Talent pressures and the aging workforce: Responsive action steps for the finance and insurance sector

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THE SLOAN CENTER ON aging & work AT BOSTON COLLEGE

Talent Pressures and the Aging Workforce:

Responsive Action Steps for the Finance and Insurance Sector

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with Elyssa Besen, Shoghik Hovhannisyan, MA, and Farooq Pasha, MA

Industry Sector Report 7.1.–August 2010

The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. The Center integrates evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

The Sloan Center on Aging & Work is grateful for the continued support of the Alfred P. Sloan Foundation.

The Industry and Aging Workforce Series

The Sloan Center on Aging & Work initiated the Talent Pressures and Aging Workforce Industry Report Series to help employers (and others interested in the aging of the workforce) understand the unique and emerging talent pressures within the leading sectors of the U.S. economy: Accommodation and Food Services; Administration and Support, Waste Management and Remediation Services; Construction; Finance and Insurance; Health Care and Social Assistance; Manufacturing; Professional, Scientific and Technical Services; Retail Trade; Transportation and Warehousing; and Wholesale Trade. The reports are designed to offer succinct accounts of five overarching concerns:

1. What are the contours of employment in the industry and how do they compare to employment in other sectors?
2. How might employee preferences inform strategies of retaining key talent in the industry?
3. How does the age and gender composition of the workforce map onto talent loss risks for employers?
4. What methods do employers in the industry rely on to understand talent loss risks?
5. What steps can employers use to attract and engage talent?

The report provides comparisons across time (2000-2008) and between economic sectors. Aging and workforce diversity is also considered.

Our analysis relies on three sources of data:

- Information about the U.S. workforce as reported by the United States Bureau of Labor Statistics,
- Information about workers' experiences as reported in the General Social Survey, and
- Information about U.S. organizations gathered by the Sloan Center on Aging & Work's 2009 Talent Management Study.

We anticipate that this information can help employers:

- Reflect on the adequacy of workplace practices,
- Identify ways to become more age responsive, and
- Consider strategies that might better align workplace practices with escalating pressures and opportunities that a diverse and aging workforce may pose for their enterprises.

Each report in this series concludes by considering steps that employers can take to become more responsive to the needs of a diverse and aging workforce.

Table of Contents

Executive Summary

The past decade witnessed profound changes in the economic pressures placed on employers, as well as in age demographics of their labor forces. Like changes in the latter part of the 20th century with the inclusion of women in organizations and professions, the aging of the population has the potential to reshape not only who works, but also how work can be performed.

We advise that employers consider the data presented in this report to better understand what employees desire, as well as the variation in talent management practices evident within (and beyond) the finance and insurance sector.

The finance and insurance sector's demographic profile is disproportionately composed of women workers, and like other sectors, the aging of the workforce is affecting the age profile of its employees. As the finance and insurance sector can expect a substantial exodus of older workers in the forthcoming years, it may especially face tensions in matching workers to jobs. This may require rethinking longstanding workplace practices.

Our analysis reveals that many employers in the finance and insurance sector have only a limited knowledge of their workforce. Understanding the demographic composition of the organization's workforce can inform talent management strategies that could attract replacement workers, stem turnover, and facilitate knowledge transfer. While the finance and insurance *sector is implementing flexible work arrangements at levels generally comparable to those offered in other sectors, expansion of these opportunities may be a key strategy of attracting and retaining the best talent available.*

Overview of Employment & Compensation in the Finance and Insurance Sector

INTRODUCTION

According to the U.S. Census Bureau the Finance and Insurance sector (NAICS 52):

"...comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified:

1. *Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities. Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is known as financial intermediation.*
2. *Pooling of risk by underwriting insurance and annuities. Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.*
3. *Providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs.*

In addition, monetary authorities charged with monetary control are included in this sector."

Key Points:

1. The 2008-2009 economic downturn had a significant impact on the finance and insurance sector and its employees.

2. Compensation[1] costs rose for all industries (on average by 9.1%), while they declined for finance and insurance sector (by 5.4%) over the period of 2004-2008.

3. There was a 17% increase in the total number of establishments in the finance and insurance sector over the period of 2000-2006, which was consistent across the different establishment sizes.

4. The finance and insurance sector relies more on women workers, who accounted for 59% of the total workforce in 2007.

5. The percentage of workers in the finance and insurance sector aged 55-64 increased by about 38% from 2000-2007, and the proportion of workers over age 65 increased by about 10%.

EMPLOYMENT AND COMPENSATION

As we describe below, the finance and insurance sector has a highly stratified workforce, ranging from lower skilled and lower paid workers (such as bank tellers) to highly skilled and highly paid individuals (such as financial analysts). Thus, when looking at summary statistics of entire labor force composition in this sector, it is important to recognize that age and gender composition, as well as compensation received, varies significantly depending on the types of jobs occupied in the sector.

According to the Bureau of Labor Statistics (BLS), the Finance and Insurance sector provided employment for about 5% of the working population in the country in 2008.

Table 1.1 Employment in The Finance and Insurance Sector

	Finance and Insurance			All Industries		
	2000	2008	% Change	2000	2008	% Change
Employment in Thousands (seasonally adjusted)[1]	5,677	6,015	6.0	111,003	114,558	3.2
% Represented by Unions of Wage and Salary Workers[2]	1.6	1.8	12.5	14.9	13.7	-8.1
Separation Rates [1, 3]	23.7	30.9	30.4	46[5]	48.7	5.0
Unemployment Rate (not seasonally adjusted)[4]	2.2	3.6	63.6	4.0	5.8	46.4

Source: U.S. Bureau of Labor Statistics

1 Includes total private industries.
2 Excludes incorporated self-employed aged 16 years and over.
3 Separation Rate is the number of total separations for the year divided by average monthly employment for the year (annual turnover).
4 Includes Civilian Labor Force aged 16 years and over. Data from 2000 are for February. Data from 2008 are for January.
5 Data from 2001.

Table 1.1 shows that union representation in this sector is low, as only 2% of the workers in the finance and insurance sector were represented by unions compared to 15% of the same indicator for all industries in 2000. As shown in Table 1.2, the compensation[1] costs for most employers increased in all industries (by 9%) and declined in the finance and insurance sector (by about 5.4%) over the period of 2004-2008. In addition, the compensation costs and benefits available in the finance and insurance sector in 2008 were higher than the average in other industries, both in 2004 and in 2008. Shifts in benefits, as part of employer expenditures, were significant over the past decade. For example, the share of insurance costs increased both in the finance and insurance sector and in all industries by 9% and 8%, respectively, over the period of 2004-2008. In addition, retirement payments as a percentage of compensation costs declined in finance and insurance sector (by about 5%), while staying fairly constant for employers operating in most sectors.

Table 1.2 also shows that there was a 17% increase in the total number of establishments in the finance and insurance sector over the period of 2000-2006, and this trend was consistent across the different establishment sizes. During this same time period, the number of establishments in all industries significantly increased (by 7.5%).

Table 1.2 Labor Market Indicators of the Finance and Insurance Sector

	Finance and Insurance (52)		
Employers	2000	2006	% Change
Total Establishments	423,727	494,329	16.7
# Under 20 Employees	211,334	245,261	16.1
# 20-99	30,889	33,466	8.3
# 100-499	25,719	33,487	30.2
# 500+	155,785	182,115	16.9
Hours, Earnings, and Benefits[1]	2000	2008	% Change
Average Weekly Hours of Production Workers, (seasonally adjusted)	37.1	37.0	-0.3
Average Hourly Earnings of Production Workers, (seasonally adjusted)[2]	19.9	21.5	8.4
Compensation[3]	2004	2008	% Change
Compensation Costs ($/Hr)[2]	41.4	39.2	-5.4
Wages and Salaries as % of Compensation	69.6	67.0	-3.7
Benefits as % of Compensation			
Total Benefits	30.4	33.0	8.6
Insurance	7.2	7.9	8.7
Retirement	4.8	4.5	-4.7
Labor Turnover	2000	2008	% Change
Median Years of Tenure[4]	3.6	4.7	30.6

Source: U.S. Bureau of Labor Statistics

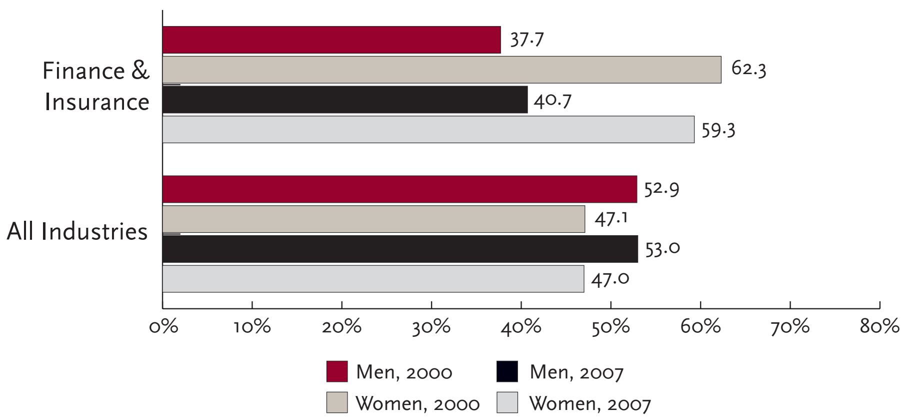
1 Includes total private industries.
2 Adjusted for Consumer Price Index (2008=100).
3 The total compensation for all industries includes private industries population.
4 The data from 2000 are for February. Data from 2008 are for January.

WORKFORCE COMPOSITION

As Figure 1.1 shows, the finance and insurance sector relies heavily on women workers, who accounted for 59% of the total workforce in 2007, with little change in comparison to 2000.

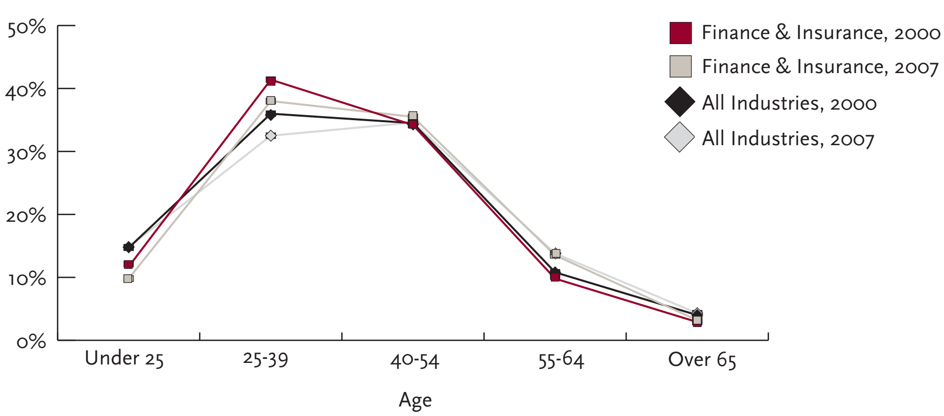
As Figure 1.2 shows, the age composition of the finance and insurance sector is comparable to that existing in all industries in 2007. However, like all industries, the employee base of the finance and insurance sector is aging. In 2000, the share of the workers aged 55 and above accounted only for 13% in the finance and insurance sector, but by 2007, this age group had increased to 17% of the total employee pool. The share of the workers aged 55-64 increased by 38%, while the share of the workers aged 65 and above increased only by 10% in the total number of workers over the period of 2000-2007. In all industries, both the number of workers aged 55-64 and the number of workers aged 65 and above grew by 28% and 7%, respectively.

