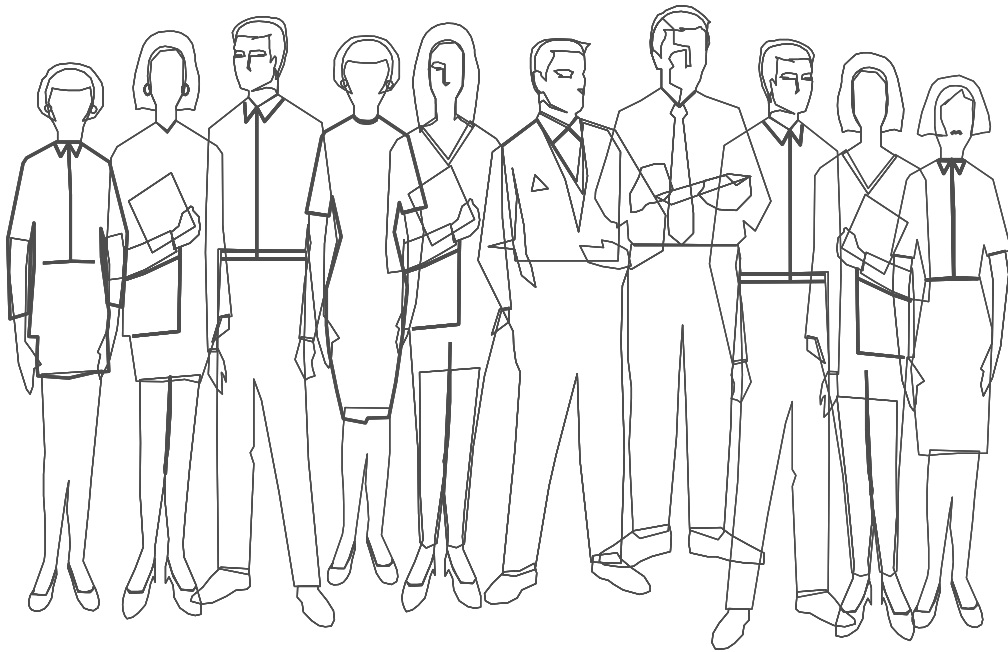


# The Changing Nature of the Workforce



## Today's Generations at Work

Jay J. Jamrog

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# The Changing Nature of the Workforce

## Today's Generations at Work

Jay J. Jamrog

### **Introduction**

**I am a futurist.** For the past twenty years I have been the executive director of research with the Human Resource Institute. In this role, I have overseen a group of researchers as they continuously track over 150 demographic, social, economic, technological, political, legal and health trends related to the management of people in organizations. It's research that is specifically designed to help senior managers think strategically about the future.

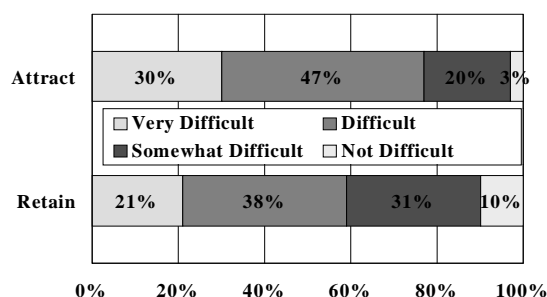
One of the not-so-profound findings that we made years ago is that in most cases these major trends do not make quick, radical shifts (although there have been some notable exceptions in the area of technology). Usually change is slow and incremental, and we can often see it coming if we look closely enough. New issues do emerge, but in most cases they are a repackaging or an evolution of an older issue (for example, quality circles led to TQM, which led to Six Sigma). Today, I believe that we are seeing two powerful trends that will alter the way work is accomplished and people are managed in organizations. First is a prolonged shortage of top talent in almost every profession. Second is the fact that we will soon have four generations of employees in the workforce at the same time. These two trends are creating a work environment that hasn't been seen in recent history.

# The Prolonged Shortage of Talent

*It's been about half a century since we've faced a prolonged labor shortage for top talent in almost every profession.*

**In the recent past, we have experienced shortages in specific occupations for short periods of time. Today, however, authorities in this area predict that for the next 10 to 20 years the United States will, except during serious economic downturns, face a severely tight labor market, especially for highly skilled and talented workers. The danger is that because we have not experienced this type of labor market since World War II, employers will not know how to respond until it is too late.**

**How difficult do you believe it is to attract and retain key talent?**



Source: *Loyalty and Commitment: A Survey on Attracting and Retaining Workers*

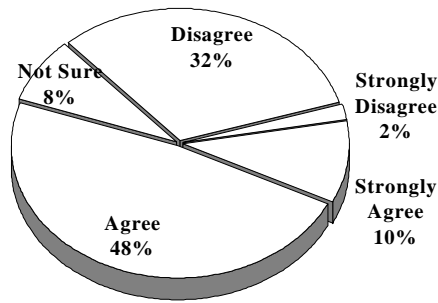
Over the last three decades, many companies proudly insisted that people were their most valuable asset. Yet, in reality human assets were virtually a “dime a dozen.” During the 1970s and 1980s, over 76 million highly educated Baby Boomers flooded the labor market. In addition, women began to participate in large numbers. This large labor pool made recruitment, selection, motivation and retention fairly easy for most employers and virtually irrelevant to the rest. Being an “employer of choice” was given lip service but not considered a major strategy until re-

cently. Overall, during the 1970s and early 1980s, the balance of power was with the employer, not the employee. During the latter half of the 1980s and first half of the 1990s, corporate America entered an era of downsizing, restructuring, and reengineering in which the major goal was to eliminate waste and become more efficient. This usually meant getting rid of people, further reinforcing the belief that people were not a major resource, merely an expense to be cut.

Toward the end of the 1990s, however, the Hudson Institute’s prediction of skills shortages –

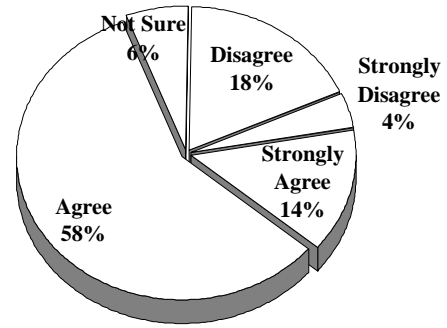
made in a 1986 study titled *Workforce 2000* – finally began to come true. A 1999 McKinsey study pronounced that most major employers were in a “war for talent.” And despite the economic slowdown and media reports of large layoffs in 2001, corporations are still finding it hard to attract and retain key talent. In 2001, HRI conducted two different surveys confirming that major employers are still waging the talent “war” and struggling to be seen as employers of choice. In the first survey, *Loyalty and Commitment: A Survey on Attracting and Retaining Workers*, 77% of

**Today, entry-level professionals are in short supply**



Source: *The Changing Workforce* survey

**Today, experienced professionals are in short supply**



Source: *The Changing Workforce* survey

the responding 165 HR professionals – all from firms with at least 1,000 and usually 10,000 or more employees – said that it is either difficult or very difficult to *attract* key talent and 59% indicated that it is either difficult or very difficult to *retain* such talent.

In another survey conducted by HRI in 2001, *The Changing Workforce*, 58% of 159 responding HR professionals either agreed or strongly agreed that entry-level professionals are in short supply today. And, 72% agreed or strongly agreed that experienced professionals are in short supply.

