Disparities Persist in How Companies Invest in Career Growth and Development

15five

Executive Summary

Employee attrition is an ongoing concern for U.S. companies – more than 4.5 million Americans quit their jobs in November, the majority of whom (70%) are aged 55 years and older. The reasons why expose an unfortunate truth about the American workplace: the prevalence of ageism.

For our most recent Workplace Report, we surveyed 1,000 U.S. adults employed full time to understand how people feel about their potential for career advancement within their workplace, their access to professional development resources, and the significant role managers play in employee retention.

Four main issues emerged:

01.
There are dramatic generational differences in how employers approach career pathing. Companies are coming up short with resources and career guidance for the highly 'life experienced' segment of the workforce.

02.
Unsupportive management is a top reason U.S. workers are leaving their jobs.

03.
Retaining employees isn't just about providing compensation and benefits, but career growth and professional development.

04.
DEI initiatives need to embrace our most senior workers, who are often not considered as valuable as the younger cohorts.

For older Americans – those 55 years and older – this latest data is both revealing and unsettling. It also offers a window into why so many resigned during the pandemic. Our research shows ageism is prevalent in the workplace, with a lack of managerial support and career guidance for the Gen X demographic and above. Given the labor shortage and difficulty in finding workers to fill the 11 million open job slots, it's an ideal time for companies to re-examine how their organization treats Baby Boomers in comparison to other cohorts.

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I. Generational differences in career pathing

Empowerment and career development are what all employees crave. It's also good for business. But the unfortunate reality is that companies are coming up short with career guidance resources for the highly 'life experienced' segment of the workforce. Ageism is widespread in the U.S. workplace.

According to the Pew Research Center, Baby Boomers (age 57-66) make up 25% of the workforce, followed by Gen Xers (age 41-56) at 33%. Millennials (age 25-40) are in the majority at 35%.

Generational share of the workforce
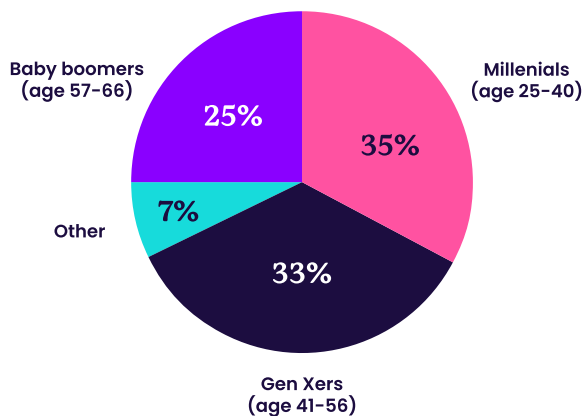
With Millennials making up the majority of the workforce, companies appear to be prioritizing their career development over other generations. People over the age of 45 are more likely to have an employer who doesn't provide any professional development resources, with 47.1% acknowledging they aren't given resources, compared to 27.3% of those under the age of 45.

Percent of employees who are not given professional development resources (by age)
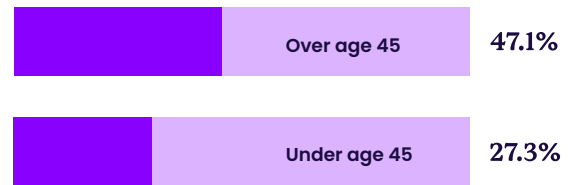
Employers are also not making talent and strengths assessments equally available. A strong majority (68.5%) of respondents 55 to 64 years old say their employer doesn't provide them with assessments to determine their talents and strengths, compared to 34.8% of those between 25 and 39 years old. Close to half (45.2%) of those between the ages of 55 to 64 say their employer doesn't make it easy to identify how their strengths match the requirements of open roles, compared to 15.6% of those under the age of 45.

People are living longer, and subsequently working past the age once considered the target for retirement. According to Gallup, "The age at which Americans expect to retire has been consistently higher than the average age at which they actually retire since Gallup began tracking both. This likely reflects changes in Social Security eligibility as well as the more challenging economic circumstances working Americans currently face. Today's workers are also less likely to have an employer-sponsored pension, and they may still be recovering financially from the Great Recession."

<u>**Some facts and figures about the evolving retirement age**</u>

- The original Social Security Act of 1935 set the minimum age for receiving full retirement benefits at 65.

- The 1983 Amendments phased in a gradual increase in the age for collecting full Social Security retirement benefits. The retirement age increased from 65 to 67 over a 22-year period, with an 11-year hiatus at which the retirement age will remain at 66.