Figure 1.1 Gender Distribution of the Labor Force



Source: The Integrated Public Use Microdata Series (IPUMS-USA)

Figure 1.2 Age Distribution of the Labor Force



Source: The Integrated Public Use Microdata Series (IPUMS-USA)

ESSENTIAL OCCUPATIONS

A wide range of occupations are essential to the finance and insurance sector, but it is distinguished by a heavy reliance on five essential occupations, shown in Table 1.3. Tellers account for 10% of the employees in this sector, insurance sales agents and loan officers account for equal 5% shares, and (i) securities, commodities, and financial services sales agents and (ii) accountants and auditors account for a combined 6% in the total number of employees. Summary descriptions of these key occupations are described below, abstracted from the Bureau of Labor Statistics 2010-2011 Occupational Outlook Handbook (http://www.bls.gov/oco/ooh_index.htm).

Table 1.3 Employment by Essential Occupations, 2008

Accountants and auditors	102,700
Insurance sales agents	317,800
Loan officers	293,920
Securities, commodities, and financial services sales agents	257,000
Tellers	583,760

Source: U.S. Bureau of Labor Statistics

Tellers

Retrieved from the Bureau of Labor Statistics 2010-2011 Occupational Outlook Handbook

Bank tellers are responsible for quickly and accurately processing routine transactions that customers conduct at banks. Routine transactions include cashing checks and making deposits, loan payments, and withdrawals. Most teller jobs require a high school diploma and a background check. Tellers are usually trained on the job.

Insurance Sales Agents

Retrieved from the Bureau of Labor Statistics 2010-2011 Occupational Outlook Handbook

Most people have their first contact with an insurance company through an insurance sales agent. These workers help individuals, families, and businesses select insurance policies that provide the best protection for their lives, health, and property. Insurance sales agents, commonly referred to as "producers" in the insurance industry, sell one or more types of insurance, such as property and casualty, life, health, disability, and long-term care. Property and casualty insurance agents sell policies that protect individuals and businesses from financial loss resulting from automobile accidents, fire, theft, storms, and other events that can damage property. For businesses, property and casualty insurance can also cover injured workers' compensation, product liability claims, or medical malpractice claims. Life insurance agents specialize in selling policies that pay beneficiaries when a policyholder dies. Depending on the policyholder's circumstances, a cash-value policy can be designed to provide retirement income, funds for the education of children, and other benefits, as well. Life insurance agents also sell annuities that promise a retirement income. Health insurance agents sell health insurance policies that cover the costs of medical care and loss of income due to illness or injury. They also may sell dental insurance and short-term and long-term-disability insurance policies. Agents may specialize in any one of these products, or function as generalists, providing multiple products to a single customer. An increasing number of insurance sales agents offer their clients advice on how to minimize risk as well as comprehensive financial planning services, especially to those approaching retirement. These services include retirement planning, estate planning, and assistance in setting-up pension plans for businesses. As a result, many insurance agents are involved in "cross-selling" or "total account development." Besides offering insurance, these agents may become licensed to sell mutual funds, variable annuities, and other securities. This practice is most common with life insurance agents who already sell annuities, but many property and casualty agents also sell financial products. (See the statement on securities, commodities, and financial services sales agents elsewhere in the Handbook.) Insurance sales agents also prepare reports, maintain records, and seek out new clients. In the event that policy holders experience a loss, agents help them settle their insurance claims. Insurance sales agents working exclusively for one insurance company are referred to as captive agents. These agents typically have a contractual agreement with the carrier, and are usually an employee of the carrier. Independent insurance agents, or brokers, are mostly facilitators who represent several companies. They match insurance policies for their clients with the company that offers the best rate and coverage. Technology—specifically, the Internet—has *greatly affected the insurance business, making the tasks of obtaining price quotes and processing applications and service requests faster and easier. The Internet has made it easier for agents to take on more clients and to be better informed about new products. It has also altered the relationship between agent and client. Agents formerly used to devote much of their time to marketing and selling products to new clients. Now, clients are increasingly obtaining insurance quotes from a company's Web site and then contacting the company directly to purchase policies. This interaction gives the client a more active role in selecting their policy, while reducing the amount of time agents spend seeking new clients. Insurance sales agents also obtain many new accounts through referrals, so it is important that they maintain regular contact with their clients to ensure that the client's financial needs are being met. Developing a satisfied clientele that will recommend an agent's services to other potential customers is a key to success for agents. Increasing competition in the insurance industry has spurred carriers to find new ways to keep their clients satisfied. One solution is hiring customer service representatives who are accessible 24 hours a day, 7 days a week, to handle routine tasks such as answering questions, making changes in policies, processing claims, and selling more products to clients. The opportunity to cross-sell new products to clients will help an agent's business grow. The use of customer service representatives also allows agents to concentrate their efforts on seeking out new clients and maintaining relationships with old ones.*

Every sales agent involved in the solicitation, selling, or negotiation of insurance must have a State-issued license. Licensure requirements vary by State but typically require some insurance-related coursework and the passing of several exams. Although some agents are hired right out of college, many are hired by insurance companies as customer service representatives and are later promoted to sales agent.

Loan Officers
Retrieved from the Bureau of Labor Statistics 2010-2011 Occupational Outlook Handbook

Many individuals take out loans to buy a house, car, or pay for a college education. Businesses use loans to start companies, purchase inventory, or invest in capital equipment. Loan officers facilitate this lending by finding potential clients and helping them to apply for loans. Loan officers gather information to determine the likelihood that individuals and businesses will repay the loan. Loan officers may also provide guidance to prospective borrowers who have problems qualifying for traditional loans. For example, loan officers might determine the most appropriate type of loan for a particular customer and explain specific requirements and restrictions associated with the loan. Loan officers usually specialize in commercial, consumer, or mortgage loans. Commercial or business loans help companies pay for new equipment or expand operations. Consumer loans include home equity, automobile, and personal loans. Mortgage loans are loans made to purchase real estate or to refinance an existing mortgage.

Loan officers guide clients through the process of applying for a loan. The process begins with the client contacting the bank through a phone call, visiting a branch, or filling out a Web-based loan application. The loan officer obtains basic information from the client about the purpose of the loan and the applicant's ability to pay the loan. The loan officer may need to *explain the different types of loans and credit terms available to the applicant. Loan officers answer questions about the process and sometimes assist clients in filling out the application. After a client completes an application, the loan officer begins the process of analyzing and verifying the information on the application to determine the client's creditworthiness. Often, loan officers can quickly access the client's credit history by using underwriting software that determines if a client is eligible for the loan. When a credit history is not available or when unusual financial circumstances are present, the loan officer may request additional financial information from the client or, in the case of commercial loans, copies of the company's financial statements. Commercial loans are often too complex for a loan officer to rely solely on underwriting software. The variety in companies' financial statements and varying types of collateral require human judgment. Collateral is any asset, such as a factory, house, or car, owned by the borrower that becomes the property of the bank if the loan is not repaid. Loan officers comment on, and verify, the information of a loan application in a loan file, which is used to analyze whether the prospective loan meets the lending institution's requirements. Loan officers then decide, in consultation with their managers, whether to grant the loan. Commercial loans are sometimes so large—for example, the loan needed to build a new shopping mall—that a single bank will not lend all of the money. In this case, a commercial loan officer may work with other banks or investment bankers to put together a package of loans from multiple sources to finance the project. In many instances, loan officers act as salespeople. Commercial loan officers, for example, contact firms to determine their needs for loans. If a firm is seeking new funds, the loan officer will try to persuade the company to obtain the loan from his or her institution. Similarly, mortgage loan officers develop relationships with commercial and residential real estate agencies, so that when an individual or firm buys a property, the real estate agent might recommend contacting a specific loan officer for financing.*

Some loan officers, called loan underwriters, specialize in evaluating a client's creditworthiness and may conduct a financial analysis or other risk assessment. Other loan officers, referred to as loan collection officers, contact borrowers with delinquent loan accounts to help them find a method of repayment to avoid their defaulting on the loan. If a repayment plan cannot be developed, the loan collection officer initiates collateral liquidation, in which the lender seizes the collateral used to secure the loan—a home or car, for example—and sells it to repay the loan. Loan officers need a high school diploma and receive on-the-job training. Commercial loan officer positions often require a bachelor's degree in finance, economics, or a related field. Previous banking, lending, or sales experience is also highly valued by employers.

