Generational Workforce Demographic Trends and Total Organizational Rewards Which Might Attract and Retain Different Generational Employees

by

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Abstract

The purpose of this article is two-fold: first, to offer a strategic bridge between four distinct workforce generational cohorts; and second, to offer the means by which organizational management might use a total organizational rewards package to best recruit and retain them. The four cohorts are Traditionalists, Baby Boomers, Generation Xers, and Millennials. They have different, yet at times similar, workplace values leading to attitudinal workplace preferences. These workplace preferences, in turn, affect their motivation to join and to remain with a particular organization. Organizational reward practices can support these underlying workplace values and preferences. They are critical keys to the attraction and retention decisions made by these four different workforce cohorts. This article highlights these associations.

Keywords: Workforce generational cohorts, Organizational rewards packages, Workplace attitudinal preferences, Attraction and retention

Introduction

The indication of generational workplace values and attitudinal workplace preferences specifically impacts employee motivation to be attracted to and to remain with an organization. This is just one part of a vast literature on generational workforce matters (Gordon, 2010; Kapoor & Solomon, 2011; Luscombe, Lewis, & Briggs, 2013; Real, Mitnick, & Maloney, 2010;
Solnet, Kralj, & Kandampully, 2012; Thompson, 2011). The empirical research derived mainly from cross-sectional designs and meta-analytical reviews is confusing and contradictory. This research has produced a myriad of identified various work-related values and workplace preferences across these different generations. This research has also raised the specter that targeted organizational interventions addressing generational differences may not be effective (Costanza, Badger, Fraser, Severt, & Gade, 2010; Jurkiewicz, 2000).

Research devoted to addressing the question of which organizational reward practices can be used to recruit and retain employees across all generations is relatively sparse. The standard research design for this type of investigation looks at reward practices for a specific generation rather than across multiple generations (i.e., Thompson & Gregory, 2012; Beechler & Woodward, 2009; Westerman & Yamamura, 2007; Nelson & Glassman, 2004). It is still not clear what value the notion of generational difference has for practicing managers. However, it is empirically clear that different generations of potential recruits and employees do have some similar as well as different workplace values and preferences. Are there enough differences in these workplace values and preferences among generations to warrant organizations taking differentiated reward practices to recruit and retain employees? A conceptual answer based on review of available research is proposed in this article, but the recommended conceptual associations should be empirically tested by future academic researchers.

This article begins with a presentation of a theoretical framework that relates how workplace values lead to attitudinal workplace preference and create motivations to be behaviorally attracted to and to remain with an organization. Following this presentation, the four generations’ major work-related values and workplace preferences will be presented. Finally, our associations regarding organizational total reward package elements will be presented.

A Theoretical Framework

Work values have been found to shape attitudinal workplace preference and create motivations to be behaviorally attracted to and remain with an organization (Twenge, Campbell, Hoffman, & Lance, 2010). This workplace represent a values approach to motivation assumes people will be motivated by activities and outcomes they value (Maslow, 1943; Pinder, 1997; Twenge, Campbell, Hoffman, & Lance, 2010; Vroom, 1964). Work values represent outcomes that people desire and feel they can attain in their workplace (Brief, 1998; Cherrington, 1980; Frieze, Olson, & Murrell, 2006). They also reflect what they believe to be fundamentally right or wrong in their work environment (Brief, 1998; Cherrington, 1980; Smola & Sutton, 2002). Work values shape perceptions of workplace preferences, which exert a direct influence on employee attitudes and behaviors (Dose, 1997). Work values have been closely linked to motivation and job satisfaction (White, 2006). They are also correlated with the retention attitudes of organization commitment and the turnover attitude of intent to leave (Elizur & Koslowky, 2001; Ogaard, Marngurg, & Larsen, 2007).

Specific values tend to influence specific attitudes that tend to predict specific behaviors (Harrison, Newman, & Roth, 2006). Work attitudes are defined as evaluative (cognitive) or emotional (affective) reactions to various aspects of work (Hulin & Judge, 2003). Thus, there is an expectation that members of a generation will harbor affective feelings and have definite thoughts or judgments about their workplace environment. Subsequently, they will harbor
behavioral intentions to do something about these workplace attitudes (Costanga, Badger, Fraser, Severt, & Gade, 2012; Kowske, Raseh, & Wiley, 2010; Rappaport, 2014; Twenge, 2010).

If this framework creates problems for a potential applicant or employee, the resultant effect on the person may be cognitive dissonance. Cognitive dissonance (Festinger, 1957) or an employee’s disillusionment could arise if the employee perceives the organization, in choosing either to join or to remain with the organization, has not lived up to their attitudinal expectations. It may be the applicant’s or employee’s cognitive perception that the organization’s work environment, total compensation package, and/or promotional opportunities are less competitive than those offered by other organizations. Consequently, these personal unmet value-laden attitudes lead to possible motivational intentions and desires to leave the organization or not even be attracted to it if recruited.

Consequently, the overall framework suggests that generational workplace values lead to generational attitudinal workplace perceptions. These attitudinal perceptions moderated by an organization’s total rewards package, lead to the generationally motivated behaviors of attraction and retention (Gursoy et al., 2008; Twenge, 2007). The two motivational theories of goal setting theory and expectancy theory have been used as essential elements for Generation Y recruitment and retention; thus, they seem feasible to operate on any generational constituency (Luscombe et al., 2013). Goal setting theory views goals as the primary drivers of the intensity and persistence of behavior effort (Locke & Latham, 1990). Expectancy theory describes the cognitive process employees go through to make choices such as whether to join or leave an organization, assuming they represent choice among different voluntary responses (Vroom, 1964). This framework is presented in Figure 1 below.

Figure 1: The Proposed Theoretical Values-Attitudes-Attraction/Retention Model

As previously mentioned, the literature on generational differences is extensive and includes cross-sectional studies, some meta-analyses (Costanza, Badger, Fraser, Severt, & Gade, 2012; Twenge, 2010), and a comprehensive theory and review article (Parry & Urwin, 2011). In fact, the meta analysis by Costanza and his colleagues (2012) initially resulted in finding 329 published and unpublished empirically based articles across work attitudes covering just the three-year period from 2007-2009.

