Four Generations at Work

Prepared by
Arapahoe/Douglas Workforce Development Board
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June 12, 2019
**Background**

This report was prepared at the request of the Arapahoe/Douglas Workforce Development Board for the purpose of helping local businesses better understand the generational dynamics of the current labor force.

It presents information germane to attracting and retaining qualified workers of all age groups to stay competitive in a continually tight labor market.

The geographic area used in the report is the Colorado Central Planning Region (CCPR), which includes Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, El Paso, Gilpin, Jefferson, Larimer and Teller counties.

This includes several major metropolitan areas along Colorado’s Front Range: Fort Collins, Boulder, Denver-Aurora-Lakewood and Colorado Springs.

**Defining the Generations**

There are four generations that currently make up a significant part of the labor force in the CCPR, but not all sources are in agreement about the age range of each of the generations. For purposes of this report, we will be using the age range from the Pew Research Center.

It is worth noting that a small number of the generation prior to the Boomers, known as the Silent Generation, born 1925 to 1945, and currently between 74 and 94 years old, are still in the labor force.

<table>
<thead>
<tr>
<th>Pew Research</th>
<th>Beginning Year</th>
<th>End Year</th>
<th>Minimum Age</th>
<th>Maximum Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Boom</td>
<td>1946</td>
<td>1964</td>
<td>55</td>
<td>73</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965</td>
<td>1980</td>
<td>39</td>
<td>54</td>
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<tr>
<td>Millennial</td>
<td>1981</td>
<td>1996</td>
<td>23</td>
<td>38</td>
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<tr>
<td>Generation Z</td>
<td>1997</td>
<td>2015</td>
<td>4</td>
<td>22</td>
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Source: Pew Research Center

Using demographic data from the U.S. Census pulled through Economic Modeling Specialists, Inc. (EMSI), we can see that in the CCPR in any given year, approximately 175,000 (7%) of the labor force may retire at any time. However, for various reasons, mature workers, those over age 55, and even those 65 and older, are opting to keep working. In the current tight employment market, companies are increasingly looking for strategies to outreach to mature workers, and to keep those already employed working and engaged.
Increasing Diversity

Racial and ethnic diversity is increasing with each generation. According to a report from the Economic Policy Institute, people of color will make up a majority in America’s ‘working class,’ which they loosely define as that group of workers without a college degree, as soon as 2032. The report points out that since nearly 66% of the labor force is working class, strategies to raise wages, boost educational attainment levels and address a plethora of other issues that affect work/life balance, such as student debt, childcare, health care and criminal justice system reform are increasingly on the agenda in the business and economic development communities.

### Occupational Distribution and Career Progression by Generation

Expectations about career progression have changed significantly through the latter part of the twentieth century and into this one. The old practice of beginning work in a company, and working one’s way up the career ladder is no more. And yet, as people grow older, they do tend to take on more responsibility in their work, and to increase the scope of their occupational roles.

To determine what the real career progression looks like by generation in the CCPR, data was run on the generational distribution by occupational family. This bar chart shows the top five occupational families populated by baby boomers (by percentage within family in the Baby Boom age range). It is not surprising to see that nearly a third of all legal occupations are filled by Boomers, and over a quarter of the management positions. This bar chart suggests that Boomers, though not quite as highly educated as the Gen X or Millennials, have had longer to explore career pathways that are attractive, and that offer a variety of tasks and challenges. This graph also suggests that some occupations within these families may be friendly to mature workers. Notice also that these occupational families are lower-tech than others with the exception of architectural and engineering.

The graph for Gen X tells a different story. This group is in that career period commonly referred to as the peak earning years, and the reader can see that generationally, the group between ages 39 and 54 are comfortable with technology, with 40.9% of persons working in high-paying computer and mathematical occupations. Note also the generation’s substantial presence in installation, maintenance and repair, architecture and engineering, and business and financial groups. These are STEM (science, technology, engineering and mathematics) positions and tend to pay well. Finally, the generation makes up nearly 43% of all managers, showing it has achieved greater scope and responsibility in work.
Aged between 23 and 38, the Millennial generation is very much finding its feet in the labor force. During this time of life, one generally establishes oneself in some coherent career trajectory.