Securities, Commodities, and Financial Services Sales Agents Retrieved from the Bureau of Labor Statistics 2010-2011 Occupational Outlook Handbook

Each day, hundreds of billions of dollars change hands on the major United States securities exchanges. This money is used to invest in securities, such as stocks, bonds, or mutual funds, which are bought and sold by large institutional investors, mutual funds, pension plans, and the general public. Most securities trades are arranged through securities, commodities, and financial services sales agents, whether they are between individuals with a few hundred dollars or large institutions with hundreds of millions of dollars. The duties of sales agents *vary greatly depending on their specialty. The most common type of securities sales agent is called a broker or stock broker. Stock brokers advise everyday people, or retail investors, on appropriate investments based on their needs and financial ability. Once the client and broker agree on the best investment, the broker electronically sends the order to the floor of the securities exchange to complete the transaction. After the transaction is finalized, the broker charges a commission for the service. The most important part of a broker's job is finding clients and building a customer base. Thus, beginning securities and commodities sales agents spend much of their time searching for clients, often relying heavily on telephone solicitation, or "cold calling," from a list of potential clients. Some agents network by joining civic organizations or social groups, while others may rely on referrals from satisfied customers. Investment bankers are sales agents who connect businesses that need money to finance their operations or expansion plans with investors who are interested in providing that funding in exchange for debt (in the form of bonds) or equity (in the form of stock). This process is called underwriting, and it is the main function of the investment bank. Investment bankers have to sell twice: first, they sell their advisory services to help companies issue new stock or bonds, and second, they sell the securities issued to investors. Perhaps the most important advisory service provided by investment banks is to help companies new to the public investment arena issue stock for the first time. This process, known as an initial public offering, or IPO, can take a great deal of effort because private companies must meet stringent financial requirements to become publicly owned companies. Corporate finance departments also help private companies sell stock to institutional investors or wealthy individuals. They also advise companies that are interested in funding their operations by taking on debt—often issued in the form of bonds. Unlike a stock, which entitles its holder to partial ownership of a company, a bond entitles its holder to be repaid with a pre-determined rate of interest. Another important advisory service is provided by the mergers and acquisitions department. Investment bankers in this area advise companies that are interested in being acquired, or interested in merging with or purchasing other companies. Once a potential seller or buyer is found, bankers advise their client on how to execute the agreement. Generally both buyers and sellers have investment banks working for them to make sure that the transaction goes smoothly. Investment banking sales agents and traders sell stocks and bonds to investors. Instead of selling their services to companies for fees, salespeople and traders sell securities to customers for commissions. These sales agents generally contact customers and their agents to discuss new stock and bond issues. When an investor decides to make a purchase, the order goes to the trading floor. Traders execute buy and sell orders from clients and make trades on behalf of the bank itself. Because markets fluctuate so much, trading is a split-second decision-making process. If a trader cannot secure the promised price on an exchange, millions of dollars could potentially be lost. On the other hand, if a trader finds a better deal, the bank could make millions more. A small but powerful group of sales agents work directly on the floor of a stock or commodities exchange. When a firm or investor wishes to buy or sell a security or commodity, sales agents relay the order through their firm's computers to the floor of the exchange. There, floor brokers negotiate the price with other floor brokers, make the sale, and forward the purchase price to the sales agents. In addition to floor brokers, who work for individual securities dealers, there are also independent brokers. These are similar to floor brokers, except that they are not buyers for specific firms. Instead, they can buy and sell stocks for their own accounts, or corporate accounts that they manage, or they can sell their services to floor brokers who are too busy to execute all of the trades they are responsible for making. Specialists or market makers also work directly on the exchange floor, and there is generally one for each* *security or commodity being traded. They facilitate the trading process by quoting prices and by buying or selling shares when there are too many or too few available. Financial services sales agents consult on a wide variety of banking, securities, insurance, and other related services to individuals and businesses, often catering the services to meet the client's financial needs. They contact potential customers to explain their services which may include checking accounts, loans, certificate of deposits, individual retirement accounts, credit cards, and estate and retirement planning. Most positions require a bachelor's degree in business, finance, accounting, or economics. An MBA or professional certification is helpful for advancement.*

Accountants and Auditors
Retrieved from the Bureau of Labor Statistics 2010-2011 Occupational Outlook Handbook

Accountants and auditors help to ensure that firms are run efficiently, public records kept accurately, and taxes paid properly and on time. They analyze and communicate financial information for various entities such as companies, individual clients, and Federal, State, and local governments. Beyond carrying out the fundamental tasks of the occupation—providing information to clients by preparing, analyzing, and verifying financial documents—many accountants also offer budget analysis, financial and investment planning, information technology consulting, and limited legal services. Specific job duties vary widely among the four major fields of accounting and auditing: public accounting, management accounting, government accounting, and internal auditing. Public accountants perform a broad range of accounting, auditing, tax, and consulting activities for their clients, which may be corporations, governments, nonprofit organizations, or individuals. For example, some public accountants concentrate on tax matters, such as advising companies about the tax advantages and disadvantages of certain business decisions and preparing individual income tax returns. Others offer advice in areas such as compensation or employee healthcare benefits, the design of accounting and data processing systems, and the selection of controls to safeguard assets. Still others audit clients' financial statements and inform investors and authorities that the statements have been correctly prepared and reported. These accountants are also referred to as external auditors. Public accountants, many of whom are Certified Public Accountants (CPAs), generally have their own businesses or work for public accounting firms. Some public accountants specialize in forensic accounting—investigating and interpreting white-collar crimes such as securities fraud and embezzlement, bankruptcies and contract disputes, and other complex and possibly criminal financial transactions, including money laundering by organized criminals. Forensic accountants combine their knowledge of accounting and finance with law and investigative techniques to determine whether an activity is illegal. Many forensic accountants work closely with law enforcement personnel and lawyers during investigations and often appear as expert witnesses during trials. Management accountants—also called cost, managerial, industrial, corporate, or private accountants—record and analyze the financial information of the companies for which they work. Among their other responsibilities are budgeting, performance evaluation, cost management, and asset management. Usually, management accountants are part of executive teams involved in strategic planning or the development of new products. They analyze and interpret the financial information that corporate executives need to make sound business decisions. They also prepare financial reports for *other groups, including stockholders, creditors, regulatory agencies, and tax authorities. Within accounting departments, management accountants may work in various areas, including financial analysis, planning and budgeting, and cost accounting. Government accountants and auditors work in the public sector, maintaining and examining the records of government agencies and auditing private businesses and individuals whose activities are subject to government regulations or taxation. Accountants employed by Federal, State, and local governments ensure that revenues are received and expenditures are made in accordance with laws and regulations. Those employed by the Federal Government may work as Internal Revenue Service agents or in financial management, financial institution examination, or budget analysis and administration. Internal auditors verify the effectiveness of their organization's internal controls and check for mismanagement, waste, or fraud. They examine and evaluate their firms' financial and information systems, management procedures, and internal controls to ensure that records are accurate and controls are adequate. They also review company operations, evaluating their efficiency, effectiveness, and compliance with corporate policies and government regulations. Because computer systems commonly automate transactions and make information readily available, internal auditors may also help management evaluate the effectiveness of their controls based on real-time data, rather than personal observation. They may recommend and review controls for their organization's computer systems, to ensure their reliability and integrity of the data. Internal auditors may also have specialty titles, such as information technology auditors, environmental auditors, and compliance auditors. Technology is rapidly changing the nature of the work of most accountants and auditors. With the aid of special software packages, accountants summarize transactions in the standard formats of financial records and organize data in special formats employed in financial analysis. These accounting packages greatly reduce the tedious work associated with data management and recordkeeping. Computers enable accountants and auditors to be more mobile and to use their clients' computer systems to extract information from databases and the Internet. As a result, a growing number of accountants and auditors with extensive computer skills specialize in correcting problems with software or in developing software to meet unique data management and analytical needs. Accountants also are beginning to perform more technical duties, such as implementing, controlling, and auditing computer systems and networks and developing technology plans. Most accountants and auditors need at least a bachelor's degree in accounting or a related field. Many accountants and auditors choose to obtain certification to help advance their careers, such as becoming a Certified Public Accountant (CPA).*

SUMMARY

In sum, based on the limited data available in the General Social Survey on this segment of the workforce, we conclude that the finance and insurance sector offers jobs that are received favorably by employees. It is an open question if jobs could be even more flexible, or if there are prospects to enhance satisfaction even further. These observations may inform additional strategies of recruiting, developing, and retaining the best talent available.

Perspectives & Experiences of Employees in the Finance and Insurance Sector

INTRODUCTION

One of the most fundamental steps in managing talent is approaching employees from a "whole person" approach: understanding that jobs fit into the lives of individuals in diverse and complex ways. A means of understanding talent loss risks is to consider what employees value in their jobs and the overarching levels of satisfaction with their employment situations. To help understand these dynamics as they map onto the finance and insurance sector, we examine data from the 1998-2008 General Social Survey.[2] As we show below, work in the finance and insurance sector offers considerable intrinsic rewards and flexibilities that are less commonly available outside of this sector.

Key Points

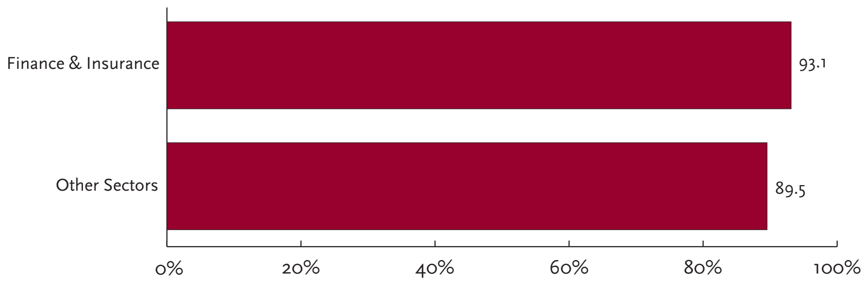
1. Employees in the finance and insurance sector are slightly more likely to be satisfied in their jobs than employees in other sectors of the economy.

2. Finance and insurance sector employees value work flexibility and place high importance on job features like job security, potential for advancement, social usefulness, and autonomy at work.

3. Workers in the finance and insurance sector have the availability of flexible work options at a higher degree than employees in other sectors.

Organizational commitment is strongly associated with employee satisfaction with jobs. This satisfaction can translate to productivity – achieved by employees working harder and by their long-term commitment to employers. Figure 2.1 shows that more than nine out of ten workers in the finance and insurance sector are very or somewhat satisfied with their job.

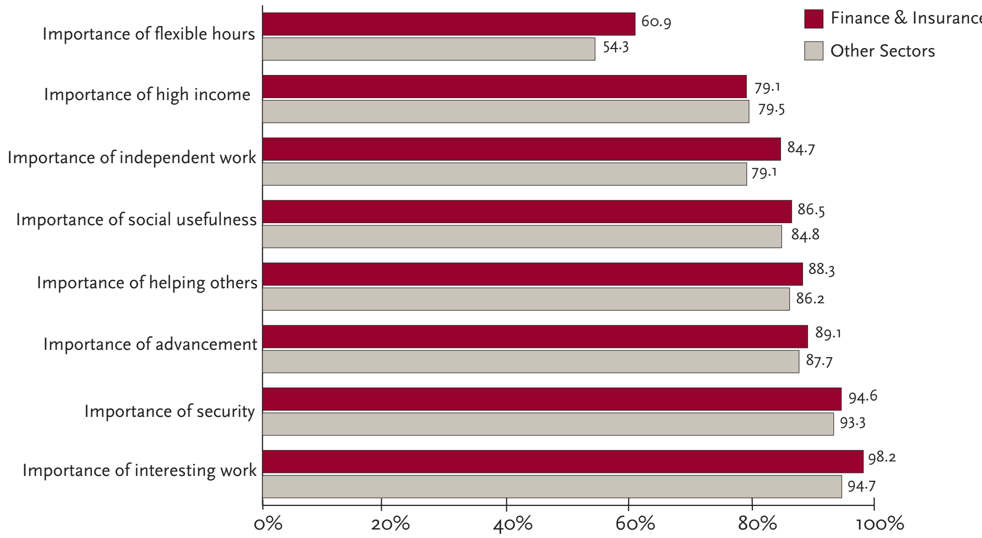
Figure 2.1 Percent Reporting Being Somewhat Satisfied or Very Satisfied In Their Job: Finance and Insurance Employees In Comparison to Other Sector



Note: Analyses from 1998-2008 General Social Survey; Individual Items are reported in Appendix 2.2; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=3,495

Figure 2.2 shows that employees in the finance and insurance sector are comparable to employees in other sectors in respect to the importance they place on a variety of job features. The General Social Survey reveals that interesting work, job security, potential for advancement, ability to help others, social usefulness, and autonomy at work are some of the important concerns for finance and insurance sector employees. Some other job features that are comparably valued by a vast majority of employees (across sectors) are high income and flexible work hours.