Multiple generational workplace values and/or workplace behavioral preferences have been investigated under a variety of different generational topics. These topics include career mobility and development (Dries, Pepermans, & DeKerpel, 2008; Lyons, Schweitzer, Ng, & Kuron, 2012; Yee & Muthu, 2011), work ethic attitudes and behaviors (Meriac, Woehr, & Banister, 2010), preferences for managerial interaction and employment (Deal, 2007; Gordon, 2008; Kapoor & Solomon, 2011; Yee & Muthu, 2011), core personal and workplace values and characteristics (Cennamo & Gardner, 2008; Comperatore & Nerone, 2008; Costanza et al., 2012;
Gibson, Greenwood, & Murphy, 2009; Parry & Urwin, 2011; Twenge, Campbell, Hoffman, & Lance, 2010; Yee & Muthu, 2011), generational recruitment and retention approaches (Gursoy, Maier, & Chi, 2010; Twenge, 2007), and basic employment preferences (Yee & Muthu, 2011). Review of these studies was instrumental in the selection of the generational workplace values and preferences cited in this article.

**Generational Work-Related Values and Workplace Preferences**

Organizations are still involved in recruiting and/or retaining people from four different generations. These include people from the Traditionalist generation, Baby Boomer generation, Generation X generation, and the Millennial generation. The major work-related values derived from our literature search are briefly described in Table 1.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Work-Related Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalist</td>
<td>Ambitious (strives to make a difference), loyalty towards company, ethical (strong sense of morality), obedience, dedication/sacrifice, respect for authority, conformity, patience, delayed reward, duty before pleasure, adherence to rules, honor, values logic and discipline, strong work ethic, desirous of security and stability, not job hopping, cautious and unadventurous (does not like change)</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>Challenge (risk takers), workaholism ethic, innovativeness (value creativity), advancement (career and positional), materialism, somewhat permissive, diligence, focused, self-motivated, thrifty, satisfaction towards work tasks, work-life balance, interesting work, trusted colleagues, ambitious to make a difference, being in control, self-gratification, desire better lifestyle, respect authority and hierarchy in workplace, take credit for success, blame others for failure</td>
</tr>
<tr>
<td>Generation X</td>
<td>Cynicism, skepticism, uncertainty (take it in stride), pragmatic (life is about survival and change), flexibility, adaptability, variety (highly job mobile), live for today (future is uncertain), good, but cynical sense of humor, self-reliant and independent, entrepreneurial, negligible institutional loyalty, pro-work-life balance, materialistic, value prompt recognition and reward, idealistic and impatient, short attention spans (impatient), ethical and strong sense of morality</td>
</tr>
<tr>
<td>Millennials</td>
<td>Ambitious to make a difference and secure a comfortable life, pro-work-life balance, satisfied with work tasks, interest in learning (fast, eager learners), desirous of security (not stability), collectivism, team player, optimistic, creativity (extremely expressive), unrealistic entitlement expectations, soft communication skills, value prompt recognition and reward, adaptable to new technologies, fun loving, casual, socially conscious, multi-tasking is second nature, pro diversity (multi-cultural), self-confident, not easily intimidated (technically or interpersonally), expect instant gratification (impatient)</td>
</tr>
</tbody>
</table>

The major workplace preferences among the four generations are displayed in Table 2. Various formats have been used to arrange these workplace preferences. We chose to use the twenty-four item categorization format used by Yee and Muthu (2011) based on Broadbridge, Maxwell, and Ogden (2007). This format consists of eight employee workplace preferences in each of three areas of applicant and employee interests. These three areas consist of basic
employment preferences, career development practices and opportunities, and management approaches and organization culture aspects.

### Table 2

**Generational Major Workplace Preferences**

<table>
<thead>
<tr>
<th>Workplace Category</th>
<th>Traditionalist</th>
<th>Boomers</th>
<th>Generation X</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Employment Preference</strong></td>
<td></td>
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</tr>
<tr>
<td>2. Employee Benefits</td>
<td>Equitable and Fair</td>
<td>Accommodations for Physical Limitations Flexible Benefits, Longer Vacations</td>
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<td></td>
</tr>
<tr>
<td>3. Job Security</td>
<td>Need to Work Due to Poor Savings, Job Security is Crucial</td>
<td>Not Important Because They Feel They Have Mobility</td>
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<tr>
<td>4. Location</td>
<td>No Loyalty to Company or Location</td>
<td>Does Not Matter Where Work is Done As Long As It Gets Done (Telecommuting)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Organizational Policies</td>
<td>Allow for Delayed Retirement</td>
<td>Active Recruitment for Older Workers Offer Part-Time Job Opportunities</td>
<td>Low Tolerance for Bureaucracy and Rules, Especially for Time and Attendance</td>
<td>Reject Having to Conform to Rigid Policies, Challenge Workplace Norms</td>
</tr>
<tr>
<td>6. Salary</td>
<td>Competitive for Experience</td>
<td>Desire More and Better Compensation</td>
<td>Want Immediate Raises</td>
<td>Expect to be Rewarded with Raises as Soon as Goals Achieved</td>
</tr>
<tr>
<td>7. Work Environment</td>
<td>Opportunity to Share Experience with Others</td>
<td>Job Sharing Options</td>
<td>Should be Fun, Should be Pro Work-Life Balance, Do Not Want Overtime or Varied Shifts</td>
<td>Will Switch Jobs Most of Any Generation. Want Fun, Flexible, New Skill Development Environment &amp; Working With Latest Technology</td>
</tr>
<tr>
<td>8. Working Hours</td>
<td>Offers Work-Life Balance Hours</td>
<td>Flexible Work Schedules</td>
<td>Leave Work at Work, Want to Work as Many Hours as They Have to—No More</td>
<td>Want Flexible Schedules, Not Workaholics</td>
</tr>
<tr>
<td>Workplace Category</td>
<td>Traditionalist</td>
<td>Boomers</td>
<td>Generation X</td>
<td>Millennials</td>
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<tr>
<td>--------------------</td>
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<tr>
<td><strong>Career Development</strong></td>
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<td></td>
</tr>
<tr>
<td>1. Achievement at Work</td>
<td>Willing to Do Detailed Work</td>
<td>Want Immediate Recognition</td>
<td>Want to Play Meaningful Roles in Meaningful Work that Helps Others, But Want Instant Recognition</td>
<td></td>
</tr>
<tr>
<td>2. Career-Path Planning</td>
<td>Many Desire to Pursue New Second Career</td>
<td>Heavy Focus on Career Growth, Not Very Loyal to Company</td>
<td>Expect Company to Help Develop Their Career Via Coaching, Mentoring and Other Learning Ways</td>
<td></td>
</tr>
<tr>
<td>4. Job Rotation</td>
<td>Job Enhancement, Job Rotation</td>
<td>Every Job a Stepping Stone and Is Temporary</td>
<td>Job Shadowing, Supporting Project Roles and Job Rotation as Career Training Ways</td>
<td></td>
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<tr>
<td>5. On Job Traveling</td>
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</tr>
<tr>
<td>6. Promotion and Growth</td>
<td>Willing to Wait Their Turn and Work Through the Ranks, Promotion to be Based on Seniority</td>
<td>Not Willing to Wait Their Turn for Promotion, Want Immediate Promotion</td>
<td>Impatient for Promotion (Do Not Accept Promotion by Seniority)</td>
<td></td>
</tr>
<tr>
<td>7. Support for Further Studies</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>8. Training and Development</td>
<td>Retirement Orientation Courses to Transition into Retirement</td>
<td>Continued Training Throughout Career</td>
<td>On and Off-Site Training for Newest Technologies and Skills. Want Training to Get Promotion or Find Another Job</td>
<td>Wants Continuous Technological Retooling and Renewal</td>
</tr>
</tbody>
</table>
### Table 2 (continued)