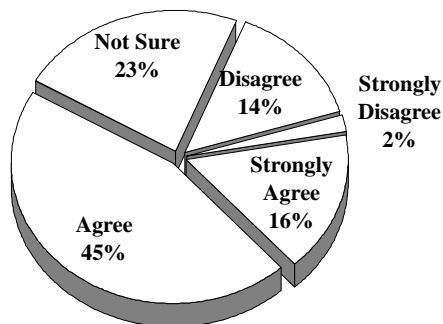
Clearly, despite the job reductions occurring in many companies, most corporations are still finding it difficult to hire and retain professionals. But will this

trend continue over the long run? Most experts say yes, barring a severe long-term economic downturn. The Hudson Institute predicts that if current trends continue, by 2008 there will be six million more jobs than employees in the U.S. In addition, the technological revolution will continue to create a situation where the skills that employees possess will not keep pace. There has always been a gap between the skills of employees coming out of high school and college and the skills that employers need. That is, of course, why employers have orientation and training programs. In the past, the skill gap was relatively narrow. Today, it's getting wider and wider, and we are still at the beginning of the technological revolution, not the end. New technological advancements

are causing the half-life of skills to be shorter and shorter.

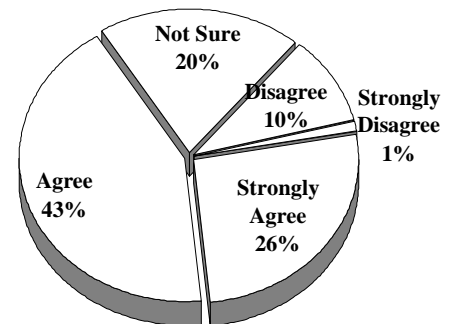
As a result, most experts believe that the supply of top talent will continue to be tight in the future. Indeed, 61% of the respondents to HRI's *The Changing Workforce* survey either agreed or strongly agreed that entry-level professionals will be in short supply in 2006. And 69% agreed or strongly agreed that experienced professionals will be in short supply in 2006.

**In 2006, entry-level professionals will be in short supply**



Source: *The Changing Workforce* survey

**In 2006, experienced professionals will be in short supply**



Source: *The Changing Workforce* survey

# Four Generations in the Workforce

*Some observers reject the idea of applying identifying tags to entire generations of people.*

**They feel that it's detrimental to society when we buy into labels such as "Baby Busters" and "Baby Boomers" because those tags imply that there is a single group of people who share exactly the same values and attitudes. On the other side of the argument are those who say that each generation does in fact demonstrate certain tendencies, a collective personality of sorts. As long as it's understood that those collective attitudes and behaviors represent an overall generational zeitgeist that is true for individuals to varying degrees, then generational designations can provide a useful framework for discussion.**

We don't have to look too far back in time to see how a generation's collective attitudes and behaviors are influenced by the specific societal conditions in which members are raised. Baby Boomers, for example, grew up in the post-WWII era of seemingly limitless economic growth and widespread middle-class lifestyles; many members of that generation developed a sense of security about the future, a feeling that the "American Dream" would come true for each of them. Baby Busters, meanwhile, were born in an America that was shaken hard by

the Vietnam War and Watergate, and they were raised during an era in which rates of divorce, inflation, and crime all skyrocketed. As a result, most members of the Baby Bust do not take future prosperity for granted; many are even quite cynical about the future.

Much as society has affected them, each of these generations has had – and continues to have – a tremendous impact on society. This is particularly true in the workplace. In this decade, for the first time, we will see four generations in the workforce at the

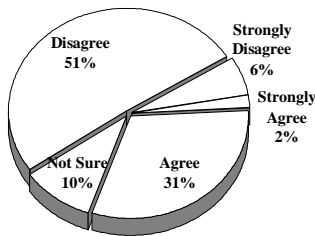
same time – all with different attitudes, beliefs, values and needs. As a result, an organization's ability to attract, motivate and retain key employees will rest on how well managers understand what is driving the behaviors of each generational cohort.

This represents a significant change. In the past, companies didn't have to worry about an individual's wants and desires. They usually implemented a one-size-fits-all management philosophy. If employees did not or could not conform to the organization's policies and practices, they were encouraged to leave. Companies knew there were plenty of willing bodies waiting in the wings who would conform to the culture. Now, with the war for talent heating up, things are different. Employers are waking up to the fact that people truly are a company's most valuable resource and that they must be flexible enough to meet individual needs.

Understanding these needs will be a tough job with four competing generations in the workplace. And it appears that

these different generations will be competing. In fact, intergenerational conflict may already be a fact of life in the workplace. Well over half (57%) of the respondents to HRI's *The Changing Workforce* survey either disagreed or strongly disagreed with the assertion that different generations blend as they work together – that age is not a major factor at work.

Workers of different generations blend as they work together; age is not a major factor at work



Source: *The Changing Workforce* survey

Our first task must be to define each generation. There are a lot of different definitions of generational groups in the literature. For the purpose of this paper I will use the standard comparison

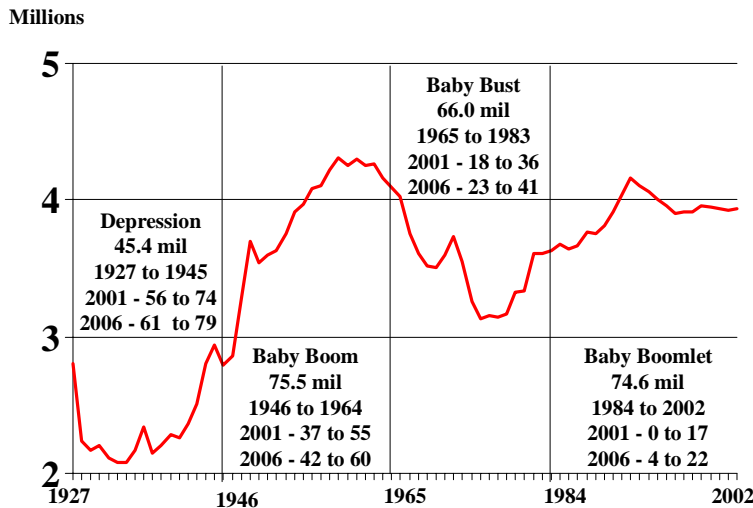
## Generational Markers

Depression Generation	Baby Boom Generation	Baby Bust Generation	Baby Boomlet Generation
<ul style="list-style-type: none"> <li>•Great Depression</li> <li>•Electrification</li> <li>•World War II</li> <li>•Cold War</li> </ul>	<ul style="list-style-type: none"> <li>•Civil Rights</li> <li>•War on Poverty</li> <li>•Race to Space</li> <li>•Assassinations</li> <li>•Vietnam</li> <li>•Watergate</li> </ul>	<ul style="list-style-type: none"> <li>•AIDS</li> <li>•Video Games</li> <li>•Homelessness</li> <li>•Downsizing</li> <li>•Berlin Wall</li> <li>•The Web</li> </ul>	<ul style="list-style-type: none"> <li>•Poverty</li> <li>•The Environment</li> <li>•Violence</li> <li>•Technology</li> </ul>

of 18 years for each generation. This is a useful figure primarily because the Baby Boom generation, by its sheer size, is the benchmark generation. It is commonly recognized that the Baby Boom started in 1946 and ended in 1964. So this paper will look at the generation that came before

the baby boom (the Depression generation), the Baby Boom generation, the generation after the Baby Boom that is still relatively new to the workforce (the Baby Bust generation), and the generation of young people who are either still in the school system or are just entering the workforce (the Baby Boomlet generation).