As can be seen from this bar graph, Millennials make up nearly 45% of employment in healthcare support occupations. Since healthcare traditionally offers a variety of career ladders, this makes sense, because healthcare support is where many careers in direct patient care begin. Because of this, we also see a large Millennial participation in healthcare practitioner and technical occupations, and also in scientific occupations.

Aged 22 and below, Generation Z is just now entering the labor force and the bar graph clearly shows it is most heavily represented in jobs that have been traditionally entry level into the job market.

It is important to be mindful that many members of Generation Z are still in school, which means that a significant number are working part time, and may not yet have to fully support themselves because they are still receiving assistance from their families.

**Median Income by Generation**

The bar chart uses national data from the U.S. Bureau of Labor Statistics.

As mentioned, many Baby Boomers have left higher-level leadership positions, or are leaving for so-called ‘encore careers,’ often in different industry sectors, and often involving very different work tasks from those left behind. This is part of the reason the Baby Boomers have a significantly lower wage that Gen X, which are in their peak earning years.

The Millennials, still relatively early in their career trajectories, but becoming established, are earning median wages only slightly below the Baby Boomers, while members of Generation Z have a median wage that reflects recent entry into the labor force.


**Gig Economy by Generation**

Much has been said about the gig economy, and this type of employment situation has been both touted as the future of work and maligned as further weakening worker earnings and benefits. While a full discussion is beyond the scope of this report, relative earnings are not. The pie chart shows the number of persons in the CCPR who are working in traditional jobs versus those who are self-employed.

It should be noted that pie chart does not reflect extended proprietors, which includes those in limited partnerships, and those in part-time jobs, including drivers for Uber and Lyft.

Gig economy workers in the CCPR tend to earn significantly less than traditional employees. Gen X has the greatest difference, with its gig economy workers earning only $0.71 of each dollar earned by a traditional employee in that generation. Millennials were second worst, with gig workers earning only $0.73 for every dollar earned by a traditional Millennial employee. This may be a holdover effect of underemployment resulting from the 2008-2009 recession. For comparison, this ratio is $0.82 for Baby Boomers and $0.86 for Generation Z.

**Concerns, Values and Outlook**

Every generation is different because they grew up with certain events that have shaped their outlook on life. In addition, the work world is evolving more rapidly each year, and so each generation enters the labor force under different conditions than did preceding generations.

The table below is adopted from work published in 2014 by Clare Bettelley.

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<tr>
<td>Formative Experiences</td>
<td>Cold War</td>
<td>End of Cold War</td>
<td>9/11 Attacks</td>
<td>Recession and slow recovery of labor market</td>
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<td></td>
<td>Post-WWII boom</td>
<td>Fall of Berlin Wall and Soviet Union</td>
<td>Mid-east wars</td>
<td>Global warming</td>
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<td></td>
<td>Sixties</td>
<td>Latch-key kids</td>
<td>War on terror</td>
<td>Global economy</td>
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<td></td>
<td>Woodstock</td>
<td>Introduction of first personal computer</td>
<td>Columbine</td>
<td>Mobile devices</td>
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<td>Youth Culture</td>
<td>Early mobile technology</td>
<td>Early internet</td>
<td>Arab Spring</td>
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<td>Suburbs</td>
<td>Rise in divorce</td>
<td>Rise of Social Media</td>
<td>Cloud</td>
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<td></td>
<td>Muscle Cars</td>
<td></td>
<td>Reality TV</td>
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<td></td>
<td>Sex, drugs, rock-n-roll</td>
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<td>Rising student</td>
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Source: ESI
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<tr>
<th>Consumer Behavior</th>
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<tbody>
<tr>
<td><strong>Income and Expenditures</strong></td>
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<tr>
<td><strong>Millennial</strong></td>
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<tr>
<td><strong>Gen X</strong></td>
</tr>
<tr>
<td><strong>Baby Boom</strong></td>
</tr>
</tbody>
</table>

Data in this section comes from a specialty publication by the U.S. Bureau of Labor Statistics of generational spending patterns done in the context of the 2016 Consumer Expenditure Survey (CEX). The data does not cover Generation Z. This bar chart looks at income versus annual expenditures. These are averages taken from each group within the sample.
As mentioned, Millennials tend to be more highly educated than their older counterparts in Gen X and the Baby Boom. Each bar represents the number of people in the consumer sample surveyed that have at least some college, but do not necessarily have a degree.