**Generational Major Workplace Preferences**

<table>
<thead>
<tr>
<th>Workplace Category</th>
<th>Traditionalist</th>
<th>Boomers</th>
<th>Generation X</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Approach &amp; Culture</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1. Work Accomplished Acknowledgment</td>
<td>Willingness to Utilize and Respect Their Prior Experience</td>
<td>Like to be “Stars” and Getting Credit</td>
<td>Want Recognition for Job Well Done</td>
<td>Not Lazy, Just Want Immediate Recognition</td>
</tr>
<tr>
<td>2. Broad-Minded Superior</td>
<td>Need to Provide Motivational Messages to Build Personal Gratification</td>
<td>Desire Approachable, Non-Micromanaging, High Integrity Managers</td>
<td>Expects Continuous Feedback and to be Given Lots of Structure/Directions, Want Managerial Personal Attention/Solutions</td>
<td></td>
</tr>
<tr>
<td>3. Empowerment</td>
<td>Prefer Informal Environments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Equal Opportunity</td>
<td></td>
<td>Seniority is Not Important</td>
<td>Expect Open Workplace Where Their Views Will Be Heard Without Fear of Retribution. Do Not Feel Older Employees Respect Them</td>
<td></td>
</tr>
<tr>
<td>5. Managerial Support</td>
<td>Require Very Detailed Directions if Asked to Perform Different or New Work</td>
<td>Desire Formal Mentoring Programs, Want Managers to Be Direct With Them and Want to Communicate Directly with Them</td>
<td>Very High Maintenance Workforce, Requires Most Supervision, Desires Mentoring</td>
<td></td>
</tr>
<tr>
<td>6. Respectful Culture</td>
<td>Respectful for Prior Experience and Work Ethic</td>
<td>Complain About Everything, Little Patience or Respect for Ignorant People, No Problem Questioning Authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Teamwork Oriented</td>
<td>Desire to Share Visions as Long as They Get Credit, but Look to Blame Others for Bad Work</td>
<td>Prefer to Work on Their Own But Will Work on Teams that Value Individual Contributors</td>
<td>More the Merrier Leads to Collective Action. Likes to Work on Diversified Projects. Great Collaborators.</td>
<td></td>
</tr>
<tr>
<td>8. Use New Technologies and Applications</td>
<td>Not Tech Savvy Not Good at Multi-tasking</td>
<td>Want High Tech Environment</td>
<td>Want Continuous Retooling and Renewal</td>
<td></td>
</tr>
</tbody>
</table>
Each of these three generational categories has received its own specific research interest. Basic employment preferences have been examined by Bell (2008), De Hauw and DeVos (2010), Macky, Gardner, and Forsyth (2008), Nelson (2012), Rummel and Figgiani (2011), and Wieck, Dols, and Northam (2009). Career development preferences have been investigated by Dries, Pepermans, and DeKerpal (2008), Hess and Jepsen (2009), Nelson (2012), and Ng, Schweiter, and Lyons (2010). Finally, the management approach and culture preference category has been studied by De Hauw and DeVos (2010), Eisner (2005), Hannay and Fretwell (2011), Hess and Jepsen (2009), Kapoor and Solomon (2011), Taylor and Walker (1998), Thompson (2011), and Valas (2011). A summary of these findings is presented in table 2.

The Traditionalist Generation

The oldest and most experienced workforce generation is known as traditionalists, veterans, conservatives, matures, radio babies, silents, or the silent generation. Their origin seems to date back to being born in a period from the early 1920s to the early 1940s. As a group in the workforce today, they have pretty much faded into the background with some indication that roughly 90% of this group are retired (Al-Asfour & Lettau, 2014; Comperatore & Nerone, 2008; Costanza, Badger, Fraser, Servert, & Gade, 2012; Gravett & Throckmorton, 2006). Those 10% still active in the workforce are not over-the-hill and are not looking to retire. They remain a valuable resource. Many hold executive management positions or are employed in service and retail industries due to their work experience and fundamentally strong work ethic. Their maturity and conscientiousness make them reliable and hard workers and their experience can provide beneficial teaching to other generational workers.

Traditionalists feel it is important to spend a lifetime with one company or in one career. Their strong work ethic, experience, and respect for authority, combined with their patience and adherence to rules, create a remarkable degree of dedication to and sacrifice for the company (Comperatore & Hedges, 2008; Kapoor & Solomon, 2011; Lyons et al., 2012). It is believed these traits can help them remain employed and/or can attract them to such a company where these workplace values are borne out.