## Actual Number of Births per Year in the U.S.



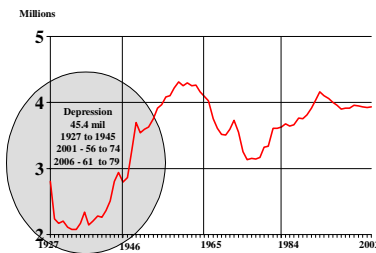
Source: U.S. Bureau of the Census

Our second task is to understand why the attitudes, behaviors, desires and needs of these cohorts are so different. Studying a cohort and drawing a conclusion about the entire group can be tricky, especially when you define generations in 18-year increments. For example, we instinctively know that there is a big difference between Baby Boomers who were born in 1946 and those born in 1964. And, of course, this is true for each generation. But, there are major events that occur in each generation's formative years that will cause certain attitudes and behaviors to be different in each group. These events

are of such importance that they cause a distinct generational memory – something we can use as a generational marker. The bigger the generational marker, the easier it is for researchers to make generalizations about the attitudes and behaviors of the entire group.

Our third task is to determine what all this means for the future of people management in organizations. If there is a prolonged

**Actual Number of Births per Year in the U.S.**



Source: U.S. Bureau of the Census

tight labor market, we will need to rethink many of our managerial assumptions? Will we experience intergenerational conflict? What will be the implications for recruitment and retention, compensation and benefits, training and development? Will managers have to adjust their motivational and leadership styles to fit each generation?

## The Depression Generation

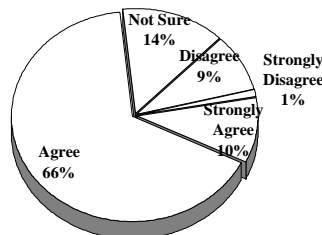
The generation prior to the Baby Boom generation was the Depression generation. Some have labeled them the World War II generation or the Cold War generation. With only about 45 million born between 1927 and 1945, this is a very small generation. In 2001, the Depression generation is between the ages of

56 and 74. In the year 2006, they will be between the ages of 61 and 79. Some of the generational markers for the Depression generation include the Great Depression, the increasingly common usage of electrical appliances, World War II and the Cold War. These huge events made this group a very patriotic generation, a conservative generation, a sacrificing generation, and a generation with a high work ethic (work hard, play by the rules and you'll get ahead).

Since the vast majority of the Depression generation will be in their sixties during this decade, much of the current research is focusing on retirement trends. How is retirement different now than it was for previous generations? How is it evolving? How has the extended life expectancy and advances in health care influenced the decision to retire or work? Are more people in their sixties working, and if they are, what kind of work do they prefer?

It appears that the Depression generation is changing how Americans view retirement, perhaps even redefining it. In the past, as people approached their sixties they looked forward to retiring completely from the workforce and moving to Florida or Arizona to live out their golden

**Today, a greater proportion of workers in their sixties are continuing to work, at least part time**

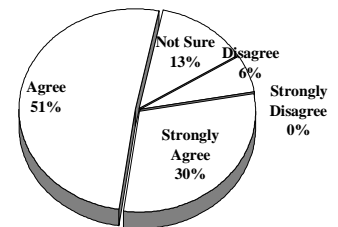


Source: The Changing Workforce survey

years. Their golden years, however, lasted only between five and ten years. Today, when people reach their sixties, they are much healthier and can expect to live twenty to thirty more years. As a result, more and more members of this age group still retire from their normal jobs but continue working either because they want to or because they have to.

In HRI's *The Changing Workforce* survey, over three quarters of the respondents either agreed or strongly agreed with the statement that a greater proportion of workers in their sixties are continuing to work, at least part time. This finding was reinforced by a U.S. Census Bureau report that was released on June 25, 2001. The study found that the number of Americans 65 and older who were working or look-

**In 2006, more workers in their sixties will continue to work, at least part time**

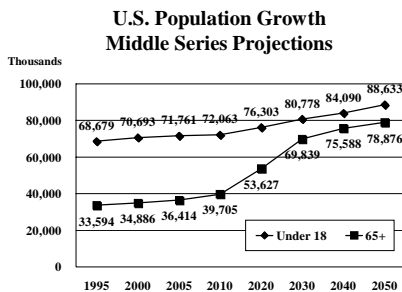


Source: The Changing Workforce survey

ing for work jumped 10% between March 1999 and March 2000. This report goes on to say that senior citizens have been helping to fill the need for low-skilled workers so that they have more money to pay for things like prescription medicines. For example, during that period there was a 22% increase in seniors holding administrative support jobs, including clerical jobs, and an 18% increase in seniors working in sales jobs. And it appears

that most people feel that the trend toward more seniors working at least part time will increase in the future. Eighty-one percent of the respondents to HRI's survey either agreed or strongly agreed with the statement that in 2006 more workers in their sixties will continue to work, at least part time.

The implications of this trend could be very positive in the short term but very negative in the long term. In the short term, this trend could ease the labor shortage a little, especially if organizations can better utilize this growing portion of the workforce. To do so, companies will have to rethink their retirement policies. Managers will have to determine who the organization wants to keep, what incentives should be in place, and how work should be organized for older employees.



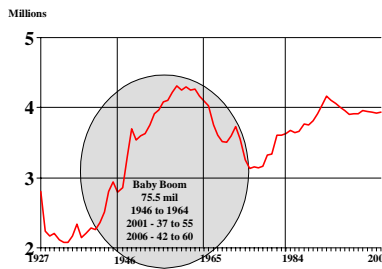
Source: U.S. Census Bureau

And laws will need to be changed, since most were designed to push people out of the labor force.

In the long term, the trend toward more and more older people working and taking low-skilled support jobs may have some negative side effects for employers. In the past, our demographic profile had many more individuals under age 18 than over age 65. Indeed, in the year

2000 there were almost twice as many individuals under 18 as there were over age 65. This gap between the young and the old is narrowing, and around the year 2030 there will be nearly as many people under age 18 as over age 65. Young people usually get their first experience with the world of work in low-skilled support jobs. Those jobs teach young people respect for authority and how to work with others. In effect, these jobs have tradi-

Actual Number of Births per Year in the U.S.



Source: U.S. Bureau of the Census

tionally given young people the foundations for a healthy work ethic. If more and more older people continue to take on low-skilled support jobs, they will be taking valuable work experience away from young people. This means that future generations of young people might graduate from college or high school with very little work experience. Granted, this is a trend with a long horizon, but the rumblings of this intergenerational conflict are already being felt in Florida, where more and more employers at fast food outlets, grocery stores and retail establishments are turning to older people because they're more dependable than young people.

## The Baby Boom Generation

After World War II the United States experienced a baby boom, hence the Baby Boom generation. Between 1946 and 1964, more than 76 million children were born, almost double the Depression generation. This generation's entry into the labor force caused an immediate and dramatic decline in the median age of the labor force. Today, the aging of this large population is causing the median age to increase.

As of 2001, the Baby Boom generation is between the ages of 37 and 55, and despite the media's portrayal of Boomers as graying, buying Winnebagos and touring the country, the majority of this large population are still in their 40s. They still dominate the workforce. In 2006, the oldest Baby Boomers will be age 60 while the youngest will still be in their 40s, and they will still be the largest generation in the workforce.