### About the Consumer Expenditure Survey

The Consumer Expenditure Survey (CE) is a nationwide household survey conducted by the U.S. Bureau of Labor Statistics (BLS) to find out how Americans spend their money. It is the only federal government survey that provides information on the complete range of consumers’ expenditures as well as their incomes and demographic characteristics.

BLS publishes 12-month estimates of consumer expenditures twice a year with the estimates summarized by various income levels and household characteristics. BLS also produces annual public-use microdata files to help researchers analyze the data in more detail.

The CE consists of estimates derived from two separate surveys, the Interview Survey and the Diary Survey. The Quarterly Interview Survey is designed to collect data on large and recurring expenditures that consumers can be expected to recall for a period of 3 months or longer, such as rent and utilities, and the Diary Survey is designed to collect data on small, frequently purchased items, including most food and clothing. Together, the data from the two surveys cover the complete range of consumers’ expenditures. CE data are collected for BLS by the U.S. Census Bureau.

Vehicle ownership is significantly lower for members of the Millennial generation, as is home ownership. Though it is difficult to attribute cause, this may have to do with higher student loan debt in this generation. This is borne out by the Average Annual Debt Service bar chart.

Another possible factor may be that the current economic boom has caused a shortage of affordable housing. In the CCPR, and yet other studies suggest that Millennials are delaying other major life steps, such as buying a house, getting married (Choi, 2018, Allison, 2017), and entrepreneurial behavior, such as starting a business (Wasick, 2018). According to a 2016 article published by Jennifer Grasz at Career Builder, 44% of Millennials are working a second job to make ends meet.
How Millennials Spend Their Money

How Millennials Spend Their Money
Average Expenditure = $47,256
Source: Consumer Expenditure Survey

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Expenditure</th>
</tr>
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<tbody>
<tr>
<td>Housing</td>
<td>$16,404</td>
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<tr>
<td>Transportation</td>
<td>$8,514</td>
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<tr>
<td>Food</td>
<td>$6,315</td>
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<tr>
<td>Personal insurance and pensions</td>
<td>$5,458</td>
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<tr>
<td>Healthcare</td>
<td>$2,388</td>
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<tr>
<td>Entertainment</td>
<td>$2,277</td>
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<tr>
<td>Apparel and services</td>
<td>$1,648</td>
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<tr>
<td>Cash contributions</td>
<td>$1,455</td>
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<tr>
<td>Reading</td>
<td>$873</td>
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<tr>
<td>Personal care products and services</td>
<td>$562</td>
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<tr>
<td>Miscellaneous</td>
<td>$491</td>
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<tr>
<td>Alcoholic beverages</td>
<td>$479</td>
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<tr>
<td>Tobacco products and smoking supplies</td>
<td>$318</td>
</tr>
<tr>
<td>Total</td>
<td>$47,256</td>
</tr>
</tbody>
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How Gen X'ers Spend Their Money

How Generation X’ers Spend Their Money
Average Expenditure = $68,644
Source: Consumer Expenditure Survey

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
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<tr>
<td>Transportation</td>
<td>$10,960</td>
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<tr>
<td>Food</td>
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<tr>
<td>Personal insurance and pensions</td>
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<td>Healthcare</td>
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<tr>
<td>Entertainment</td>
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<tr>
<td>Apparel and services</td>
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<td>Cash contributions</td>
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<td>Education</td>
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<td>Miscellaneous</td>
<td>$1,133</td>
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<td>Personal care products and services</td>
<td>$829</td>
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<tr>
<td>Alcoholic beverages</td>
<td>$578</td>
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<tr>
<td>Tobacco products and smoking supplies</td>
<td>$398</td>
</tr>
<tr>
<td>Reading</td>
<td>$107</td>
</tr>
<tr>
<td>Total</td>
<td>$68,644</td>
</tr>
</tbody>
</table>

How Baby Boomers Spend Their Money

Notes on consumer spending:

- Both housing and transportation expenditures take up a significantly larger portion of Millennial paychecks than for either the Gen X or Baby Boom age groups.
- Millennials spend about half the amount on healthcare than spent by Boomers ($5,248) or Gen X ($4,436).
- Millennials spend a greater percentage of their income on eating out, but their total annual food expenditure is only 69% of that spent by Gen X and 88% of what Boomers spend.
- Of the three generations, Baby Boomers eat out significantly less and cook more at home.
- Millennials spend much less on gifts ($543 per year on average) than either Gen X ($1,240) or Boomers ($1,674).