Traditionalists, already employed and wishing to remain so, have expectations that their current companies would treat them respectfully, offer to utilize their expertise in shared or mentoring roles, and allow them to delay retirement. They also expect their companies to help prepare them for transition into retirement when they elect to do so. For those Traditionalists who may want to return to the workplace, they are attracted to companies that will pay them competitive wages and benefits based on their prior work experiences and expertise. They also want to be treated by management and other younger employees in a respectful manner and not taken advantage of in terms of work-life time balances (Zemke, Raines, & Filipczak, 2000).

There is now research indicating that people who have retired, and this would include members of the Traditionalist generation, have strong intentions to return to the workforce because of financial worries, wishes to upgrade their skills, or simply miss aspects of their former jobs. Organizations are devising practices to unretire them (Armstrong-Stassen & Schlosser, 2008; Bal, DeJong, Jansen, & Bakker, 2011; Schlosser, Zinni, & Armstrong-Stassen, 2012).
The Baby Boomer Generation

Born roughly between the middle 1940s and early 1960s, the Baby Boomer generation constitutes between 75 to 78 million people in the United States, thus representing about two-thirds of all U.S. workers. They hold positional power (authority) in our companies and have created opportunities as a result of taking charge, taking risks to achieve those visions, and being aggressive in pursuing these goals (Comperatore & Hodges, 2008; Gursoy et al., 2008; Luscombe, Lewis, & Briggs, 2013). At the same time, they are willing to wait their turn for promotional opportunities and rewards, display loyalty to their companies, and expect their companies to reciprocate its loyalty in return (Crampton & Hodge, 2007). The Boomers’ preferences at work evolve from their willingness to take on risky projects and proposals that are in line with their visions. If successful, they want recognition. However, when failure ensues, they look to blame someone else (Burke & Black, 1997; O’Bannon, 2001).

Generation X

Generation Xers, the “me generation”, the “MTV” generation, or the “Lone Rangers” span birth dates from the mid-1960s to the very early 1980s. Gen Xers learned independence early in life and turned it into a valuable hallmark as they progressed in the working world. Autonomy and self-reliance rather than respect for authority, was a byproduct of their childhood (Kappor & Solomon, 2011; Gursoy et al., 2008). They are mistrustful of traditional work values, full of cynicism and skepticism, and desire dynamic changing work environments (Crumpacker & Crumpacker, 2007). Their “live for today” mindset makes them pragmatic toward life being about survival and necessitates their quest for instant gratification. They only work to live and because life is full of changes, these attitudes require them to be flexible, malleable, and adaptable regarding their work and place of work (Gursoy et al., 2008).

The Millennials (Generation Y)

Sixty to seventy million Generation Yers or Millennials are the youngest group in the workforce; the oldest members of this generation being just over 30 years of age. Gen Yers have grown up in an era of technology. Technological advancements in real-time media and communication drive their expectations toward immediate gratification (Andert, 2011; Kapoor & Solomon, 2011). They are impulsive and have a philosophy of live first, then work (Andert, 2011; Smith & Clark, 2010). They are confident, fast learners, who dislike inflexible work schedules that control them (Smith & Clark, 2010). They multi-task, like to work in teams and on different project teams simultaneously, and expect their companies to act socially responsible (Kaifi, Nafei, Nile, & Kaifi, 2012; Kapoor & Solomon, 2011). This generation seeks security and safety, continuous upgrading of their technological prowess, and continual reinforcement from their supervisors or managers (Lyons et al., 2012). This combination makes them the most technologically talented, yet highest maintenance group of all four generations (Lyons et al., 2012).
Generational Values and Expectations Similarities

Upon closer inspections of the four groups’ work-related values and workplace attitudinal preferences, there can be found notable similarities. Some authors argue that more similarities exist among these four generations than do differences (Deal, 2007; Macky & Boxall, 2007; Yee & Muthu, 2011). The two previously mentioned meta analyses seem to offer evidence in support of little difference in various workplace values and attitudinal preferences across generations (Costanza et al., 2012; Twenge, 2010).

The generational differences among the four could be characterized in a positive light as Traditionalists valuing hard work, Baby Boomers valuing loyalty, Gen Xers valuing work-life balance, and Millennials valuing innovation and change. Conversely, the distinctions may be characterized in a negative light suggesting Traditionalists being fossilized, Boomers being narcissistic, Gen Xers being slackers, and Millennials exhibiting greater narcissism than the Boomers. These broad generalizations are debunked by Deal (2007), largely as a result of miscommunications and misunderstandings fueled by insecurities and desires for clout occurring between the groups. Macky and Boxall (2007) argue that the differences they see in generational people’s work attitudes and outcomes are more likely due to differences in their length of experience and career stage, rather than specific generational effects. Yee and Muthu’s (2011) study of Baby Boomers, Gen Xers and Millennials in Malaysia also reveals similarities of work-related values and workplace expectations, although their rank orders across the three generations vary somewhat.

In terms of cohort similarities, work-life balance, which signifies the importance of family, is common and highly rated across all generational groups. Additional important values across the four cohorts are the following: gaining satisfaction for achieving work tasks; having ethics and a strong sense of morality; wanting respect; trusting their companies, their managers and their coworkers; having interesting work; wanting to learn and continue to develop; being highly resistant to change; and having encouraging, credible and farsighted leaders who provide feedback.

Yee and Muthu (2011) rank ordered the top five workplace preferences across the three work-related aspects they researched for Baby Boomers, Gen Xers and Millennials. With regard to basic employment policies, all three generations ranked salary as most important. Other similar preferences included employee benefits, work environments, job security, working hours, and location. For the career development aspect of the workplace, the five most consistent and similar preferences for all three generations were achievement at work, promotion and growth, career path planning, training and development, and challenging work. Under the management approach and culture aspect, preferences for broad-minded superiors, managerial support, teamwork oriented, acknowledgement of work, and equal opportunities received strong preferences.