Figure 2.2 Job Incentives Rated as Important or Very Important: Finance and Insurance Employees In Comparison to Other Sectors

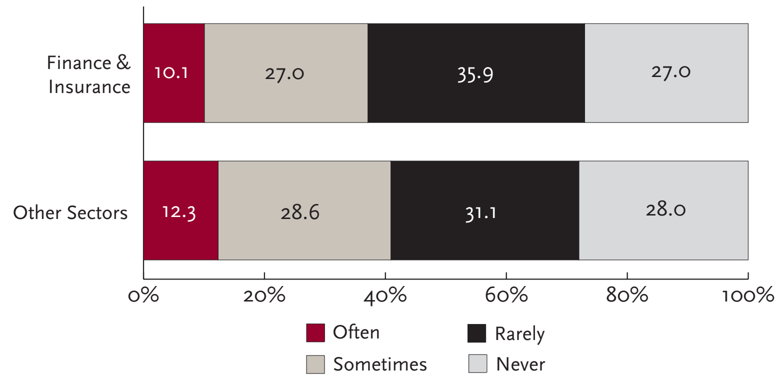


Note: Analyses from 1998-2008 General Social Survey; Individual Items are reported in Appendix 2.2; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=2,664

The past three decades of research by the "work-family" community of scholars has shown that work can impact the family in profound ways and that family commitments can affect the capacity of workers to commit themselves to their jobs. While much attention has focused on the ways that work and family commitments conflict, a growing emphasis is placed on identifying approaches that harmonize these institutions so that both employers and families benefit by rethinking work designs. However, because many employers have been slow to adapt their organizations, there still exist numerous mismatches that can undermine both workplace effectiveness and family functioning.

To better understand the unique aspects of work in the finance and insurance sector and how it impacts the lives of employees, we examined a series of questions in the General Social Survey related to the intersection of work and family. Figure 2.3 shows that employees in the finance and insurance sector are, on the whole, as likely to experience work-family conflicts compared to employees in the other sectors of the economy. Figure 2.3 also shows that nearly four in ten workers in the finance and insurance sector report that their job interferes with their family life "sometimes" or "often."

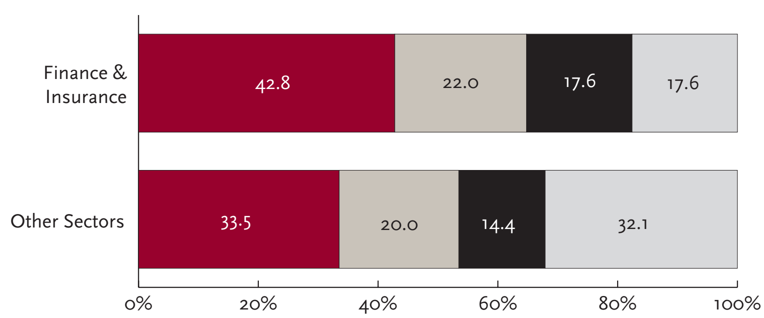
Figure 2.3 How Often Job Interferes With Family Life: Finance and Insurance Employees In Comparison to Other Sectors



Note: Analyses from 1998-2008 General Social Survey; Individual Items are reported in Appendix 2.2; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=3,491

One way of maximizing access to talent is to provide flexible work options and to include employees in decision-making activities. These arrangements enable workers to do their jobs in ways that challenge more rigid job designs by allowing them, for example, to work according to different schedules and at different locales. Figure 2.4 shows that there is a significant difference between finance and insurance and other sectors in the availability of flexible schedule options. More than two in five workers (43%) in the finance and insurance sector are often allowed to change their schedules, compared to one in three employees (33%) in other sectors.

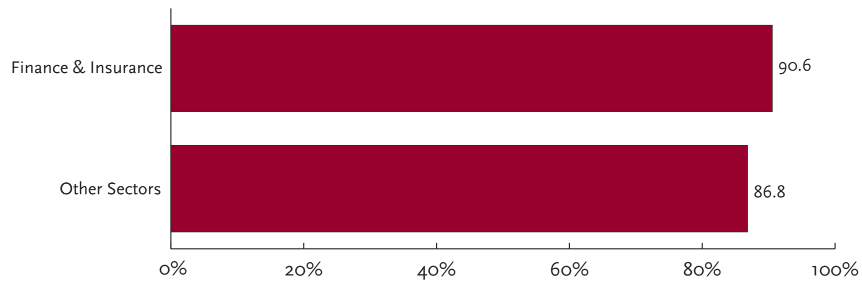
Figure 2.4 Freedom to Change Work Schedules: Finance and Insurance Employees In Comparison to Other Sectors **



Note: Analyses from 1998-2008 General Social Survey; Individual Items are reported in Appendix 2.2; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=3,482

Figure 2.5 shows that most of the employees (90%) in the finance and insurance sector have complete or some freedom in deciding how to do their job.

Figure 2.5 Percent of Employees Who Report Having Complete Or Some Freedom In Deciding How To Do Their Job: Finance and Insurance Employees In Comparison to Other Sectors



Note: Analyses from 1998-2008 General Social Survey; Individual Items are reported in Appendix 2.2; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=3,476

SUMMARY

In sum, based on the limited data available in the General Social Survey on this segment of the workforce, we conclude that the finance and insurance sector offers some of the best jobs available. This high-skilled work is accompanied by flexible work arrangements and high job satisfaction.

Organizational Responses in the Finance and Insurance Sector to a Diverse, Multigenerational Workforce

INTRODUCTION

One of the primary questions for employers in the finance and insurance sector concerns the means to access, motivate, and retain key talent. Employers in this sector also need to be able to identify the risks of talent losses, and to anticipate means of addressing those events when they occur.

In this section, we consider how employers in the finance and insurance sector are responding to the economic and talent pressures identified in the previous sections. To do so, we report analyses of data gathered from the 45 finance and insurance organizations that participated in the 2009 Talent Management Study (which gathered data from a total of 696 organizations). We compare employers in the finance and insurance sector to employers that operate in nine other leading sectors in the economy. A detailed description of methods of the 2009 Talent Management Study, its samples and measures, as well as additional relationships, are presented in Appendix 3.1 to Appendix 3.6.

Key Points:

1. Finance and insurance organizations report fewer problems with absenteeism and providing competitive compensation compared to organizations in other sectors.

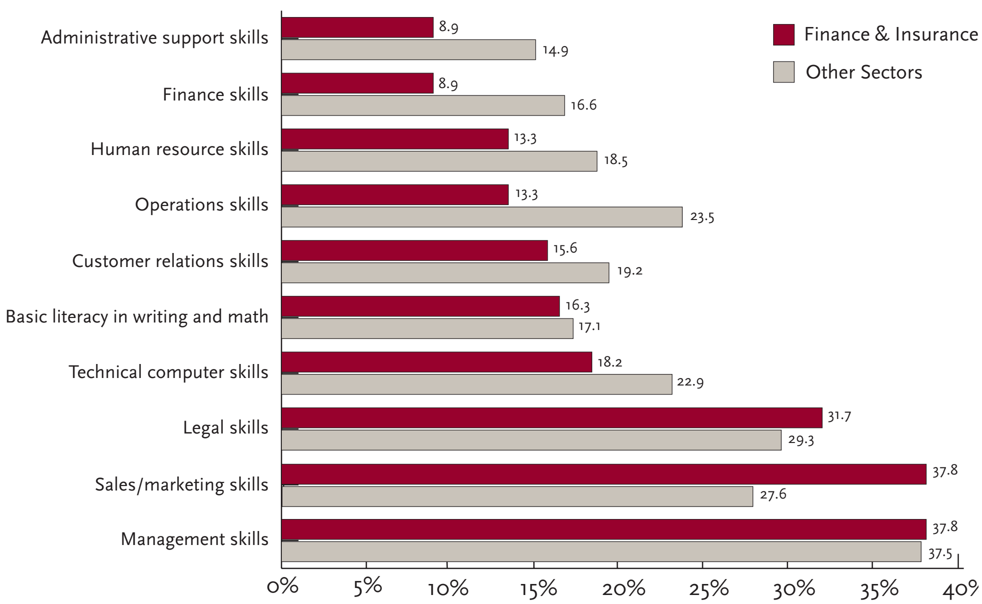
2. In comparison to employers in other sectors, finance and insurance organizations reported greater assessment of employees' career plans and work preferences, projection of retirement rates, and development of succession plans.

3. Finance and insurance sector employers offer comparable flexible work options and embrace a culture of flexibility at similar levels compared to employers in other sectors.

What types of talent sets are in short supply in the finance and insurance sector?

Figure 3.1 shows that (on the whole) finance and insurance employers experienced the same types of skill shortages evident in other sectors of the economy. Like employers in other sectors, shortages in management, sales/marketing, and legal skills were especially pronounced. Because these same skills were reported to be in short supply in other sectors, the pressure to locate and keep workers with these talents may be felt even more strongly as older workers exit the labor force.