Like the Depression generation, the Baby Boom population experienced a lot of large generational markers. This includes events like the civil rights movement, the war on poverty, the race to space, culture-changing assassinations, Vietnam, and Watergate. These markers had such a major impact that they touched virtually everyone in this group. In general, the Baby Boomers saw lots of problems in the world, and they tended to blame the Depression generation for those problems. The Baby Boomers'

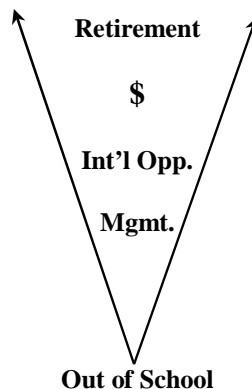
motto was “Don’t trust anyone over 30,” and they rejected much of what the Depression generation stood for. As a result, while the Depression generation was very patriotic, many Baby Boomers actively resisted the draft and protested against the Vietnam War. While the Depression generation was conservative, the Baby Boomers were more liberal and idealistic – they believed that it was their destiny and duty to make the world a better place to live. While the Depression generation was willing to sacrifice individual needs to the greater good, Baby Boomers became the materialistic “Me Generation.”

Boomers entered the workforce as the most educated generation ever. Most males in this generation had only two options when they graduated from high school. They either got drafted or went to college. As the Vietnam War became increasingly unpopular, more and more chose college. In addition, liberal benefits for veterans made it possible for those who were drafted to get a college education. Also, the growing popularity of the Feminist Movement, along with birth control, was giving women more choices than ever before. As a result, the number of women going to college increased dramatically during the 1960s and 1970s.

Given the Boomers’ generational markers and their level of education, their perception of what the quality of their lives would be was extremely optimistic. The world was going to be their oyster and all opportunities seemed open to them. Their lives were supposed to unfold accord-

## Perception of Quality of Life over Time

### Baby Boomer View



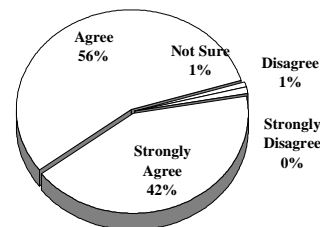
ing to the following script. When they graduated from college, they expected to get a management position, usually with the big companies because that was where the security and good pay were. Then they would get married, move to the suburbs and have two children (one boy and one girl). As their careers progressed, they expected to get some international work experience, get promoted into upper management, make top dollar, start to slow down at work, and then spend more time with their families. Finally, they would retire comfortably. Some Boomers even hoped that, as futurists were predicting in the 1970s, technology would free them from work and provide much more time for leisure activities and families.

Today, Boomers are in their prime earning years (traditionally defined as the 35-to-54 age group, especially the 45-to-54 age group). This was supposed to be a time when all their experience

and knowledge would add up to more earning power, greater productivity and more leisure time. Unfortunately, something happened to this script. The world changed. As the Baby Boom generation has entered into their 40s and 50s, the idealism of their youth has diminished. Many are disillusioned with the present situation, feeling insecure about their jobs, suffering from high amounts of stress, working just as hard today as in the past, and worrying about their futures.

The security and good pay that large companies provided the Depression generation often disappeared for Baby Boomers dur-

Workers consider the speed of business to be far greater than five years ago

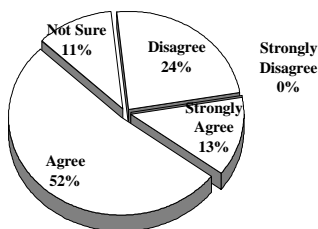


Source: *The Changing Workforce* survey

ing wave after wave of downsizing, restructuring, reengineering, mergers and acquisitions. For most of the Depression generation their biggest workplace worry was a periodic layoff, which usually impacted only blue-collar workers, lasted for a short period of time and ended when they were called back to work with the same employer. Boomers, on the other hand, have witnessed their peers at all levels being permanently dismissed. They feel insecure in their present jobs and, because of their age, they are worried that they will not find a new job if they are downsized.

As a result, most of the Boomers are not slowing down as their parents did. They are working just as hard as when they were young. Many put in a work-week of 50 to 55 hours and are on a 24/7 work schedule, tethered to

**Workers find it increasingly difficult to perform effectively under conditions of rapid business pace and change**



Source: *The Changing Workforce survey*

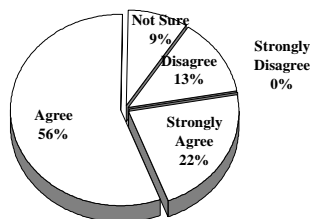
work via their cell phones and beepers. As they grow older, they find themselves working in a business environment where the speed of change is faster than ever. What's more, despite all their hard work, career growth often seems out of the question. For most Baby Boomers, there does not appear to be much room in upper management. Not only have downsizings and the flattening of organizational layers resulted in even fewer positions at

the top of organizations, but the Boomers are part of a huge cohort and so the competition for such slots is intense. This means that millions of Baby Boomers are "plateaued" in their careers, and they feel that they are going to be stuck in the same position for another 10 to 15 years, coping with a fast-paced world that makes it ever harder to perform effectively.

As a result, many Boomers have become stressed out and angry, often showing signs of burn-out and depression. Many want to bail out of their jobs. When asked if they can and will continue to work this hard for another 10 to 15 years, most answer with a resounding "no!" Then again, many Boomers say they never thought they'd be working this hard at this stage of their lives.

Many Boomers are also distressed about their retirement prospects. When the younger members of the Depression generation were in their 50s, corporate retirement programs were common, Social Security seemed secure and their savings were usually enough to ensure comfort during their golden years. Baby Boomers, on the other hand, have seen an erosion of corporate retirement programs, have been told that Social Security may not be around (or have its benefits much

**Workers find it increasingly difficult to cope with stress and burnout**

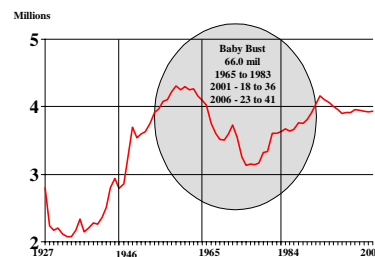


Source: *The Changing Workforce survey*

reduced), and have developed the sinking feeling that they haven't saved enough to support themselves during their retirement. On top of that, the recent stock market correction has shown them how quickly the money they put in their 401(k)s can disappear.

In addition, many Boomers are being squeezed financially as they're sandwiched between mounting expenses for the cost of college for their children and the potential cost of caring for elderly parents or close relatives. When the Depression generation was sending their children off to school, college tuition was relatively inexpensive. In fact, schools in some states (e.g., California) were virtually free for residents. Today, Baby Boomers find that sending their children to college is costing an arm and a leg. Many are tapping into their retirement savings to meet the burden. And then there are the eldercare responsibilities. For much of the Depression generation, eldercare problems have not been as acute because relatively few of their elderly parents or close relatives have lived past age 75. Today, however, medical

**Actual Number of Births per Year in the U.S.**



Source: U.S. Bureau of the Census

breakthroughs are allowing more and more people to live well into their 80s and 90s. While many live healthy, independent lives,

the majority will have to rely on young relatives at some time for assistance. And this assistance can be very expensive and take a toll on caregivers' lives.

Over the next decade, most members of this large Baby Boom generation will be in their 50s. For employers, the question will be how to keep this huge class of workers motivated and productive. As for those Boomers who have enough money to retire (often the most highly skilled and experienced employees), employers must figure out how to retain them.