The meta analysis by Costanza and his colleagues (2012) was limited to the work-related attitudes of job satisfaction, organization commitment, and intent to turnover. This included 20 studies using 19,961 total subjects from 1995-2008 across the four generations. Their conclusions were that generational differences do not exist and/or are moderate to small in their effects. Older generations were slightly more satisfied than younger generations. Boomers and Gen Xers had a moderate correlation (.51) on organization commitment. Younger generations were more inclined to leave their organization. Specifically, Traditionalists were slightly more
satisfied than both Boomers and Gen Xers. Boomers showed higher general commitment and continuance commitment than Gen Xers, but no difference between the two for intent to turnover and job satisfaction, general commitment and affective commitment and lower turnover intent than Millennials. Gen Xers were more satisfied, had higher affective and normative commitment, but lower general and continuance commitment as well as lower intent to leave than Millennials.

Twenge’s (2010) meta-analysis also included job satisfaction and intent to leave across four generations. She found Millennials more job satisfied and wanted more job security than older generations, but that all generations were fairly similar in their intent to leave their company.

She considered a number of specific work-related values. Work centrality and work ethic values were strongest in Traditionalists, declining in Boomers and Gen Xers, and finally, weakest among Millennials. Leisure values were strongest in Millennials, declining in Gen Xers, and weakest among Boomers. There were no differences across the generations in intrinsic (using one’s talents) and altruistic (helping, volunteering) values. Extrinsic values (money, status) were high for Gen Xers, declining for Millennials and weakest among Boomers.

Affiliation or social values for time-lagged data was highest for Boomers, declining for Gen Xers and lowest for Millennials, but was the complete opposite for cross-sectional studies. Individual personality traits such as self-esteem, assertiveness, self-reliance, competitiveness, and preferring to work alone revealed a pattern of Millennials having the highest effect sizes, declining for Gen Xers, then Boomers and finally, lowest among Traditionalists.

Meta-analytic studies are rife with judgment calls that can affect the results of a study (Wanous, Sullivan, & Malanik, 1989) and the two meta-analyses studies reviewed here clearly cover only a small part of values and attitudes existing across generations. In the end, what are an academic researcher and practitioner manager left to conclude about all this information? The empirical literature is fraught with a multitude of theoretical and methodological limitations. This leaves the practitioner manager unclear about what the notion of generational differences in work-related values and workplace preferences have for recruitment and retention practices. Supporting this conclusion, Parry and Urwin’s (2011) review of the generational differences literature conclude that the evidence is mixed, as some studies found differences in work-related values and workplace preferences, while others did not.

From a practitioner-managerial context, organizations are still concerned, even with the mixed conceptual and empirical results, of recruiting and retaining one of their most valuable resources—their human capital. Thus, we next turn toward the examination of total compensation packages management may want to use to attract and retain people to their organization.

**Total Organizational Rewards: Definition and Historical Shifts**

Total rewards is a term now being used by human resources professionals to describe the concept that encompasses all forms of compensation and traditional fringe benefits. These include general forms of compensation, benefits, and work-life amenities. They specifically include base salary, incentives, guaranteed payments, benefits, recognition, work-life programs, job specific training, and career development. The key question becomes how these total rewards can be strategically applied across various workforce groups.

Matching total reward practices with the defining characteristics of various workforce demographic groups is important for attracting, motivating, and retaining key employee talent.
Gordon (2009) predicts that talent shortages are going to increase over the next decade, often limiting the ability of organizations to expand and thereby, jeopardizing their survival as global competition intensifies. These long-term predictions are the result of more baby boomers retiring, increasing technical specialization of key talent jobs, and global competition of this level of key talent.

In addition, the previously mentioned workplace values and expectations related to multiple generations have been generated in the context of major shifts in the economic security of employees. Over the past 25 years, the economic security environment can be characterized as less stable with employees not developing a strong sense of loyalty to an organization (Rappaport, 2014.) Employers must balance diverse needs, communication styles, and technological capabilities as they build employee reward practices. Among the difficulties in building reward systems across generational groups is that an employee’s personal expectations develop early and proceed to change over time with an organization.

In considering issues related to different generational groups, it is important to do so in the context of significant shifts in the workplace security environment over the last few decades. Some of the key issues in this workplace security environment include the following:

**Job Insecurity.** For generations, employees with full-time jobs had a strong sense of job security (Dae-seok, Gold, & Kim, 2012). If they did their jobs well, employees could achieve career employment. Layoffs of managerial and professional employees were rare whereas today they are commonplace. Today, it is commonplace for business units to be sold or shut down, and for individual jobs to be eliminated. In the present climate, there is high value placed on being mobile and recognizing the value of career mobility. It is not prudent for employers to expect long-term employment stability and employers must constantly develop reward practices to weather these changes.

**Acquisitions/Mergers.** Today, many larger companies are being built by a series of acquisitions and mergers. Often, when a company acquires another entity with multiple business units, it is common for the acquiring company to spin off business units that do not conform to the mission of the company (Maden, 2011). Long-term employees who have been in a company with successive owners end up with benefits that have changed over their careers and evolution of the organization.

**Loyalty to Company.** Many employees today do not believe their jobs have long-term viability and, subsequently, develop little organizational loyalty. Particularly, in the private sector, there is not a strong bond of reciprocal loyalty between the employer and employees. This lack of loyalty has been exacerbated by growing income inequality between those at the top and those at the bottom of the organization (Welsh, Ganegoda, Arvey, Wiley, & Budd, 2012; Rappaport, Migliaccio, & Foreman, 2013). This income inequality has served to reduce the loyalty of many employees toward their employer.

**Rising Health Care Costs.** There has been a tremendous increase in health care costs in the United States far exceeding general inflation increases. It has been very clear that over the last decade health care costs have greatly reduced spending for other benefits. These increases have had a negative impact on overall benefit packages and on individual earnings and company profits. Moreover, these health care benefits have been an important factor in job selection and in the ability to make career changes (Cunningham, 2010).

**Shift to Defined Contribution Plans.** There also has been a major transition from defined benefit pension plans to defined contribution as the primary retirement vehicle.
Historically, a defined benefit pension plan has been designed to provide a fixed percentage of preretirement income to the retiree. Companies struggle to adequately fund these plans to ensure that retirees receive entitled benefits for the remainder of their lives (Cocco & Lopes, 2011; Costa, 2006). In contrast, a defined contribution plan places the risk of the plan on the employee as the sole obligation of the employer is to make a fixed dollar contribution to the employee’s pension account. This transition to defined contribution plans means a shift to less retirement security for retirees and to less ability to maintain a preretirement standard of living for career employees (Schieber, 2012).