- Congress cited improvements in the health of older people and increases in average life expectancy as primary reasons for increasing the normal retirement age.

- Since the program first began paying monthly Social Security benefits in 1940, the average life expectancy for men reaching age 65 has increased nearly 4 years to age 81; for women reaching age 65, their average life expectancy has increased nearly 6 years to age 84.

II. Managers are your company's front-line ambassadors

Unsupportive management is a top reason U.S. workers are leaving their jobs. Managers are often the first line of contact with team members, and have immense power that can have lasting impact beyond a raise, promotion or a great perk. The right words of encouragement can lift an employee to even greater success, while a negative or passive-aggressive statement can destroy an employee's self-confidence or desire to perform. Employers need to consider how they are upskilling and empowering their managers to become true leaders, so they in turn can do the same for their team members.

The data unpacks the impact managers have on an employee's job satisfaction. More than half (53.8%) of Americans say one of the top reasons for leaving a company is unsupportive management, while an even greater number (57.6%) of employees say supportive management and a good boss are two of the most important factors for them to remain at a company.

Percent of employees who list "unsupportive management" as a top reason for leaving their employer

53.8%

We know that managers play an important role in guiding employees through career development, but the data confirms that not every cohort is receiving the same attention.

15Five's new survey data points to older generations not receiving the managerial support or career pathing provided to younger generations. Employees are more likely to get the support from managers if they are in the Gen Z cohort versus over 55 years old.

How does this play out in the work environment? The majority of employees who are 55 to 64 years old report that their manager hasn't had any conversations with them about their career vision. More than half (60.4%) of those between 55 and 64 years old say their manager only considers their career as it pertains to the company.

III. Career growth and professional development are essential to employee retention

Retaining employees isn't just about providing compensation and benefits, but career growth and professional development.

While the skills-gap crisis isn't new to HR leaders, it has intensified with the progression of COVID-19. And reskilling a workforce in a virtual space adds an additional layer of complexity. Learning and development programs aren't just a valuable "perk" to offer employees for their personal growth, but an effective strategy for scaling your business in an ever-changing market.

Plus, companies that prioritize upskilling the people within their workforce will attract and retain top talent. With the fierce competition for top performers in today's labor market, companies will want to be able to highlight these efforts to job candidates.

Nearly half of Americans say clear career growth, learning and development provided by an employer is one of the most important factors for them to remain at a company. More than three-quarters (75.9%) of employees say they work harder for an employer who shows they care about their growth as a professional.

Percent of employees who say they work harder for employers who care about their professional growth

75.9%

IV. Ageism and the DEI imperative

While many companies recognize the imperative of creating a [diverse and equitable workforce,](#) where each person can bring their best self to work regardless of their gender, race, background, ability, or religion, age discrimination is often left off the table. [A recent McKinsey report on ageism](#) acknowledges a consistent pattern of bias against workers aged 45 and older across industries and geographies.

Psychological safety plays an important role in the workforce for all age groups and the prevalence of ageism demonstrates that companies are falling short. By definition, inclusivity should include everyone. When some groups are excluded from career advancement based on age, that's a problem for all protected classes of people (race, gender, religion, etc.). The lack of inclusivity is felt by everyone in the company and undermines the psychological safety for all employees.

It's also not good business practice. "This cohort (over the age of 45) is the most educated and has the best healthcare outcomes of any other time for this age cohort in history. For the world to not be able to take advantage of the productivity and expertise of this population is tragic." — commented Mona Mourshed, global CEO of the independent nonprofit organization Generation, in the McKinsey report.

V. Strategies for ensuring career and professional development are available to everyone in your organization

All your employees crave empowerment and career development – facets of talent support that are also good for business. Employees that feel empowered to pursue their career and professional development are more engaged, more productive, and more likely to remain with the company. But sometimes certain groups are left out of the conversation.

✓ Analyze your company's DEI initiatives. Answer the following questions: What does equity and inclusion actually look like in our organization? How are they actually part of our business strategy beyond just diversifying our talent pipeline and diversifying our hires?

✓ Many people don't feel like they're being treated fairly. Send regular employee engagement assessments to benchmark how your employees feel. Use the data to ensure your employees are all paid fairly, and opportunities are fair across the company.

✓ Develop a more thoughtful approach to career pathing that ensures all of your employees are able to weave their strengths, motivations and sense of purpose into their career paths. Leverage 15Five's Career Hub to support every employee's journey.

✓ Provide managers with the tools and training to build trust and psychological safety, and lead the self-discovery process for their team. Leverage a tool such as 15Five's Best-Self Kickoff, a human-centric onboarding process that's focused on the employee's success. This two-part interactive tool is intended to guide a conversation that creates clear expectations and builds trust between managers and employees.