Attraction and Retention Strategies

According to the Society of Human Resources Management (SHRM), there are seven values important to all workers, across generations. They are quoted verbatim here (Moss, 2017):

1. Feeling respected.
2. Being listened to.
3. Having opportunities for mentoring.
4. Understanding the big picture.
5. Receiving effective communication.
6. Receiving positive feedback.
7. Experiencing exchange of ideas.

According to the newest MetLife Benefits Survey, the top 5 drivers of happiness at work are:

1. Trust in the leadership of their company.
2. Their company’s commitment to their well-being and success.
3. A culture open to people sharing their ideas and opinions.
4. A workplace where colleagues feel like “family and friends.”
5. Customized benefits packages designed to meet individual employee needs.

Other general trends include increased awareness among employers around benefits that are being offered.
According to one recent survey, money is the number one stressor for employees. Three of the top five financial concerns of respondents centered on retirement, and the other two center on making ends meet and health care costs (MetLife 2019).

High healthcare copays are also a concern, with 66% of all respondents in the same survey indicating they worry about having the money to cover out-of-pocket medical costs (MetLife, 2019).

**Baby Boomers**

Baby Boomers tend to be very hard workers, even ‘workaholics’ who gain a great deal of personal fulfillment from work (Moss, 2017). They may be split into two groups, those who have not yet retired and those who have retired and are returning to the labor force because they are bored, or because they cannot afford to retire.

Employers are finding that they can retain Boomers by making them mentors for younger workers. This not only encourages these older workers to stay, but it tends to bring them to higher levels of engagement within the organization (Erdmann-Sullivan, 2017).

Healthcare and retirement benefits are also very important to Baby Boom workers still in the labor force, and an increasing number of employers are offering flexible scheduling, allowing Boomers to work from home one or more days per week, and even offering phased retirement programs. According to one survey, 72% of all employees worry about being able to afford healthcare in retirement, and 66% worry about whether Social Security and Medicare will be available to them after retirement (MetLife, 2019).

For those Boomers who are interested in returning to work after retirement, contract employment is often preferred by both employers and returning workers (Moss, 2017). In addition, Boomers might need flexible scheduling to allow them to be caregivers to aging parents and even spouses. According to the 2019 MetLife survey, 52% of all respondents said they “expect to postpone (their) retirement due to (their) financial situation.”

**Gen X**

Gen X workers are in, or nearing, the pinnacle of their careers and into their peak earning years. They are ready to step into leadership roles, often senior ones, and appreciate being able to shape the future role of their organizations and be recognized for their leadership roles (Erdmann-Sullivan, 2017).

At work, Gen X prefers independence with few rules constraining their entrepreneurial tendencies, which they relish being able to exercise. They also like, and insist upon work/life balance (Moss, 2017). Increasingly, Gen X workers find themselves in support roles for aging parents at the same time as their children are entering college. Employers are finding that “flexibility and benefits that support them in managing both sides of the care spectrum are critical.” (Erdmann-Sullivan, 2017).

LinkedIn Learning has found that Gen X workers are “significantly more stressed out on the job than other generations, with 54% saying their jobs stress them out, versus 46% of Millennials and 48% of Baby Boomers” (Hill, 2019). In addition, according to the same survey, only 54% of Gen X workers feel empowered at work, and only 62% feel respected.

Generation X workers are also significantly less happy at work. In a Met Life survey, only around two thirds of Gen X workers said they were happy at work, while three quarters of Millennials and Baby Boomers said they were happy.
Millennials

Nearly 820,000 strong, Millennials make up 34% of the CCPR’s workforce. They outnumber Gen X by three percentage points, and far outnumber Baby Boomers. They are no longer the proverbial ‘new kids on the block,’ and have found their stride.

They prefer direct communication and feedback, want a social and friendly workplace and enjoy taking an entrepreneurial approach to their jobs (Moss, 2017). Because of the generation’s high debt loads, they often change jobs if a raise is involved, and many see higher wages and a prime factor in staying at a given job. However, according to Glass Door, 89% of Millennials surveyed would change their job for better benefits (Wallace, 2018).

Millennials want to grow, both professionally and personally in their work. Employers are also finding that offering a variety of training and professional development opportunities is very attractive to Millennial workers (Wallace, 2018).