## The Baby Bust Generation

In the years following the baby boom, our nation experienced a baby bust. Various writers have labeled this cohort "Generation X." Between 1965 and 1983, about 66 million people were born. This is a fairly large group in terms of raw numbers but represents a much lower percentage of the population than the Baby Boomers. Today they are between the ages of 18 and 36, and the last part of this generation is just entering the labor force.

We started taking a serious look at this generation in the mid-1980s. In 1986, the Hudson Institute predicted in its *Workforce 2000* study that we would be experiencing labor shortages by the turn of the century. Interest expanded after Douglas Coupland came out with his book called *Generation X*. Many HRI members read that book and asked us whether this generation was truly

different from previous generations or whether the book was just exaggerating. If they were that different, and if we had a tight labor market, what were the implications for employers? As a result of such questions, HRI put in a lot of time and effort throughout the 1990s in an attempt to answer those questions. The results of that research will be presented here in great detail.

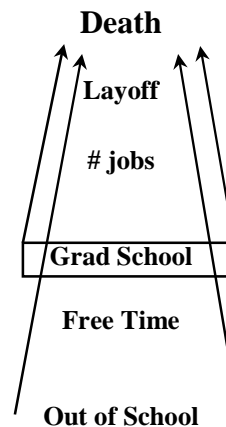
First, let's look at generational markers. Unlike the Depression generation and the Baby Boom generation, this cohort did not have huge generational markers. Instead, they had a series of smaller markers. Perhaps the largest was the rise of acquired immunodeficiency syndrome (AIDS) as a dreaded illness – most Baby Boomers did not confront this disease when they were reaching maturity. But the smaller things also count as cultural influences. For example, the Baby Bust generation played with video games, whereas the Baby

Boomers had pinball machines. The Baby Busters also were influenced by the rise in homelessness, the fall of the Berlin Wall and the emergence of the World Wide Web. Other generational markers had an impact on their choices for employment. These include an increased awareness of multiculturalism, the experience of being latchkey children, rapid advances in technology, and the downsizing and restructuring of corporations. These last four markers will be given more attention later in this section.

Partly because this generation had many smaller markers instead of the big markers of previous generations, the Busters are a much more diverse group and much harder to research. Which markers most influenced them and the depth of the influence often depends on the individual's socioeconomic background. As a result, the Baby Bust generation is a very diverse group, and it is almost impossible to make gener-

## Perception of Quality of Life over Time

### Baby Bust View

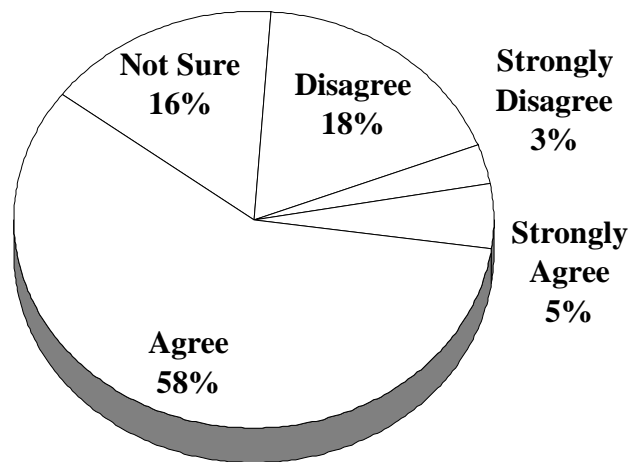


alizations about the whole group without finding numerous exceptions. Nonetheless, this paper will attempt to isolate a few trends that have an influence on the group's world view.

The first major observation is that the Baby Bust generation's perception of the quality of life is very different from that of the Baby Boomers when they entered the labor force. Whereas the Baby Boomers tended to be optimists, the Baby Busters tend to be pessimists or, as they might say, realists. The Baby Busters believe that they will graduate from college and then have "free time." Sometimes this translates into going to work in dead-end jobs or even moving back home with their parents, or a combination of both. After a short period, many feel as if they have to go to graduate school because their undergraduate degree is like a high-school degree in the Baby Boom generation's time. They believe that after graduate school they will have a great number of jobs, employers, and perhaps even careers. The only thing they see beyond that is that they are going to, at some time, get laid off. While not a very optimistic view, they tend to see it as realistic. It does not mean that this scenario is what they will experience, but this is their perception of the world of work.

The combination of a very different perception of the quality of life and of a tight labor market is giving employers ulcers because they do not understand what motivates young people today. Employers are frustrated at their inability to recruit and retain

## Increased immigration provides a greater supply of professional talent



Source: *The Changing Workforce* survey

young talent. What do they want? On the surface, many of them appear to be "slackers," disloyal, arrogant, having short attention spans, not willing to pay dues, and needing instant gratification. To better understand this group, we need to understand what is causing these different attitudes and beliefs. The best way of doing this is to look at four important drivers of Baby Buster workplace attitudes.

**1) Increased Cultural Awareness.** The Baby Busters, the youngest of whom are still just entering the labor force, are much more aware than previous generations of ethnic and global diversity issues, and they're much more comfortable with this diversity. Compared with previous generations, there has been a marked increase in interracial dating and marriage among the Busters. There are three primary reasons for this trend.

The first is the media. The Baby Boomers grew up with tele-

vision that tended to consist of three fuzzy channels, if they could get the "rabbit ears" to work. Today, young people are exposed to 50 to 500 channels. There is instantaneous news from around the world on CNN, the Discovery Channel, the Learning Channel, Spanish channels, Japanese channels, etc. In short, they are exposed to much more diversity through media than Baby Boomers were, and this shows up everywhere, from their styles of dress to their eclectic tastes in music.

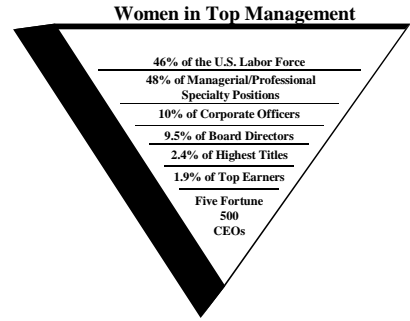
The second reason is the Web, which came relatively early in the lives of the Busters. Using this tool, many Busters (as well as those in the Boomlet generation) have been able to communicate with people all over the world. In contrast, members of the Baby Boom generation were not exposed to the Internet until they were well into adulthood and were less likely to form distance friendships using it.

The third reason for their increased cultural awareness is immigration. While the Baby Bust generation was in school, the nation experienced a huge increase in immigration. In fact, the surge in immigration to the United States was almost as large as what we saw at the beginning of the 20<sup>th</sup> century. At that time, the Industrial Revolution was creating a labor shortage in the United States, and the European countries provided an influx of people who were more than willing to fill that void. Today, the information revolution is creating another labor shortage in the United States, but this time it is the developing nations that are providing people willing to fill that void.

Sixty-three percent of the respondents to HRI's *The Changing Workforce* survey either agreed or strongly agreed with the statement that increased immigration provides the United States with a greater supply of professional talent. It also, of course, provides a large supply of unskilled labor.

As a result of this wave of immigration, terms like "minority" and "majority" have lost their meaning in states such as California, Texas, Florida and New York. In addition, the demographic categories we have traditionally used for groups of individuals are becoming topics of concern and confusion. People may object to overly broad classifications such as "Hispanic" or "Asian," preferring Latino, Mexican, Cuban, Japanese, Chinese or Korean. In addition, the large increase in interracial dating and interracial marriages is making it harder to justify traditional classifications.