✓ Ensure that you are not just measuring performance, but improving it with an integrated performance management solution. Increase the regular touch-points between employees and managers via engagement surveys to source issues, respond to issues and create trusted relationships via feedback tools, and leverage performance reviews that also look forward to the next stage of every employee's career trajectory.

VI. A comprehensive approach to leadership development for managers

15Five recognizes the importance of empowering managers with the skills to leverage the strengths and capabilities of their teams while they become better leaders. To that end, it has created Transform, a leadership training and coaching offering built to enable managers to simultaneously drive employee engagement and business results.

Transform combines customized coaching and online educational offerings designed to unlock the leadership potential of all managers. Its blended learning model upskills managers to become champions of better performance and engagement, and includes five essential elements:

Coaching and Development Tailored to the Individual

Instead of a static library created for passive viewing, Transform provides dynamic and interactive coaching and resources to help companies realize their business goals.

A Dedicated In-house Team That Partners With Clients

15Five uses an in-house team to partner with the client's organization in order to take action and move business metrics. 15Five's in-house team is trained, experienced and positioned to understand and help clients meet their goals.

92%

Total Users ▲ 13%
Financial Wellbeing

Support Team ▲ 48%
Psychological Safety
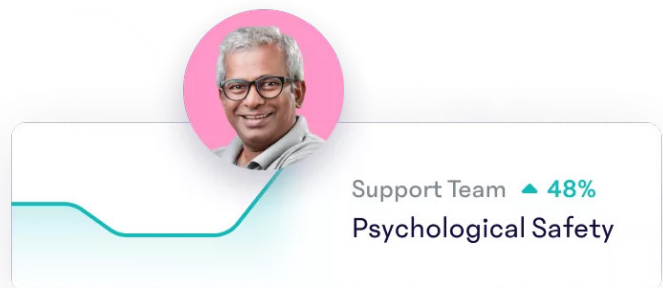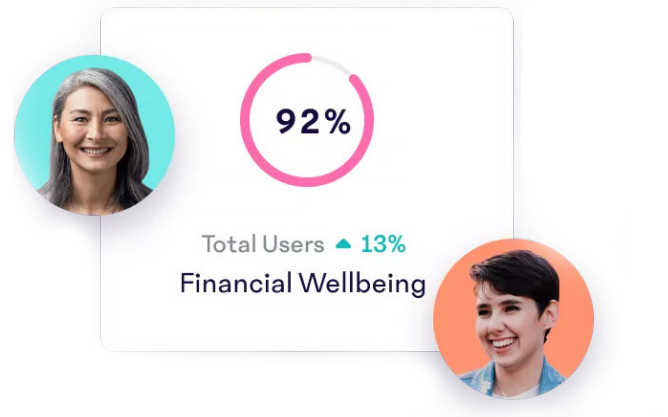
Top 5 Strengths

- Strategic
- Relator
- Developer
- Input
- Empathy

The Primary Focus Is on Business Results

While 15Five recognizes the importance of learning outcomes, Transform's primary intent is positively impacting a client's higher-level business goals, including growth and customer satisfaction, while ensuring employee engagement and retention.

Real-time Practice and a Continuous Feedback Loop Foster Ongoing Improvement

Working with a coach in real-time, managers practice the skills they have learned in the flow of their work, apply their learnings, and then receive continuous, actionable feedback on how to improve.

Solution Is Paired With Software to Further Drive Impact

15Five is the only solution to combine software with in-house, qualified expertise. Pairing Transform with 15Five's software products enables the manager to take action and solidify behavior change and also perform insight-generating activities such as tracking and reporting. For example, Transform trains managers to develop effective Objectives and Key Results and coach their teams to complete them, which is aligned to 15Five's Focus product — a goal setting and measurement tool.

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About 15Five

Learn more about Transform and all of 15Five's performance management products by visiting **www.15five.com.**

Founded in 2011, 15Five equips HR leaders to play a strategic role in their company's growth. HR leaders use 15Five to combine engagement, performance and OKRs on one platform so they can make insightful decisions and take strategic action. Unlike other "command and control" performance systems, 15Five uses the latest in people science to turn managers and employees into self-driven owners of performance and engagement. To further the impact of talent on company growth, 15Five also provides education, coaching and community for HR leaders, managers and employees. HR leaders at over 3,000 companies, including Credit Karma, Spotify and Pendo, rely on 15Five's software and services to make their talent a growth driver.