This generation is at the stage where many are starting, or thinking of starting families. Additional healthcare benefits, such as fertility assistance, maternity/paternity leave, and even onsite childcare or childcare benefits are very desirable (Erdmann-Sullivan, 2017).

A recent benefits survey said that 89% of employees, particularly younger employees and women, want to work for an employer that is “known for respecting their out-of-work lives” (MetLife, 2019).

According to recent Gallup surveys, only 29% of Millennials are engaged at their jobs. Reasons put forward for this lack of engagement is a perceived lack of meaning and purpose in their work, as well as being dissatisfied with their employer’s culture and management style. The 2019 MetLife survey found that 66% of Millennials and Generation Z respondents agree that work defines who they are, and 93% of all workers believe a sense of purpose is “a must have, or nice to have” at work.

They also complain of limited upward mobility and leadership opportunities. Many employers now offer mentorship, shadowing and other leadership development activities in response (Erdmann-Sullivan, 2017).
Generation Z is just now entering the workplace. Its oldest members are only 23 years of age, and its youngest members have yet to enter Kindergarten. Only 13% of jobs in the CCPR at this time are filled by Generation Z workers.

Generation Z is the first generation that has been online since birth, so intuitively we might think that at work they will live and breathe social media, artificial intelligence, blockchain and other technological advances, but that isn’t so. Ironically, a huge majority (72%) crave face-to-face communication and deeper human connections (Inc. 2018).

According to a survey done by Ryan Jenkins of Inc., “supportive leadership and positive relationships at work” are the two most important things Generation Z wants in a job (Inc. 2018). Jenkins lists ten factors vital to Generation Z workers, at least those currently old enough to be in the workforce.

They are listed verbatim here:
1. Supportive Leadership (23 percent won’t take a job without it and 55 percent would "love to have it").
2. Positive Relationships at Work (27 percent and 53 percent).
3. Scheduling Flexibility (24 percent and 46 percent).
4. Comfortable Workspaces (27 percent and 46 percent).
5. Chance to Learn Real Skills (24 percent and 56 percent).
6. Meaningful Roles and Responsibilities (18 percent and 48 percent).
7. Opportunities to be Promoted (23 percent and 51 percent).
8. Extra Pay for Going the Extra Mile (23 percent and 55 percent).
9. Convenient Location (20 percent and 42 percent).
10. Autonomy and Creative Freedom (13 percent and 49 percent).

Other sources point out that Generation Z workers are quite focused on social issues and diversity. They think entrepreneurially and are pragmatic where finances are concerned (Mason, 2019).

This is a generation that is most attracted to companies that have branded themselves as socially and environmentally conscious. The ideal for many Generation Z workers, and Millennials for that matter, is to be able to align their own sense of purpose with the mission and vision of the company in which they work (Forbes, 2018).

It is said that employees quit their manager, not their company, when they leave, and Steve Robertson suggests three strategies to retain Generation Z workers. First, he says that managers need to be coached so they structure work, but don’t try and control it. Second, along with Millennials, Generation Z workers like and expect to be mentored. Last, conform office space to the work and don’t try to be trendy. They will feel engaged and valued if they have space that fosters collaboration but allows for quiet creativity as well (Robertson, 2018).
Conclusion
Now, more than ever, workers are pushing back, demanding their employers brand themselves as good corporate citizens, make effort to align the company vision and mission with the goals and aspirations of their workers, and pay attention to their workers as human beings.

Younger people in the labor force want to have their voices heard, exercise their entrepreneurial and creative muscles on the job, and feel valued. They want a menu of benefits they can custom fit to their needs, and they want employers to be more aware of their day to day financial struggles.

Prior generations were taught to subordinate their own needs and their out-of-work lives to their job. This is no longer the case, and the employers most successful at attracting, engaging and retaining younger workers are those that understand the merits of creating a high-touch, high-tech workplace.

Bibliography


Wilson, Valerie, “People of color will be a majority of the American working class in 2032,” Economic Policy Institute Report, June 9, 2016.

When an ASA survey of 500 employees between ages 22 and 33 reveals that 65% intend to take a second job to pay off their student loans, and 86% of the respondents would commit to a company for five years if the employer would help with paying back their loans, it is interesting that only 4% of employers offer this benefit - Arlene Hirsch, 2018