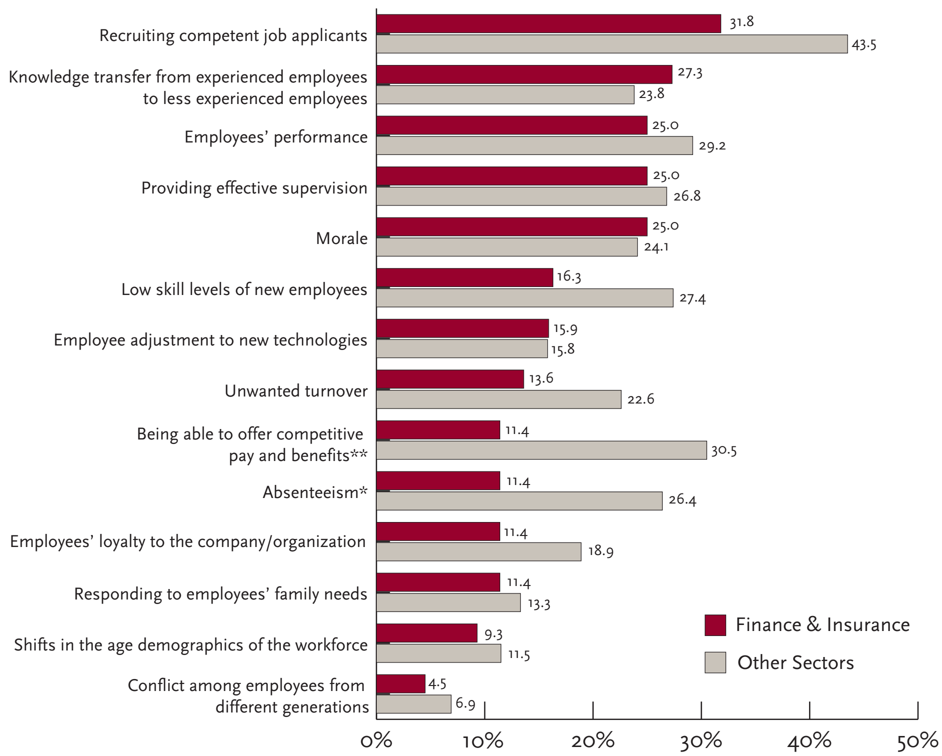
Figure 3.1 Skills in Short Supply to a Moderate/Great Extent in the Finance and Insurance Sector Compared to Other Sectors: 2009 Talent Management Study



Note: Analyses from 2009 Talent Management Study; Individual Items are reported in Appendix 3.1; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=685

When asked about what problems organizations are facing regarding talent management, employers in the finance and insurance sector reported fewer concerns than organizations in other sectors of the economy. Finance and insurance sector employers reported significantly fewer concerns with absenteeism and being able to offer competitive pay and benefits. As Figure 3.2 shows, the most frequently cited concern in the finance and insurance sector was recruiting competent job applicants, suggesting that these organizations may be especially concerned about the loss of talent associated with the exit of older workers from the workforce.

Figure 3.2 Talent Recruitment and Loss Risks (Reported at a Moderate/Great Extent) in the Finance and Insurance Sector compared to Other Sectors: 2009 Talent Management Study



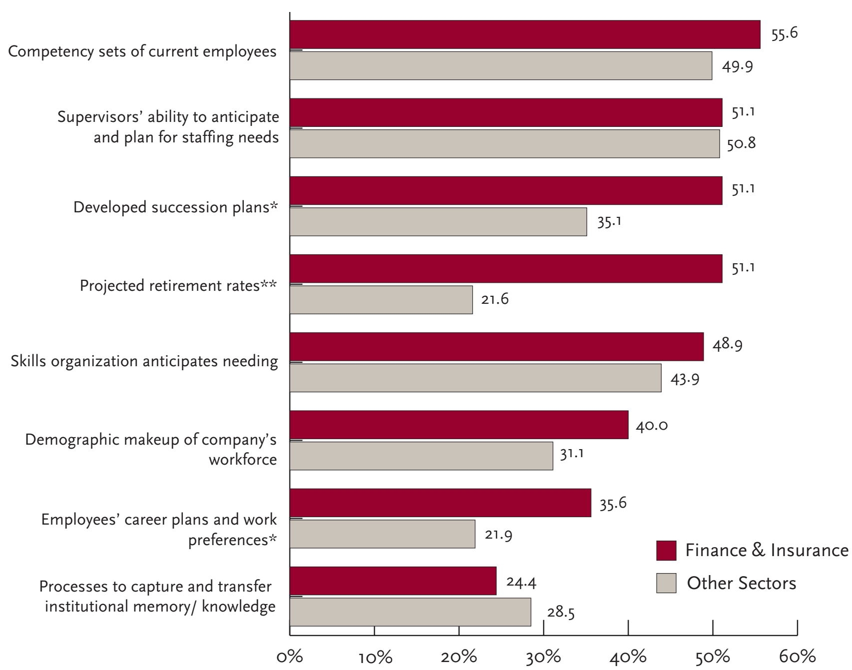
Note: Analyses from 2009 Talent Management Study; Individual Items are reported in Appendix 3.3; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=671

ASSESSMENT

The churn of the economy and the entry/exit of workers will result in significant changes in the demographic composition of many companies' workforces. With the large exodus of the Baby Boomer generation from the workforce, there are strong prospects that entire talent sets could be lost – that is, unless a systematic means of identifying skill/knowledge needs are engaged. Additionally, the aging of the population presents new opportunities for employers to integrate older workers, who may be interested in pursuing new careers in the "second acts" of their lives. Participants in the Talent Management Study were asked to identify the extent that their organization engaged in planning steps to ensure that it would have the people it needed, today and in the future. Are employers in the finance and insurance sector prepared for the challenges and opportunities that correspond with changes in the age composition of their workforce?

Figure 3.3 shows that finance and insurance organizations are engaging in assessment steps at levels generally similar to employers operating in other sectors but sometimes at higher levels. The Talent Management Study reveals that the primary assessment activities included appraising supervisors' abilities to anticipate staffing needs, understanding the competency sets of employees, and considering the skills the organization anticipated needing. Finance and insurance organizations reported greater levels of assessing employees' career plans and work preferences, projecting retirement rates, and developing succession plans compared to organizations in other sectors.

Figure 3.3 Assessment Activities Engaged in to a Moderate/Great Extent in the Finance and Insurance Sector Compared to Other Sectors: 2009 Talent Management Study



Note: Analyses from 2009 Talent Management Study; Individual Items are reported in Appendix 3.4; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=688

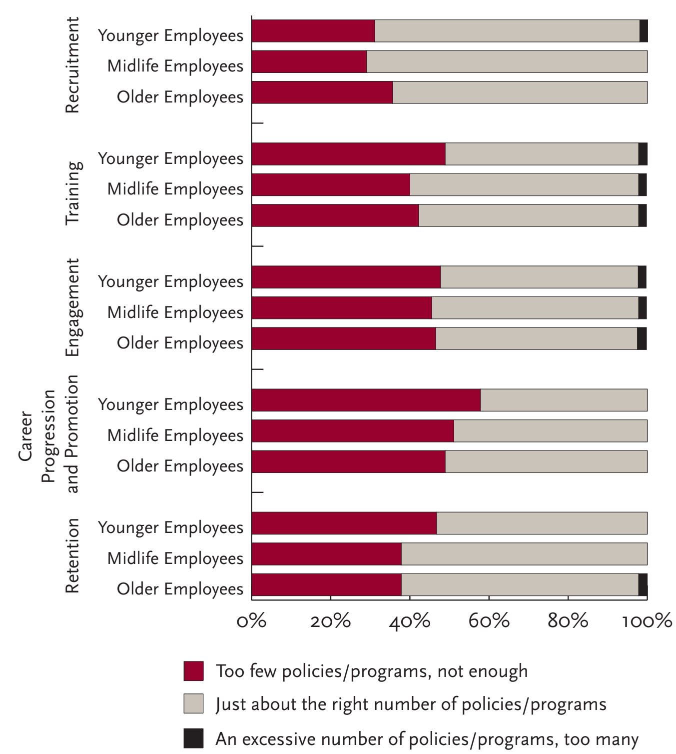
RECRUITMENT AND CAREER DEVELOPMENT

In what ways are employers altering the structure of jobs and their approaches to attracting and retaining talent?

Responses from the Talent Management Study indicate that many finance and insurance organizations are rethinking their approaches to talent management. The scope of policies and programs designed to recruit and retain employees of different ages is one indicator of organizational attention to the changing workforce.

As Figure 3.4 shows, it is rare for any finance and insurance sector organization to say that they have "too many" programs for any aspect of recruitment and employee development, regardless of the age group of employees. As many as one in four to one in two companies reported that they had too few programs, indicating a considerable need for expansion of recruitment and career development programs. Most notable is the identification of the need for more career progression and promotion programs, training, and retention programs. These are critical both to the continued engagement of older workers, who are currently at the workplace, as well as to the replacement of workers aging into retirement who may leave in the future.

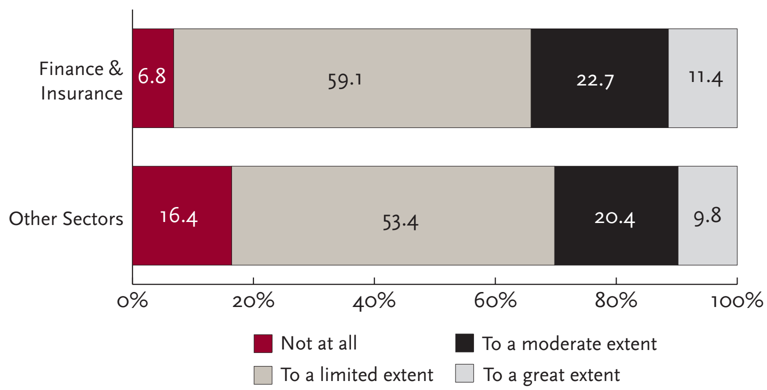
Figure 3.4 Career Programs/Policies Offered to Employees in the Finance and Insurance Sector: 2009 Talent Management Study



Note: Analyses from 2009 Talent Management Study, Finance and Insurance sector only; Individual Items are reported in Appendix 3.5; N=45

One means of attracting and retaining key talent is to introduce and expand workplace flexibility, offering workers options in terms of where, when, and how work is to be performed. The aging of the workforce offers employers an opportunity to re-vitalize their flexible work options because older workers, like their younger colleagues, express a preference for access to flexible work options. The Talent Management Study found that 41% of the finance and insurance organizations, and 45% of the organizations in other sectors, reported that workplace flexibility somewhat/significantly increases business effectiveness. As Figure 3.5 shows, in comparison to the employers in other sectors, employers in the finance and insurance sector report offering similar opportunities for their employees to perform work in a flexible manner. However, it is especially notable that approximately only one in fifteen employers in the finance and insurance industry sector did not offer similar opportunities at all, and most commonly they reported providing work flexibility "to a limited extent."

