them – about other generations. Such sessions represent a good foundation for management action, but the precepts involved must be applied in employees' daily routines. In fact, common threads must be found between the various employee groups, and a conscious effort made to create social relations between them. Knowing when to influence and when to adapt becomes critical. Each generation has



specific strengths; taken together, they can help build a strong and competitive team. In so doing, organizations must proceed with caution, ensuring that intergenerational management avoids generalization and stereotyping, which will end up harming the company.

From theory to practice

According to Hydro-Québec's renewal plan, 30% of its human resources (8,000 employees) will need to be replaced between now and 2014. Since 2000, the government corporation has striven to counter the effects of these departures, beginning with a cyclical diagnosis of the status of its labour force. Which employees will be retiring? What about the availability of resources on the labour market? What knowledge will need to be transferred? Mentoring and the buddy system enable apprentice trainees to spend as much time as possible with the employees they will be replacing. Virtual sharing and cooperation networks have been set up to promote exchanges between technicians and engineers, often scattered throughout the territory. These networks allow for the sharing of experiences and the joint resolution of actual problems. Hydro-Québec is optimistic about the future and its new employees. To attract the younger generation, the company has revamped its corporate image, developing a marketing strategy that promotes the benefits of working at Hydro-Québec. "A succession plan, for our company, is not merely about risk management. It also requires managing an opportunity: that of improving the quality of our resources by attracting new employees. In our opinion, this constitutes an approach that will enable us to hire people with skills that are better adapted to our future needs," explained Jean-Luc Chabot, Director, Succession Planning and Development for the government corporation, to the magazine *Jobboom* (November 2004).

3. Steve Proulx, "Le talon d'Achille," *Jobboom* magazine, vol. 5, no 10, November 2004.

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Diverse age groups offer varied skills and ideas, which enable a company to grow in a unique fashion. A single generation would be incapable of achieving such growth. To fully benefit from the pool of available talent, companies must make significant efforts to understand the different generations and facilitate their interaction. The more a company understands the different generations comprising its labour force, the better equipped it will be to efficiently manage organizational growth.

It is important to correctly report your members' salaries

Short and long term disability benefit payments are based on plan members' salaries. It is vital that members' salaries be accurately reported on a regular basis, otherwise disability benefit payments could be improperly paid in the event of an accident or injury claim.

As plan administrator, you have the responsibility of maintaining accurate and current information for all of your plan members with Industrial Alliance. This means that you must inform us of any salary changes as soon as possible. If you have a transactional Web@dmin access, you can update the information directly in your plan members' file in the *Salary* section by clicking on *Edit*, and entering the new salary, salary basis and effective date. If you only have a visual access or are not enrolled in Web@dmin, please fill

out the Notice of Change form (F54-020), specify code "5" and send the completed document to us within 31 days of the change. Failure to properly report salary increases will result in your members **being covered for an amount of insurance which is less than what they would be eligible for** at the time of a claim.

The *Notice of Change* form (F54-020) is available on our website at www.inalco.com, in the *Group Insurance* section, under the *Administrator Services* heading. You can print or order copies by choosing *To Download Forms* or *To Order Forms*, and clicking on *Notice of Change – F54-020*. When ordering, mention the quantity required and be sure to include your contact information in the section reserved for that purpose.

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