Financial and Nonfinancial Assets. Many middle-income American families nearing retirement age do not have the adequate assets for doing so. Middle-income households between the ages of 55 and 64 had median financial assets of $100,000 in 2010 (MetLife-Society of Actuaries, 2012). Nonfinancial assets comprise the greater portion of assets for such families, with housing as the primary source of nonfinancial assets.

Student Loan Growth. Student loans are an increasing burden on college-educated individuals as they begin their careers. According to a study by the Pew Foundation (2012), 40% of households headed by a person under the age of 35 are in educational debt often exceeding $50,000. Not only have college costs increased greatly during the last decade, but the situation is worsened by college graduates who often find it difficult to secure professional work.

In addition, as the economy continues to improve, a potential future shift in voluntary turnover of employees will have tremendous implications. Upwards of 20% of employees plan to look for a new job while another 20% planning to leave their employers within the next five years (Schramm, 2013.) These trends suggest high dissatisfaction among employees. This cannot be surprising as employees are working harder with recent downsizings in their companies and limited base salary increases. It can be concluded that individuals and organizations are becoming more tenuously attached to each other and turnover will become a more prominent aspect of organizational life (Scott, McMullen, & Royal, 2012).

It is clear that a major challenge for organizations today is how to retain its key talent. Turnover is costly for companies and impacts business performance as the economy improves (Cascio, 1991; Glebeck & Bax, 2004). As a result, direct compensation and benefits (total rewards package) moves to the forefront in the attraction and retention equation. Reward professionals are able to offer insight and direction into how companies can recruit and retain key employee talent in this more competitive environment through the use of their total rewards practices.

Traditionally, employees have had a limited number of menu options with limited flexibility between and among these total reward options. If a particular employee wants to modify “the reward package” at work, the employee has only two options: either try to negotiate a different package containing a special deal or alternatively, to look for a different employer and thus, exercise voluntary turnover behavior to secure the desired reward package.

This lack of flexibility in a total rewards package has several potential implications (Retention of Key Talent, 2012). First, managers must be willing and able to negotiate/customize an employee’s total rewards package and invest the additional time and energy to design and implement the arrangement. Second, since the special packages are often the domain of “high potential” employees, these special arrangements may cause resentment and lack of motivation...
among non-eligible employees. Finally, an employee may perceive that their company is not flexible and is unwilling to work with them on a customized rewards package. The employee may decide it is easier to find a different workplace where customized rewards are more prevalent and subsequently, decide to turnover from their original organization.

Presently, offering more flexible, customized rewards arrangements seem to be inevitable. The current workforce is more global, has greater diversity, and utilizes more knowledge workers than ever before. A single set of rewards will be a value driver. Like clockwork, every time a new generation enters the workforce, managers may struggle to understand the new group (Gelbert & Komninos, 2012). Each generation has unique experiences that shape their expectations and behaviors (Bannon, Ford, & Meltzer, 2011). As discussed, Gen X and Gen Y view the world differently than the Boomers and Traditionalists and reward elements must be adjusted for these generations (Balda & Mora, 2011). The traditional career of moving up the organizational structure is and will be a thing of the past. Employees see many opportunities beyond staying with one company or affiliating themselves with one organization. Employees who once viewed their careers as an upward stairway from one internal position to another position today often find themselves having to reinvent themselves across organizations (Moen & Roehling, 2005). For example, the classic marketing representative laid off by a publishing firm that has merged with another company, may reinvent their career as an account executive at a media advertising firm. In addition, with more women pursuing professional and managerial careers, families must balance the challenges of “dual career” pressures (Baruch, 2006).

Interestingly, companies have differentiated rewards based on individual performance (pay-for-performance) to increase the return on compensation resources and to retain key incumbents (Boachie-Mensah & Dogbe, 2011). Interestingly, differentiating pay for performance is not a recent innovation, yet employees often cite lack of incentive pay opportunities as a major factor in their departure. Employee segmentation is often based on performance/impact, thereby reducing ineffective human capital spending. It then becomes important to understand which employees have the greatest impact and therefore, customizing reward programs can maximize the return on human capital programs.

We now turn to providing suggestions on how organizations might adopt their total reward practices if they want to recruit and retain key employee talent across their generational cohorts. The relative importance of these total rewards practices is based on the life stage of these generational cohorts, including their age, work experience, and other related demographic variables, as well as their previously-mentioned workplace values and expectations.

**Generational (Life-Career) Profiles**

**Profile 1: Traditionalists.** As discussed previously, the oldest and most experienced workforce group is known as Traditionalists. These Traditionalists were born in a period from the early 1920s into the early 1940s. Statistics show that approximately 90% of this group is now retired. The remaining 10% remain in the workforce and are delaying retirement. This has necessitated the development of approaches to deal with current employees who are past their expected retirement dates. Traditionalists have expectations that their current companies will treat them with respect, utilize their knowledge and expertise, and allow them to prepare for transition into retirement. These individuals have worked hard during their careers and deferred gratification to a later time when their children have begun their careers and paid down their
debts. Traditionalists are likely to have a longer life span than their parents, thereby raising a concern about outliving their financial resources. They want to continue working, in some capacity, beyond normal retirement age and contribute to the organization. The key question becomes what components of total reward practices will delay retirement for these Traditionalists? For example, implementing a phased retirement program, along with other flexible scheduling options, such as job sharing and telecommuting is a viable strategy for retention and extending their careers. Companies can slow the loss of these key employees while helping them make the transition to retirement. In addition, these Traditionalists can return part-time as mentors and ensure their expertise is disseminated. Companies can consider retaining these employees in some capacity by having them manage community engagement programs such as United Way, blood drives, and volunteering for Habitat for Humanity.

When it comes to more specific reward practices, Traditionalists tend to value job security and recognition. They are focused on making a contribution as long as it brings them closer to the goal of security as a reward. Even though they are near the end of their careers, they seek to capitalize on their talents. Traditionalists believe they have a lot of wisdom to share and desire the opportunity to share it within their companies. Passing down and sharing organizational history becomes an expectation that should be acknowledged. Reward them with recognition, as it is an underutilized tool, and being of value to the organization means a lot to them.