Figure 3.5 Establishing the Options For Employees to Work in a Flexible Manner: Finance and Insurance Organizations Compared to Employers in Other Sectors: 2009 Talent Management Study

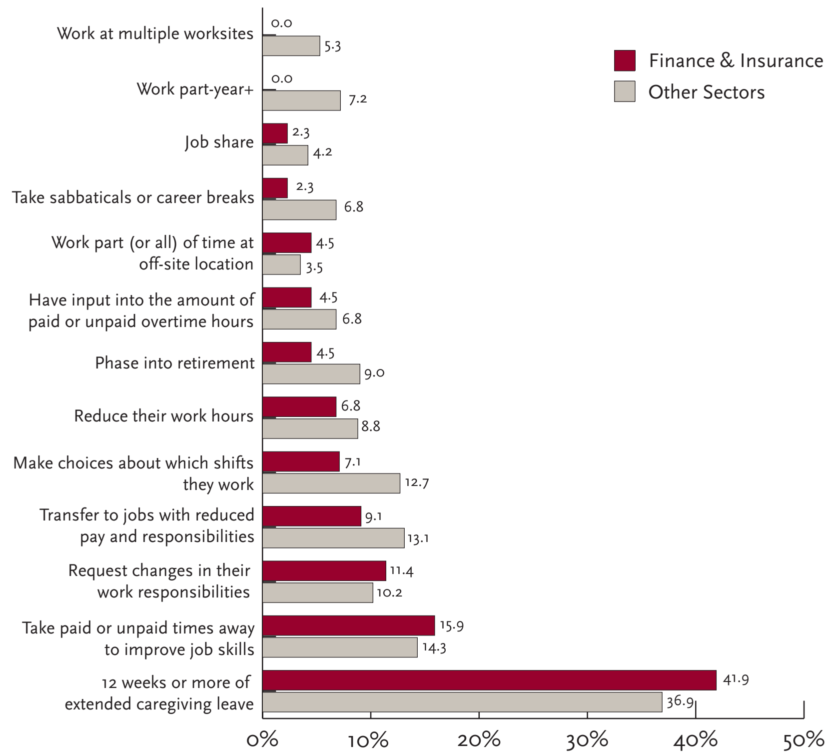


Note: Analyses from 2009 Talent Management Study. No significant differences are observed.

What types of flexible options are finance and insurance sector employers offering? How do they compare to other sectors? Figure 3.6 shows that the most common type of flexibility offered is that of providing 12 weeks or more of paid or unpaid care-giving leave.[3] Finance and insurance organizations offer similar flexible work options as employers in other sectors. Note, though, that apart from the option for extended care-giving leave, most organizations did not offer flexible work arrangements to all or most of their employees.

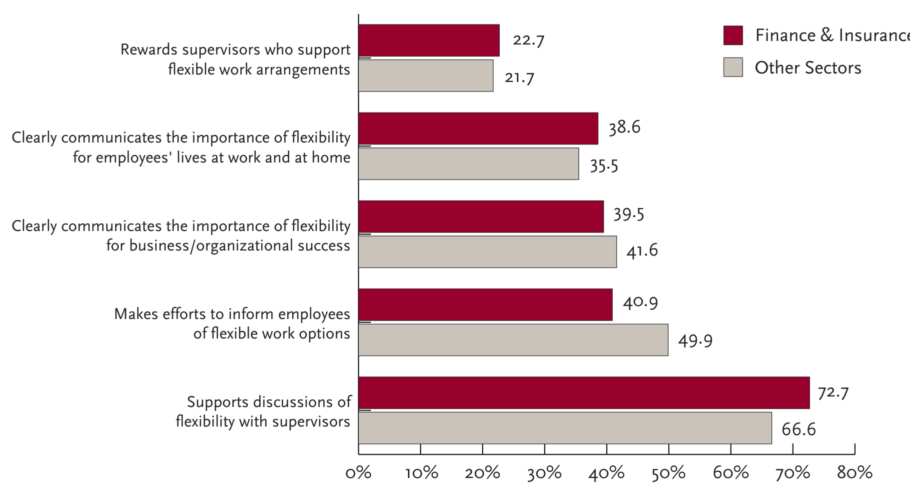
The establishment of flexible work arrangements can be an essential strategy for business success and a promising response to the diverse and aging workforce. Figure 3.7 shows that in general, finance and insurance organizations are about as likely as employers in other sectors to embrace a culture that is supportive of workplace flexibility. Most employers supported discussions of flexibility with supervisors. Nearly half of all employers embraced the idea that flexibility is key to business success and viewed flexibility as an important means to enhance employees lives at work and at home.

Figure 3.6 Flexible Arrangements Available to Most or Nearly All Employees in the Finance and Insurance Sector compared to Other Sectors: 2009 Talent Management Study



Note: Analyses from 2009 Talent Management Study; Individual Items are reported in Appendix 3.5; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=646

Figure 3.7 Presence of a Culture of Flexibility is Generally True or Very True in the Finance and Insurance Sector compared to Other Sectors: 2009 Talent Management Study



Note: Analyses from 2009 Talent Management Study; Individual Items are reported in Appendix 3.5; Chi-Square Tests Used to Assess Significant Differences, + p<.1 *p<.05 **p<.01; N=646

SUMMARY

When compared to organizations in other sectors, finance and insurance organizations are experiencing many of the same talent pressures and are adopting many of the same strategies to attract, retain, and develop their workforces. Many of these employers are also operating “in the dark,” and have surprisingly limited understandings of the demographic make-up of their workforces, the skills shortages that may be on the horizon, and the competency sets of their current employees. The exit of older workers from the finance and insurance sector may exacerbate the impact of talent shortages, especially in age-pressured organizations where employers feel that they have too few policies and programs in place to attract and retain talent. However, the aging of the population may offer employers in the finance and insurance sector new opportunities to employ new workers in new ways. There is evidence to suggest that work flexibilities available in the finance and insurance industry show promise as a means of attracting and retaining the talents of these older workers.

Conclusion: Transferring Knowledge to Action in the Finance and Insurance Sector

Demographic transformations in the workforce are escalating the pressures exerted on employers to locate key talent. As increasing numbers of older finance and insurance sector workers are anticipated to exit the labor force, the risks of talent deficits are likely to escalate.

Forward-thinking employers in the finance and insurance sector can begin their talent management planning by addressing questions, such as:

- What information do we have, and what information do we need, to understand current and future talent needs?
- What steps can we take to more fully engage the current multi-generational workforce?
- How can we facilitate the transfer of knowledge from late to early career employees?
- How will we find and attract new employees to fill our future needs?

The shifting age demographics of the finance and insurance services sector might provide employers with incentives to further enhance already existing flexible work arrangements – not only in the types of flexibilities available, but also in expanding their availabilities to more workers. Furthermore, considering the strategies of managing workers and the transfer of knowledge in a multigenerational workplace can be a key ingredient for success.

Many of today's organizational practices were designed for yesterday's workforce. The talents of today's workforce are not being fully engaged and it is inevitable that many of these workers will exit in the forthcoming years. Mobilizing organizations to understand future talent needs and developing strategies of accessing that talent may be critical to securing favorable prospects in a diverse and aging society.

Appendix 1.1

Age/Economic Pressure Map

IDENTIFY YOUR WORKFORCE PLANNING RESPONSES:

Organization:	**Completion Date:**

Part 1. Current State Analysis—What Are Your Pressures?

1. What impact will the aging of the workforce have on your organization over the next 3 years?

1 ❍	2 ❍	3 ❍	4 ❍	5 ❍
Very negative	Negative	Not negative or positive	Positive	Very positive

Why?

2. What impact will the aging of the workforce have on the economic environment affecting your company/organization in the near future (that is, over the next 3 years)?

1 ❍	2 ❍	3 ❍	4 ❍	5 ❍
Very negative	Negative	Not negative or positive	Positive	Very positive

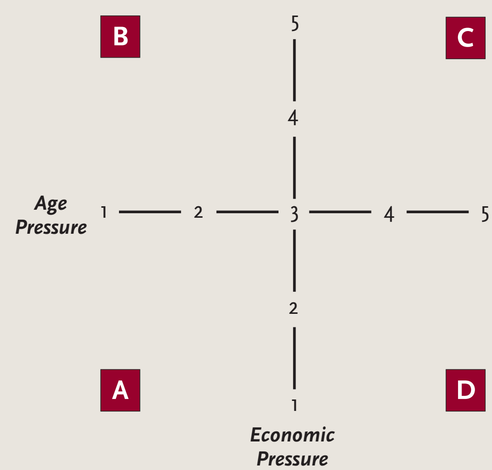
Why?

3. Consider your answers to the two questions above and refer to the graph on the right:

   1. Plot your answer to Question 1 on the horizontal "Age Pressure" axis.

   2. Plot your answer to Question 2 on the vertical "Economic Pressure" axis.

   3. Connect the two points to determine in which quadrant your organization lies and refer to the chart.



SUGGESTIONS

It can be helpful to share this type of exercise with a colleague or two, and compare your responses. Questions you might consider:

- ⇨ Do they share your assessment of the pressures facing your organization?
- ⇨ Do the pressures vary between their department and yours?

Review the details under each quadrant.

- ⇨ Can you identify potential partners outside and within HR?
- ⇨ How do you think age and economic pressures are impacting the work of these partners?

4. What your quadrant means and what to do about it.

Quadrant A

Low Economic and Age Pressure

In the Center's Talent Management Study, 24.2% of respondents reported to be in this quadrant.

- Consider your organization's overarching strategic goals, growth, globalization, deeper market penetration.
- Explore how workforce planning can support these goals & identify your potential partners.
- Assess your organizational demographics including life and career stage.
- Proactively plan & identify skills and competencies your organization will need to support strategic goals.

Quadrant B

Lower Age, Higher Economic Pressure

In the Center's Talent Management Study, 36% of respondents reported to be in this quadrant.

- Identify other organizational strategies impacted by the economy.
- Consider whether your organization is planning a workforce reduction & look at demographic projections to support this strategy.
- Has knowledge management been included in discussions? Consider doing a complete criticality assessment.
- Consider which business areas and positions are most at risk for talent shortages.
- Identify and target specific risk points that can help you to better allocate resources.
- Downsizing may offer opportunity to consider traditional staffing and training models.
- Consider if there are opportunities for employees to re-career within your organization.

Quadrant C

Higher Age and Economic Pressure

In the Center's Talent Management Study, 27.9% of respondents reported to be in this quadrant.

- Identify potential partners outside of human resources.
- Instruct your marketing and R&D departments to assess the impact of changing age demographics on your business.
- Identify areas of common interest & consider doing a complete criticality assessment.
- Consider which business areas and positions are most at risk for talent shortages.
- Identify and target specific risk points that can help you to better allocate resources.
- Take a micro rather than a macro approach to workforce planning.
- Identify the areas of your business that are still growing & explore where talent shortage is still a burning issue.

Quadrant D

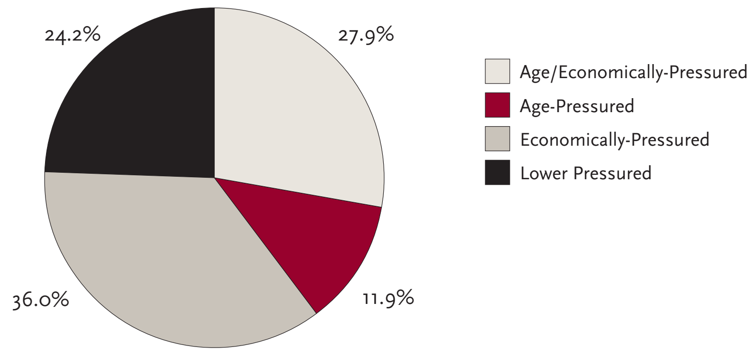
Higher Age, Lower Economic Pressure

In the Center's Talent Management Study, 11.9% of respondents reported to be in this quadrant.