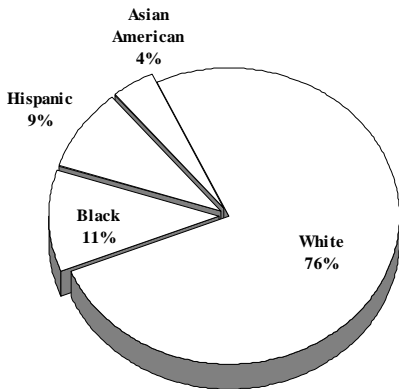
Because of these trends, the demographic profile in the United States is becoming even more diverse. The Baby Boom generation was approximately 76% non-Hispanic white, compared with 66% of Baby Busters and just 55% of the Baby Boomlet generation – the group in the school system today.



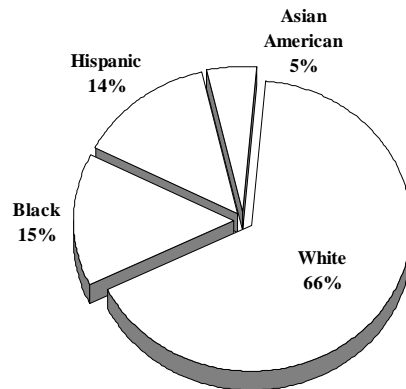
This diversity presents a unique challenge for many employers. When minority college graduates are asked about the issue of diversity in the workplace, their response is about a 10/10/80 breakout. About 10% of the respondents are very caustic and cynical. They say something like, "Companies in the U.S. have had more than 30 years of equal employment opportunity and affirmative action, and for some reason today, the top of corporate America is still a bunch of white guys talking to white guys about valuing diversity to make themselves feel good." They point to data showing that minorities make up around 22% of the workforce but only 2% of senior management and that women make up almost half the workforce but only 5% of senior management. They don't feel there has been a lot of progress in this area and don't hold out a lot of hope for the future.

Another 10% of young people appear very "pollyannaish" about the workplace. They feel that all the problems surrounding diversity in corporate America have been solved and that women and minorities are making real progress in corporate America. They point to a few high-profile examples of women and minorities who have made significant achievements.

### Percent of Baby Boom and Baby Bust Generations by Race/Ethnicity



**Baby Boom**

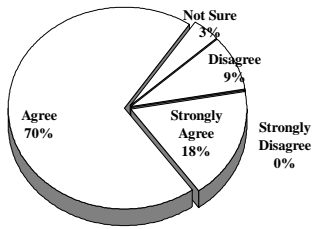


**Baby Bust**

Source: U.S. Census Bureau

The vast majority of young college graduates, however, are looking for companies that have made progress in advancing women and minorities, voicing opinions such as, “I want to make sure that the company I go to, and stay with, is one where there is some *hope* for me to move up the

**Women and minorities are more likely to be appointed to managerial positions today than five years ago**

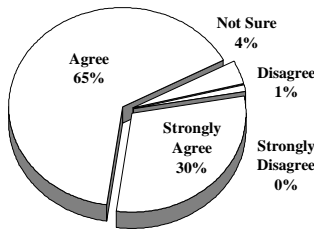


Source: *The Changing Workforce survey*

organization. After all, I have skills and talents that companies need. Why should I settle for one that has a lot of ‘walls’ and ‘ceilings’ that will hold me back?”

It appears that more employers are getting their message. In HRI’s *The Changing Workforce* survey, 70% agreed and 18% strongly agreed with the statement that women and minorities are more likely to hold managerial positions today than five years ago. And, the future seems

**Women and minorities are more likely to hold managerial positions in five years than they are today**



Source: *The Changing Workforce survey*

to hold further promise. Sixty-five percent of respondents agreed and 30% strongly agreed

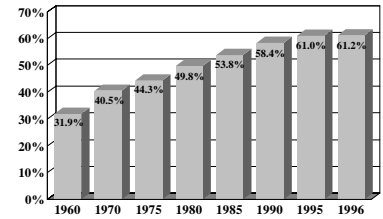
that women and minorities are more likely to hold managerial positions in five years than today.

There is, however, a paradox or countertrend that is making corporate America’s efforts more difficult: even though people are more comfortable with diversity, there’s still a tendency for young Americans to divide themselves along race and ethnic lines. Go into a high school cafeteria, for example, and just observe the interactions. In most schools with diverse populations, you will notice that Whites, Blacks, Hispanics and Asians tend to sit in their own little enclaves, banding together with people from their own ethnic groups. Indeed, it appears that more and more people are tending to “cocoon” within their cultural comfort zone. For example, the U.S. Census Bureau recently reported that the trend is for affluent minorities to move into suburban communities where the vast majority of the residents have the same cultural and ethnic background. This means that, although the Baby Busters may be more accustomed to diversity than their predecessors, there will still be plenty of diversity-based misunderstandings in the workplace.

## 2) *The first generation of dual-career/latchkey kids.*

In the not-so-distant past, most women stayed home to care for their families while their husbands worked. If women did have careers, they most likely went back to work after their children entered grade school. But in the space of about thirty years, the U.S. has changed family structures as well as family work

**Labor Force Participation Rates of Married Women, 1960-1996**



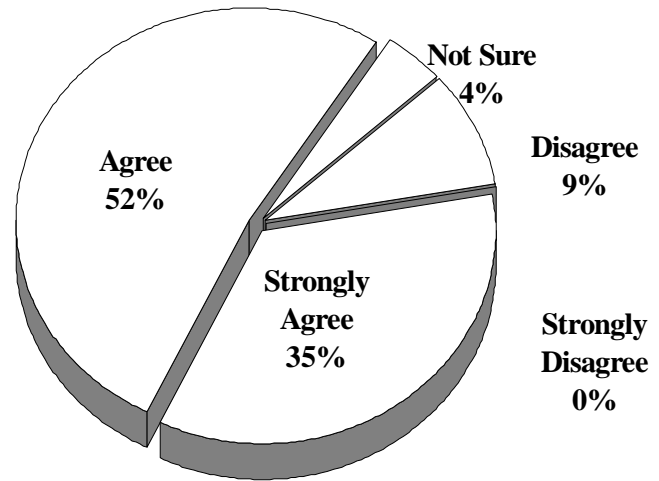
habits. These changes have had a huge impact on how children are raised. Between 1970 and 2000, the percentage of married women in the labor force jumped from around one third to two thirds. Also, the trend is for women to go back to work soon after bearing their children. The percentage of married women with children under the age of six who work full time or part time has increased dramatically since 1970. Many feel they have to go back to work because it takes two incomes to support the household, while others feel they need to go back so that they will not fall behind in their careers. In addition, the percentage of children living with a single parent went from around 12% in 1970 to almost one third in 2000.

The impact that this shift has had on early childhood development is a hotly debated issue, which I won’t discuss here. What is important for employers to realize is that the Baby Busters are the first generation in which their mothers were not there waiting for them with milk and cookies when they came home from school. This generation of young people has had to become more independent at an early age. Many were latchkey children who had to let themselves in the front door, start their homework, do

housework, maybe even start the evening meal for their parents, all without some form of supervision.