Finally, companies need to meet periodically with Traditionalist employees to discuss which available benefits motivate them and confirm the value of the benefits they currently have promoting future security and recognition. Since they respect institutions, Traditionalists feel justified in their loyalty and are proud of their years of service with the company. Hard work, sacrifice, duty before fun, adherence to rules, and satisfaction in a job well done summarize their workplace characteristics. Work options that help these employees remain longer with a particular employer and provide the rationale for offering them various reward choices.

Profile 2: Baby Boomers. Born between the middle 1940s and early 1960s, the Baby Boomers constitute nearly eighty million people in the United States and represent about two-thirds of all U.S. employees. These individuals hold managerial positions within their companies and have created opportunities as a result of taking risks, assuming authority, and being assertive in pursuing their goals. While the key word to describe the Traditionalists is loyalty, the key word for these Boomers is optimism. The strong economy following World War II gave them a sense that anything was possible. The high availability of jobs and the promise of a good education through the GI Bill allowed the Boomers to grow up in a relatively affluent personal and work world. Another strong value that describes the Boomers is competitiveness. As noted, the Boomers were raised with eighty million competing peers for positions on teams, places in colleges, and jobs with prestigious employers. As Boomers have evolved, they are moved up the organization hierarchy along with greater positional power and impact in their organization.

Boomers have always wanted to excel in their careers, with many reaching a critical life/career stage in which their time to retirement is ticking away. They are realizing they have a limited interval to attain career goals and to earn maximum dollars. With the streamlining and downsizing of organizational structures, Boomers are recognizing that career advancement often lies outside their current employers (WorkatWork Research, 2010). It is the exception today for these employees to work only for a few employers during their careers.
Developing challenging career paths and recognizing the importance of human resources planning may be a major element in their recruitment and retention. The plan is to create a career path that includes challenges that will launch them to the next level in their current organization in terms of visibility and opportunity.

Why do Boomers leave their current companies? The primary reasons for leaving are an opportunity to earn more money elsewhere followed by lack of promotional opportunities (WorldatWork Research, 2010). In contrast, the least likely reasons for quitting are an opportunity for better health care package or a better retirement benefit package. This clearly speaks to what can be done to attract and retain key talent. A core component, in terms of programs deemed effective in retention of Boomers, is the identification of key talent. Other key methods include discussing future career opportunities within the company, providing educational opportunities outside the company, and designing a career succession plan to replace critical incumbents. Along with these planning strategies, paying key Boomers above the labor market must be considered as a vital component for attraction and retention. Although extensive benefits packages and equity rewards/stock options are less important to Boomers, the emphasis should be on paying above the labor market, primarily in cash programs.

Profile 3: Generation X. Generation Xers range in birth dates from the middle 1960s to the early 1980s (Rappaport, 2014). They tend to be more distrustful of traditional work value and enjoy dynamic, ever changing work environments. There is no question that companies have placed additional burdens on Generation X employees since the beginning of the recession. These employees report that they have been working more hours over the last few years, and many indicate that this will continue over many additional years (Allen, 2008). Their switch from looking for job security to career security has made it important for them to build a set of skills and abilities that they can take with them as they transition from one employer to the next employer.

Generation Xers grew up with increasingly instant access to media and information. The rate of change during their formative years and the sense that everything is really temporary plays into their inherent distrust of career permanence. The intense desire to build strong resumes that contain multiple sets of skills and work experiences is a major motive in their conscious efforts to change jobs more frequently than the Baby Boomers.

While focused on career security, it is possible that Xers can find this security within a single company. For this to occur, however, the company must communicate with them about their career progression and what it will take on their part to move up the organization hierarchy. If these Xers feel they are being developed and counseled, they begin to feel comfortable building their career within a single organization (WorldatWork, 2012).

A major challenge in designing their career paths is to recognize that they bring a level of cynicism to the workplace (Rappaport, 2014). Experiencing a dramatic increase in divorce rate, this group is marked as entrepreneurial, independent, and skeptical. While some may see the skepticism as negative, Xers see it as a survival strategy, particularly after living through and surviving at least two recessions.

Turning to total reward practices, freedom is their ultimate reward. Watching their parents as Baby Boomers spending more time at work than at home and seeing them laid off in times of recession, Generation Xers are not willing to sacrifice their personal lives for job success. They are focused on balance and independence in their lives and subscribe to the idea that freedom and balance are larger rewards than working to live and having lots of money
Having experienced more uncertainty during their lives than their parents, they have a greater interest in rewards that provide various forms of security. Generation Xers have been big losers as a result of the 2008 recession, having a lot of their assets in home values reduced by incurring large mortgages. They can be cautious and conservative in dealing with money and gravitate toward defined contribution retirement plans where they are able to control their pension account and are able to take their account to the next employer. In contrast, rewards geared toward permanence and vesting have less value for them. A defined benefit retirement plan that allows them to retire at age 65 is of little value to them. Portable retirement/pension plans can be a big attraction to them since they are transferable if they choose to leave the company. Although it may go against the philosophy of the company, it is a way of saying that if you leave the company, you will have a retirement plan that is of value to you. In summary, it is about independence and flexibility as a way of strengthening their level of commitment. Portable investment and retirement plans, training and development, flexible leave policies, cafeteria benefit plans, well-defined career paths, and life insurance/disability plans help to foster commitment on the part of generation Xers and serve as effective recruitment and retention tools.

Profile 4: Millennials/Generation Y. As noted, sixty to seventy million Millennials are the youngest group in the workforce with the oldest members a little over 30 years of age (Thompson & Gregory, 2012). This youngest generation of employees is motivated by outcomes that are both tangible and intangible. They are confident and rapid learners who dislike inflexible work schedules, have grown up in a team environment, and expect their companies to act socially responsible. Millennials seek security and safety, opportunities to continuously upgrade of their technological skills, and continuous reinforcement from their managers. This makes them the most technologically sophisticated generational cohort but also the highest maintenance cohort. Often cited as the generation most difficult to work with by Boomers and Generation Xers, the Millennials grew up in the age of technology and do not have a lot of patience for outdated technology (Rappaport, 2014).