- Identify potential partners within HR and organizational development.
- Consider who else is looking at age demographics.
- Discuss how information you have gathered can support mutual goals.
- Identify how your organization's age demographics align with your organizational goals.
- Consider if particular areas or occupations are at high risk; engage partners outside HR.
- Note what areas of the business are experiencing growth.
- Identify occupations that are becoming MORE critical & consider new staffing options, e.g. mid-career hires, etc.

Compare your responses.

The Center's 2009 Talent Management Study asked a nationally representative sample of employers these same questions. Figure below highlights their responses. How does your organization compare?



____
Quadrant Selected in #3

Understanding the pressures that affect a business' organizational situation (i.e., being age-pressured, economically-pressured, etc.) can help employers best tailor their workforce planning. For example, age-pressured employers will want to carefully assess the demographics of their workforce to determine the critical risk areas, and use this data to drive decision making. On the other hand, economically-pressured employers may need to revisit earlier human resources priorities and redirect limited organizational resources to more immediately pressing issues.

Part 2. Workforce Planning:

Consider how changing AGE DEMOGRAPHICS are influencing your workforce planning and answer these questions:

Has your organization:	Not At All	Limited Extent	Moderate Extent	Great Extent
1. Analyzed the Demographic make-up of your current employees?				
2. Analyzed projected retirement rates of your current employees?				
3. Identified areas and occupations in which retirement will be particularly consequential?				
4. Assessed how employee priorities and career intentions (of all age groups) align with your organization's goals?				
5. Assessed the skills your organization anticipates needing?				
6. Projected where internal talent gaps and shortages are most likely to emerge?				
7. Assessed competency sets of your current employees?				
8. Created succession plans that are informed by the need for knowledge retention?				
9. Developed age-related programs to assist in knowledge retention (mentoring programs, cross-generational teams, etc)?				
10. Explored how phased retirement and other programs for older workers can potentially ease labor force gaps?				
11.Been rethinking who to hire in response to changing age demographics?				
12. Developed new ways to retain and motivate an age diverse workforce?				

SUGGESTIONS

- In all cases, understanding your organizations' labor force needs is critical. Identify whether you have pipeline issues, problems in particular business areas or unique challenges with specific occupations.
- Look at where your organization is concentrating its R&D dollars; consider whether you will have the right talent in place when it's the right time to support these new opportunities.
- For organizations that are economically-pressured, it is especially important to prioritize gaps. Size of the workforce gap is an important measure, however, it is also important to measure risk. Consider the potential costs to the business if this gap is not filled.

Part 3. Implications & Suggestions

IMPLICATIONS:

1. Based on your answers above, which area of workforce planning seems to be most critical for your organization to address?

2. What is the first thing you will recommend your organization do in regard to workforce planning?

3. What is the next thing you will recommend your organization do in regard to workforce planning?

4. Did anything surprise you regarding your organization's workforce planning efforts? If yes, what?

Part 4. Resources

Available on the Sloan Center Website: http://www.bc.edu/research/agingandwork

- This tool is derived from: Pitt-Catsouphes, M., Sweet, S., Lynch, K., & Whalley, E. (2009). *Talent management study: The pressures of talent management* (Issue Brief No. 23). Chestnut Hill, MA: Sloan Center on Aging and Work at Boston College. Retrieved from http://agingandwork.bc.edu/documents/IB23_TalentMangmntStudy_2009-10-23.pdf

- Changing Age Demographics: Business Imperative or HR Distraction?
  - Article 1: The Way We Were and Still Are
  - Article 2: Leading Edge Strategic Adaptation
  - Article 3: Staying "Age-Responsive" in a Climate of New Organizational Challenges
  - Article 4: What is the Age-Identity of your Organization?

- Age & Generations: Understanding Experiences at the Workplace
- The Difference a Downturn can Make: Assessing the Early Effects of the Economic Crisis on the Employment Experiences of Workers

Additional Resources:

- AARP Workforce Assessment Tool: http://www.aarpworkforceassessment.org

ACKNOWLEDGEMENTS

The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

The Center on Aging & Work is grateful for the continued support of the Alfred P. Sloan Foundation.

Appendix 2.1

The General Social Survey: Sample, Analysis and Indictors

INTRODUCTION OF THE GENERAL SOCIAL SURVEY:

The General Social Survey (GSS) is one of the most widely used polls of behaviors, experiences and values held by American adults. For detailed information on the sample and methods, see http://www.norc.org/GSS+Website/.

In order to increase the sample to a size that enables analysis of variation between industries and age groups, we combined 6 survey years (1998, 2000, 2002, 2004, 2006 and 2008). Industry coding is in respect to the 2007 North American Industry Classification System and required reclassifying 1980 and 1990 Census Industry Codes contained within the GSS using a cross step procedure summarized at this source: http://www.census.gov/hhes/www/ioindex/indcswk2k.pdf.

Listed below are the phrasings of the questions in the GSS analyzed in this report:

On the whole, how satisfied are you with the work you do--would you say you are very satisfied, moderately satisfied, a little dissatisfied, or very dissatisfied?

On the following list there are various aspects of jobs. Please circle one number to show how important you personally consider it is in a job:

- Job security.
- High income.
- Good opportunities for advancement.
- An interesting job.
- A job that allows someone to work independently.
- A job that allows someone to help other people.
- A job that is useful to society.
- A job with flexible working hours.

For each, please tell me if the statement is very true, somewhat true, not too true, or not at all true with respect to the work you do (main job):

- I am given a lot of freedom to decide how to do my own work.

How often are you allowed to change your starting and quitting times on a daily basis?

How often do the demands of your job interfere with your family life?

Appendix 2.2

Sample Size, Distributions and Sector/Age/Gender Comparisons of Items from the General Social Surveys, 1998-2008 Combined Years

	Sector Comparisons				Comparisons Within the Finance and Insurance Sector								
					Age					Gender			
	N	Other Sectors	Finance & Insur. Sector	Sig	N	20-39	40-55	55+	Sig	N	Men	Women	Sig
Organizational Commitment													
% Reporting somewhat satisfied or very satisfied with their job in general (SATJOB1)	3,495	89.5	93.1		160	90.8	94.6	94.9		160	95.9	91.9	
Incentives													
% Reporting job security is one of the important or very important aspects of their job (SECJOB)	2,682	93.4	94.6		111	90.3	97.5	96.7		111	94.3	94.7	
% Reporting interesting work in a job is important or very important (INTJOB)	2,678	94.7	98.2		111	95.1	100.0	100.0		111	100.0	97.4	
% Reporting good opportunities for advancement in a job is one of the important or very important aspects of their job (PROMOTN)	2,670	87.7	89.1		110	90.3	92.5	82.8		110	91.4	88.0	
% Reporting helping others in a job is important or very important (HLPOTHS)	2,676	86.2	88.3		111	87.8	85.0	93.3		111	80.0	92.1	
% Reporting high income is one of the important or very important aspects of their job to them personally (HIINC)	2,677	79.5	79.1		110	77.5	85.0	73.3		110	85.7	76.0	
% Reporting social usefulness in a job is important or very important (HLPSOC)	2,673	84.9	86.5		111	82.9	82.5	96.7		111	82.9	88.2	
% Agree or strongly agree that their job is interesting (RINTJOB)													
% Reporting independent work in a job is important or very important (WRKINDP)	2,671	79.1	84.7		111	90.2	90.0	70.0		111	82.9	85.5	
% Reporting flexible hours being one of the important or very important aspects of their job (FLEXHRS)	2,664	54.4	60.9		110	53.7	75.0	51.7		110	62.9	60.0	
Stress and Work Family Conflicts													
% Reporting job interfere with family life often or sometimes (WKVSFAM)	3,491	40.9	37.1		159	40.0	41.1	26.3		159	45.8	33.3	
Flexible Work Options													
% Reporting they are allowed to change their schedule often or sometimes (CHNGTME)	3,482	53.5	64.8	**	159	61.5	71.4	60.5		159	75.5	60.0	
Inclusion in Decision-Making													
% Reporting they have complete or some freedom to decide how to do their job (WKFREEDM)	3,476	86.8	90.6		159	89.2	92.9	89.5		158	91.7	90.1	

Appendix 3.1

The Talent Management Study: Sample, Analysis and Indictors

The 2009 Talent Management Study is a survey of a representative sample of employers in the United States as identified in the Dunn & Bradstreet database. Collected in April - August 2009, these data reveal the employment practices and priorities of 696 U.S. based employers. These organizations represent the 10 leading sectors of the U.S. economy that account for 83% of private sector employment and 85% of payrolls in the United States (construction; manufacturing; wholesale trade; retail trade; transportation and warehousing; finance and insurance; professional, scientific, and technical services; administrative support; waste management and remediation services; health care and social assistance; and accommodation and food services). A stratified sampling strategy was adopted so that a proportionate representation of three groups of employers-- smaller enterprises (50-99 employees), medium-sized enterprises (100-250+ employees), and large enterprises (250+ employees)-- was obtained. This study involved contacting a key human resources decision maker (most commonly presidents of smaller companies or human resource directors of larger companies) who then reported their company's characteristics, talent management practices, and competitive positioning via an online survey instrument.

List of Questions:

Age composition of enterprises was measured by employers' reports of the proportions of their workforces that were (A) under age 25 years, (B) age 25-39 years, (C) age 40-54 years, (D) age 55-65 years, and (E) age 65+.

Expected change in age composition was measured by employers' reports of whether they anticipate changes in the age composition of their workforce over the next three years with regards to employees (A) under age 25 years, (B) age 25-39 years, (C) age 40-54 years, (D) age 55-65 years, and (E) age 65+.

Talent loss risks were measured by employers' reports of the average costs associated with replacing an employee at their organization.

Skills in short supply were measured by employers' reports of to what extent the following skills are in "short supply" at their organization: (A) management, (B) operation, (C) human resource, (D) finance, (E) administrative support, (F) legal, (G) technical computer, (H) sales/marketing, (I) basic literacy in writing and math, and (J) customer relations.

Talent management problems were measured by employers' reports of to what extent each of the following are problems for their business: (A) recruiting competent job applicants, (B) employees' performance, (C) absenteeism, (D) being able to offer competitive pay and benefits, (E) employees' loyalty to the company/organization, (F) morale, (G) providing effective supervision, (H) unwanted turnover, (I) knowledge transfer from more experienced employees to less experienced employees, (J) low skill levels of new employees, (K) shifts in the age demographics of the workforce, (L) conflict among employees from different generations, and (M) employee adjustment to new technologies.