This trend has had a big impact on the retention issue. When young people quit their jobs, they usually will do it in the first four years of service. In their exit interviews, they may say that they are leaving for more money or a better position. But the real reason they leave has little to do with these factors. Almost all the evidence on quit rates for young workers points to the relationship between the supervisor and the worker. Many members of this generation cannot and will not tolerate a negative, in-your-face, authoritarian supervisor. They were raised by busy, dual-income parents who gave them “quality time,” not “quantity time.” So they did not have very disciplinary parents, and they do not react well to that kind of environment. Busters want supervisors to treat them as adults – they want to be treated with respect and dignity. Yet, they want something else as well, having often been deprived of “quantity time” when growing up – they want supervisors who will forge close ties with them. They want managers to be coaches, mentors, and teachers. They want a lot of open, honest communication, a lot of positive reinforcement, and a lot of pats on the back. They want “leaders” who will inspire and motivate them, create a passion for the work they do, and do a lot of one-on-one communication. They want leaders who are consistent and walk the talk and yet who are flexible in everything else.

## Immediate managers are responsible for the recruitment, development, performance, and retention of their professional talent

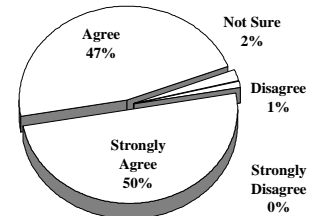


Source: *The Changing Workforce* survey

Yet, providing this kind of leadership is difficult in today’s workplace. Even though companies know that leadership at all levels is the key to motivating and retaining top talent, they seem to put more and more roadblocks in front of supervisors, making it hard for them to use their leadership skills. The continuous trend toward downsizing corporations has increased supervisors’ spans of control so much that, for many of them, there’s not enough time in the day to do what needs to be done: manage “by walking around,” give lots of positive reinforcement, and become a good coach, mentor and teacher. In addition, few supervisors are rewarded for managing people well. Instead, they’re rewarded and judged according to how many widgets go out the door, so that’s going to be their priority. While many know that it’s important to spend time developing employees, they’re neither rewarded

when that job is done well nor punished when it’s done poorly.

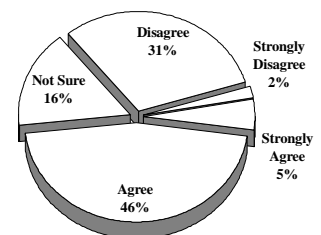
Professionals expect their immediate supervisors to provide meaningful performance and development feedback and counseling



Source: *The Changing Workforce* survey

It is interesting to note that almost 100% of the respondents to *The Changing Workforce* survey agreed or strongly agreed with the statement that professionals expect their immediate su-

Managers who do not effectively retain, develop, and motivate talent are far more commonly removed



Source: *The Changing Workforce* survey

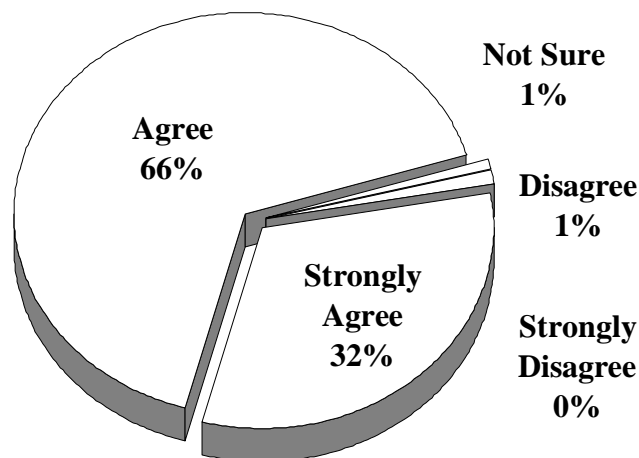
ervisor to provide meaningful performance and development feedback and counseling. Almost 90% either agreed or strongly agreed that immediate supervisors are responsible for the recruitment, development, performance and retention of their professional talent. Yet only about half of the respondents said that managers who fail to effectively retain, develop and motivate talented workers are far more likely than other managers to lose their positions.

### 3) *Technology as a toy.*

Technology is a toy to the Baby Bust generation. They are going to get to game level 13 if it kills them, and they are going to get there without the manual. If you do not have the latest technology in your company, you are considered a dinosaur. After all, many Busters had the latest technology in college, so why should they go to work for a company where they are going to take a step backward? They feel a strong need to keep up with their peers, so they want the latest bells and whistles sitting on their desks. They want speed, speed, speed. They want the latest in laptops, cellular phones, Internet connections, pagers and personal digital assistants. And they expect their employers to supply them. Fully 98% of the respondents to HRI's 2001 *The Changing Workforce* survey either agreed or strongly agreed with the statement that workers expect their employers to enable them to stay abreast of current technology and maintain their skills.

It is easy to see why they are so obsessed with this issue. Those young people born in 1983

## Workers expect their employers to enable them to stay abreast of current technology and maintain their skills



Source: *The Changing Workforce* survey

are just entering college today. During their formative years, they witnessed the extraordinary growth in technology. Between 1983 and 1993, they saw the work world add more than 25 million computers. The number of cell phone subscribers jumped from zero in 1983 to 16 million by the end of 1993. And between 1987 and 1993, homes and offices added 10 million fax machines, while e-mail addresses increased over 26 million. What's more, all those trends and more continue to accelerate, with no end in sight.

Yet, as with every other trend, there's a countervailing trend or two that makes getting the latest technology a problem. First, there's the corporate bureaucracy itself. Most companies hold meetings to decide which new technologies to purchase. Then they have meetings to decide which vendor to use. Then there are more meetings to approve the software and vendors to install it. Then they have to test

it, debug it and finally roll it out with great fanfare. Unfortunately, by this time, the technology is already six years out of date. Somehow, companies need to speed up the purchasing and implementation process even while making the right decisions.

The other countertrend is not new. In the early 1980s, John Naisbitt pointed out in his book *Megatrends* that the more high-tech we become, the more people will need "high touch." Technology has the potential to make organizations more efficient but it also can make the company less effective in the management of its workforce. Unless it's managed

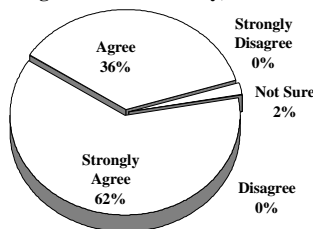
#### More "Hi Tech" > Need for More "Hi Touch"

<u>Hi Tech</u>	<u>Hi Touch</u>
> Remote	> Need for affiliation
> Distant	> Personal attention
> Impersonal	> Recognize individual differences
> One size fits all	> Customized response
> I'm not important	> I'm important

very well, information technology can create a situation where employees feel much more remote and distant from the organization. Technology frustrates users with its impersonal, one-size-fits-all orientation, as anyone who has used an automated telephone system knows.

Yet, today we see that people have a greater need to feel close to a flourishing organization. In fact, 98% of the respondents to HRI's *The Changing Workforce* survey either agreed or strongly agreed with the statement that employees want to be part of a winning, successful company (e.g., one with a strong organizational identity). In addition, they seem to want more attention from their immediate supervisor than they're getting. Technology alone can't address these concerns, and managers should beware of pushing self-service systems so far that they

Workers want to be part of a successful, winning organization (e.g., strong organizational identity)



Source: The Changing Workforce survey

lose touch with the people who make the organization work.