Millennial employees will soon be called upon to fill the employment gap brought about by the retirement of Traditionalists and Baby Boomers. As a workforce generation, they value flexibility, balance, respect, feedback, as well as access to people, tools, and technologies. They clearly balance idealism and pragmatism and can certainly be critical of their environments and opportunities. Specifically, Millennials tend to look for long-term career development, a variety of experiences, a sense of purpose and meaning in their work, open social networks, and work/life balance (Sampath & Robinson, 2006).

With the impending employment gap, what are the company tactics to engage and sustain the interests of these Millennials? They want and need to be different from those employees of previous generations. Drawing from the earlier discussion on values, what is most important in looking to replenish this generational talent pool (attract and retain) include the following:

- Long-term career development and multiple training experiences within a single company
- Sense of purpose and meaning in the work experience
- Availability and access to mentors
- Work/life flexibility
- Tech-savvy work environment

Companies should specifically strive to incorporate the following workplace reward practices that permeate and support Millennial values. Through these innovative rewards
practices, companies can further build work environments that attract and motivate their Millennials. Examples of such reward practices include the following:

- Create personal development plans, foster coaching/mentoring, and chart clear and transparent career paths
- Provide supplemental reward programs, such as annual incentive plans, forms of deferred compensation, profit-sharing, stock options, and recruiting incentives
- Flexible work schedules, such as part-time schedules, co-location, and virtual work alternatives
- Customizable benefits programs utilizing cafeteria-style components

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Table 3
Important and Valued Reward Practices and Programs for Four Generational Cohorts
These practices and programs reward performance with flexibility and work-life balance. Moreover, many of these practices and programs enable better work-life management and help to build retention.

A synthesis of these ideas sets the stage for benefits management considering how the environment has influenced the Millennials. Different experiences that they grew up with have led to differences in how they communicate, interact, and lead. Understanding these differences is important for providing Millennials with a sense of purpose in their work and fostering their retention. For today’s Millennials, student loans combined with a more difficult job market often tend to overwhelm their early career financial strategies. Starting a retirement account is often not a priority for them. Moving between jobs can cause a loss of benefits with the result that portability (transferability) of benefits becomes very important to these migrating employees (Thompson & Gregory, 2012). While current legislation does not require mandatory portability of private sector benefits, employers may agree to let certain benefits (pension) transfer to the new employer. Overall, Millennials are confident and hopeful and can be described as very goal-oriented.

The major organizational total rewards practices and programs valued across the four generational cohorts are indicated in Table 3.

Conclusions

The purpose of this article has been to connect workforce demographic trends and total organizational reward practices. With this knowledge, organizational managers and organizational reward professionals could enhance the recruitment, motivation, and retention of these different cohort employees.

A total rewards framework allows a company to identify the right combination for its employees. Reward packages include the foundational elements such as pay and retirement, a performance-based element such as incentives, and a career element such as development programs. Beginning with Traditionalists, many older employees are delaying retirement, necessitating the development of approaches to deal with these employees who are past their expected retirement dates. An increasingly aging workforce means that overall retirement will be pushed out further than organizations have seen in the past and will have to consider a more phased out retirement. Providing retirement options for this group is beneficial because they typically have a great deal of industry knowledge and are hard workers. When the company provides options for older workers, these employees are more likely to stay.

Baby Boomers grew up dealing with tough issues such as the assassinations of John F. Kennedy and Martin Luther King Jr., the Vietnam War and Watergate. This generation is marked by being fiercely competitive, while also being one of the most optimistic of all the generations. Boomers are particularly affected by the decline of defined benefit retirement plans. Along with educating children and helping parents, a variety of other factors has combined to make retirement more difficult for them. Boomers have always wanted to excel in their careers and realize they now have a limited amount of time to attain career goals and to earn maximum dollars. Therefore, developing challenging career paths and recognizing the importance of monetary rewards is an integral part of the total rewards package for this generation. Paying high performing Boomers above the labor market must be considered as a vital component for attraction and retention.
A study of hiring managers and human resources professionals concluded that Generation Xers have become “the most demanding age group” in the workforce (Gen X, 2012). Generation X employees are most likely to ask for higher pay, hiring bonuses, promotions, and self-direction. Consequently, portable retirement/pension plans can be a big attraction to them since they are transferable if they choose to leave the organization. It is about independence and flexibility as a means of strengthening their level of organizational commitment. Portable investment and retirement plans, training and development, and well-defined career paths serve as a cornerstone to their attraction and retention.

Finally, there are those who suggest that some employers consider Millennials to be “unmanageable” (Warner, 2010). The appearance of a sense of entitlement, the high need for feedback, and the expectation of personalized attention support this stereotype. Work is a means to an end and fulfillment. To summarize, Millennials tend to look for long-term career development, a variety of experiences, a sense of purpose and meaning in their work, open social networks, and work/life balance. They are looking for meaning in their work and want to know that their work is meaningful and relevant.

**Similarities across Generations**

Although real differences in workplace values and expectations across these four different generational cohorts have been presented, it is meaningful to point out meaningful similarities that exist across generations. These similarities may help guide a more holistic approach to utilization of reward practices for all generational employees.

Some of the similarities across generational cohorts include the following. First, engage in behavior that builds mutual trust with employees. Across generations, trust has been shown as a major factor for establishing strong relationships and has implications for how employees are inclined to stay with a company.

Second, assume an individual-oriented and reward consideration approach to working with employees. Managers need to work to tailor their relationships and interactions to the specific needs of their individual employees across generations.

Third, pay level is one component of total reward practices that stands out as being important across all generational categories. Pay is still considered as one of the most effective and important job attributes in determining applicant attraction and employee retention (O’Halloran, 2012; Saks, Wiesner & Summers, 1996).

Finally, employee rewards also influence applicant attraction and employee retention. Flexible versus fixed benefits are particularly attractive to individuals and companies. Organizations that are willing to customize employees’ reward arrangements will have to invest additional time to design, implement, and monitor the arrangement, yet it is time well spent. The bottom line is that there are a lot of challenges for employers in administering employee rewards. Many employees today face financial challenges, and organizational reward practices remain vital to their security.

**References**


Generational Workforce Demographic Trends