Planning steps were measured by employers' reports of to what extent their company/organization has taken the following planning steps to ensure that it will have the people it needs, today and in the future: (A) analyzed demographic makeup of their company's/organization's workforce, (B) analyzed projected retirement rates, (C) assessed employees' career plans and work preferences (e.g., through a survey or some other mechanism), (D) assessed the skills their organization anticipates needing, (E) assessed the competency sets of their current employees, (F) assessed supervisors' ability to anticipate and plan for staffing needs, (G) developed succession plans, and (H) developed processes to capture and transfer institutional memory/ knowledge from late-career employees to mid-career and early-career employees.

Age specific action steps regarding career programs for workers were measured by employers' reports of to what extent their organization has programs or policies for (A) recruitment, (B) training, (C) engagement, (D) career progression, and (E) retention for young, midlife, and older workers.

Flexibility initiatives were measured by employers' reports of to what extent their company/organization has (A) made a link between workplace flexibility and overall business/workplace effectiveness and (B) established different options that allow employees to work in a flexible manner.

Flexible work arrangements were measured by employers' reports of approximately what portion of their employees (thinking about both full-time and part-time employees) can do the following: (A) if working full-time, reduce their work hours and work on a part-time basis while remaining in the same position or at the same level, (B) structure their jobs as a job share with another person where both receive proportional compensation and benefits, (C) phase into retirement by working reduced hours over a period of time prior to full retirement, (D) work part - year; that is, work for a reduced amount of time on an annual basis (e.g., work full-time during the fall, winter, and spring and then take the summer off), (E) take sabbaticals or career breaks– that is, take leaves, paid or unpaid, of six months or more and return to a comparable job, (F) take paid or unpaid time away from work for education or training to improve job skills, (G) take at least 12 weeks of extended leave (either unpaid or paid) for care giving or other personal or family responsibilities (e.g., parental or elder care giving responsibilities), (H) work part (or all) of their regular workweek at home or some other off-site location, possibly linked by telephone and computer, (I) work for part of the year at one worksite, and then part of the year at another worksite, (J) transfer to jobs with reduced pay and responsibilities if they want to, (K) request changes in their work responsibilities so that the job is a better fit with their skills and interests, (L) make choices about which shifts they work, if they work a shift, and (M) have input into the decisions about the amount of paid or unpaid overtime hours they work.

Presence of a culture of flexibility was measured by employers' reports of how true the following statements are about their company/organization: (A) supports employees who want to discuss their needs for flexibility with their supervisors, (B) makes a real effort to inform employees of available flexible work options, (C) clearly communicates the importance that working and managing flexibly has for business/organizational success, (D) clearly communicates the importance that working and managing flexibly has for employees' lives at work and at home, and (E) rewards or acknowledges supervisors who support effective flexible work arrangements.

Appendix 3.2

Age Demographics: Finance and Insurance Sector (NAICS 52) Compared to Nine Other Leading Sectors: 2009 Talent Management Study

	All Sectors	
	Finance and Insurance N=45	Other Sectors N=651
Mean Age Composition of the Workplace		
Under 25 years - What is the approximate % of employees who are:	11.1%**	16.1%
25-39 years - What is the approximate % of employees who are:	27.85%**	34.8%
40-54 years - What is the approximate % of employees who are:	37.18%*	32.1%
55-64 years - What is the approximate % of employees who are:	20%**	13.9%
Older than 65 years - What is the approximate % of employees who are:	3.7%	3.1%
Age Composition Expected to Increase Some or A lot		
Under 25 years	38.6%*	22.8%
25-39 years	59.1%**	37.4%
40-54 years	45.5%+	32.7%
55-65 years	31.8%	25.1%
Older than 65 years	9.1%	15.0%

Source: Talent Management Study +p<.1 *p<.05 **p<.01

Appendix 3.3

Talent Loss Risks: Finance and Insurance Sector (NAICS 52) Compared to Nine Other Leading Sectors: 2009 Talent Management Study

	All Sectors	
	Finance and Insurance N=45	Other Sectors N=651
TALENT LOSS RISKS		
Mean costs associated with replacing an employee ($)	25616.67+	8071.5
Skills in Short Supply (% Moderate or Great Extent)		
Management skills	37.8%	37.5%
Operations skills	13.3%	23.5%
Human resource skills	13.3%	18.5%
Finance skills	8.9%	16.6%
Administrative support skills	8.9%	14.9%
Legal skills	31.7%	29.3%
Technical computer skills	18.2%	22.9%
Sales/marketing skills	37.8%	27.6%
Basic literacy in writing and math	16.3%	17.1%
Customer relations skills	15.6%	19.2%
Talent Management Problems (% Moderate or Great Extent)		
Recruiting competent job applicants	31.8%	43.5%
Employees' performance	25.0%	29.2%
Absenteeism	11.4%*	26.4%
Responding to employees' family needs	11.4%	13.3%
Being able to offer competitive pay and benefits	11.4%**	30.5%
Employees' loyalty to the company/organization	11.4%	18.9%
Morale	25.0%	24.1%
Providing effective supervision	25.0%	26.8%
Unwanted turnover	13.6%	22.6%
Knowledge transfer from experienced employees to less experienced employees	27.3%	23.8%
Low skill levels of new employees	16.3%	27.4%
Shifts in the age demographics of the workforce	9.3%	11.5%
Conflict among employees from different generations	4.5%	6.9%
Employee adjustment to new technologies	15.9%	15.8%

Source: Talent Management Study +p<.1 *p<.05 **p<.01

Appendix 3.4

Risk Assessments of Talent Losses in the Finance and Insurance Sector (NAICS 52) Compared to Nine Other Leading Sectors: Talent Management Study

	All Sectors	
	Finance and Insurance N=45	Other Sectors N=651
Analyzed/Developed (% Moderate or Great Extent)		
Demographic make-up of company's workforce	40.0%	31.1%
Projected Retirement Rates	51.1%**	21.6%
Employees' career plans and work preferences	35.6%*	21.9%
Skills Organization Anticipates Needing	48.9%	43.9%
Competency Sets of Current Employees	55.6%	49.9%
Supervisors' Ability to Anticipate and Plan for Staffing Needs	51.1%	50.8%
Developed succession plans	51.1%*	35.1%
Processes to capture and transfer institutional memory/ knowledge	24.4%	28.5%

Source: Talent Management Study +p<.1 *p<.05 **p<.01

Appendix 3.5

Talent Management Action Steps in the Finance and Insurance Sector (NAICS 52) Compared to Nine Other Leading Sectors: 2009 Talent Management Study

	All Sectors	
	Finance and Insurance N=45	Other Sectors N=651
Age Specific Action Steps		
Career Programs for Workers (Too Few)		
Recruitment Younger Employees	31.1%	25.9%
Recruitment Midlife Employees	28.9%	25.4%
Recruitment Older Employees	35.6%	29.7%
Training Younger Employees	48.9%*	34.1%
Training Midlife Employees	40.0%	32.3%
Training Older Employees	42.2%	34.4%
Engagement Younger Employees	47.7%	37.0%
Engagement Midlife Employees	45.5%	34.1%
Engagement Older Employees	46.5%	34.8%
Career progression and promotion Younger Employees	57.8%	46.1%
Career progression and promotion Midlife Employees	51.1%	44.1%
Career progression and promotion Older Employees	48.9%	45.2%
Retention Younger Employees	46.7%	40.6%
Retention Midlife Employees	37.8%	36.0%
Retention Older Employees	37.8%	34.9%
Flexibility Initatives		
Workplace Flexibility somewhat/ significantly increases business effectiveness	41.0%	44.9%
Company Established Options that Allow Employees to Work in a Flexible Manner to Moderate or Great Extent	34.1%	30.2%
Flexible Arrangements Available to Most or Nearly All Employees		
Reduce their Work Hours	6.8%	8.8%
Job share	2.3%	4.2%
Phase into retirement	4.5%	9.0%
Work part-year	0%+	7.2%
Take sabbaticals or career breaks	2.3%	6.8%
Take paid or unpaid time away to improve job skills	15.9%	14.3%
12 weeks or More of Extended Care-giving Leave	41.9%	36.9%
Work part (or all) at off-site location	4.5%	3.5%

Work at Multiple Worksites	0.0%	5.3%
Transfer to jobs with reduced pay and responsibilities	9.1%	13.1%
Request changes in their work responsibilities	11.4%	10.2%
Make choices about which shifts they work	7.1%	12.7%
Have input into the amount of paid or unpaid overtime hours	4.5%	6.8%
Presence of a Culture of Flexibility is Generally True or Very True		
Supports discussions of flexibility with supervisors	72.7%	66.6%
Makes efforts to inform employees of flexible work options	40.9%	49.9%
Clearly communicates the importance of flexibility for business/ organizational success	39.5%	41.6%
Clearly communicates the importance of flexibility for employees' lives at work and at home	38.6%	35.5%
Rewards supervisors who support flexible work arrangements	22.7%	21.7%

Source: Talent Management Study +p<.1 *p<.05 **p<.01

Appendix 3.6

Entire Sample Broken Down by Sector: 2009 Talent Management Study

	Number of Organizations	Percent of the Sample
Construction	58	8.3%
Manufacturing	134	19.3%
Wholesale Trade	36	5.2%
Retail Trade	78	11.2%
Transportation and Warehousing	26	3.7%
Finance and Insurance	45	6.5%
Professional, Scientific, and Technical Services	49	7.0%
Administrative and Support and Waste Management and Remediation Services	32	4.6%
Health Care and Social Assistance	125	18.0%
Accommodation and Food Services	113	16.2%
Total	696	100.0%

End Notes

1 Compensation (National Compensation Survey) is a term used to encompass the entire range of wages and benefits, both current and deferred, that employees receive in return for their work. In the Employment Cost Index (ECI), compensation includes the employer's cost of wages and salaries, plus the employer's cost of providing employee benefits.

2 These surveys, generated from face-to-face interviews, offer a window on the perspectives and values of a representative sample of Americans laboring within and beyond the health care and social assistance sector. A description of methods of studying the 1998-2008 General Social Survey, samples and measures, as well as additional relationships, are presented in Appendix 2.1 and Appendix 2.2.

3 The Family Medical Leave Act requires that employees have access to 12 weeks unpaid leave to accommodate their own or other family members' needs – such as for the birth of a child or to address the care needs of a spouse or an aging parent. Eligibility varies, however, depending on factors such as the establishment size, full time work status, and tenure, and thus a sizable proportion of the labor force is not entitled to this leave.

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