**4) The decline of loyalty and commitment.** A common complaint in the workplace today is that young people lack the loyalty and commitment that workers used to possess. The findings of HRI's *Loyalty and Commitment* survey support a great deal of an-

ecdotal evidence that employee commitment has been eroding in recent years. Fully 77% of the 165 HR professionals responding to the survey said that the loyalty and commitment of their employees had either decreased somewhat (59%) or decreased substantially (20%) over the last five years. Less than a third of respondents rate the loyalty and commitment of their workforce as very high (4%) or high (27%). Most (58%) rate the loyalty of their workers as medium, and 11% say it's low or very low.

The cause of the decline in loyalty and commitment is well documented. More than a decade of downsizing, restructuring, and mergers has sent the message that employees can't rely on their employers to be loyal or committed to them. Workers have to take care of themselves and be prepared to find another job. This message couldn't be clearer these days. Total U.S. job cuts for the first half of 2001 were 770,000, according to outplacement firm Challenger, Gray & Christmas. This is three and a half times greater than the total during the first half of last year, and it's 27% higher than for all of 2000. Employers are on pace to cut 1.6 million jobs this year, a modern record. This type of trend reinforces Baby Busters' skepticism about the wisdom of being loyal to any employer. It's little wonder that, as a Gallup telephone survey of U.S. workers showed, Baby Busters are more likely than their older colleagues to say that they intend to leave their current jobs in the next 12 months.

Perhaps this lack of loyalty won't amount to a problem in the future. Maybe today's young people, like their elders, will become more loyal as they settle down in marriages and take on mortgages. Or maybe, as some experts claim, loyalty itself is overrated. It's possible that having a workforce where the vast majority of workers are "free agents" is actually good for innovation, creativity and productivity. However, most of the respondents to HRI's survey don't buy that argument. The vast majority (94%) of respondents said employee loyalty and commitment are either very important (52%) or important (42%) to their companies. What's more, they believe these qualities will become even more critical in the future. Fully 60% of respondents said loyalty and commitment will be very important five years from now, and another 34% said these qualities will be important.

Why is so much importance attached to employee loyalty? The number one reason, cited by 81% of respondents, is "sustained growth." Apparently, few respondents believe that their firms will be able to thrive in the future marketplace if employee turnover is high and commitment low. Specifically, turnover can be destructive to the all-important customer relationship. Fully 76% of respondents said a committed workforce will be a major factor in enhancing customer service. But what happens if today's younger employees never develop much employer trust and loyalty? Does this mean that companies will find it desperately hard to sustain growth or maintain good

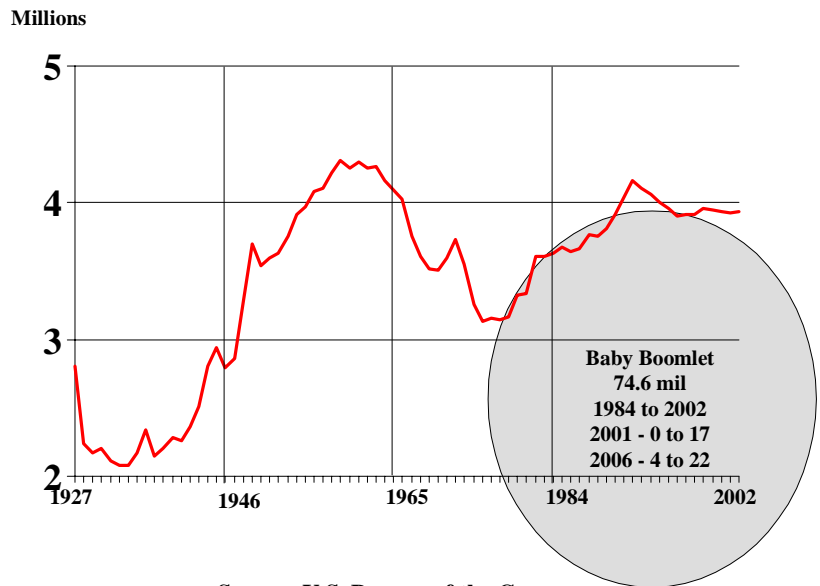
customer service? Time will tell, but employers should be asking these types of questions today.

## The Baby Boomlet Generation

The last generation discussed in this paper is the Baby Boomlet generation. Some call them the Echo Boomers or Generation Y, and I tend to call them “Generation-dot-com” because they’ve grown up during the flowering of the Internet. They are typically called the Boomlet generation because, after the baby bust, the U.S. experienced another boom in births. Between 1984 and 2002, about 75 million babies will have been born in the United States. The group is nearly as large as the Baby Boomer generation in raw numbers, though not as a percent of the population.

This generation is important for a number of reasons. First is their sheer size. We know from the past that when big generations reach their late teens and early twenties, they tend to have a major impact on society. For example, we witnessed a lot of turmoil between 1965 and 1975, when members of the Baby Boom generation entered their late teens and early twenties. The Baby Boomlet generation will begin to turn 21 in 2005, and many researchers are predicting some sort of upheaval in our society toward the end of this decade. What form this will take is anybody’s guess. But it is interesting to note that at the same time the Baby Boomlet is entering the workforce, parts of the Baby Boom

## Actual Number of Births per Year in the U.S.



Source: U.S. Bureau of the Census

generation will be looking at possible retirement from the labor force. Could we experience some sort of intergenerational conflict?

Another variable to consider is the degree to which we will continue to experience a tight labor market. Despite the fact that more young people will be entering the labor force, most researchers insist that the tight labor market will be with us for many years to come. If this holds true, then understanding the values and attitudes of this generation will become extremely important for labor-hungry employers.

Of course, some of the values and attitudes of the Baby Bust generation will carry over to the Baby Boomlet. For example, the trend toward increased cultural diversity will continue and the up-and-coming generation will be even more comfortable with diversity. Moreover, children are still being raised in dual-income/career and single-parent families,

so the best and brightest will probably still insist on supervisors who are coaches, teachers and mentors. But there will also be new values based on the generational memories that the Baby Boomlet has and will experience. (see exhibit on following page)

\* \* \*

One of the greatest employer worries about the Boomlet is that they won’t have the education they need to cope with an increasingly high-tech, fast-moving society. Technology is causing the “half-life” of current skill sets to get shorter and shorter. Today, and even more so in the future, it appears that employees will need to continue their education for the rest of their lives. But will their *basic* education be good enough to allow them to become lifetime learners? Many experts worry about this question because there seems to be a growing gap between the skills that today’s high school and college graduates have

**There is still time for the Baby Boomlet to have defining generational markers, but here are some of the cultural features likely to make an impact on this generation:**

**The Have and Have-Not Society.** There's evidence to suggest that this generation will be one of the biggest "have and have-not" generations since the Depression generation. Granted, poverty today is not like poverty during the Depression, but it has still driven a wedge between members of this generation. Some have been raised in families that benefited greatly from the economic growth of the 1990s, families often headed by dual-income professional parents. Meanwhile, others have grown up in families headed by single parents with low educational attainment, and the economy has not been kind to these workers in recent times. Technology brings the have and have-not divide into stark relief because children who have access to cutting-edge information technologies in their homes and schools may wind up with a tremendous advantage over those who have not had the same opportunities.

**The Environment.** Some experts suggest that this may be the first truly "green" generation. Recently, there has been significant growth in the environmental movement around the world, and the media have been giving more exposure to those protesting at global summits such as the G-7 meeting. One example of this emerging value: marketing research firm Saatchi & Saatchi says kids ages 8 to 15 have a strong interest in learning about and protecting animals. These children believe they can help animals by doing things such as volunteering, donating money and being environmentally conscious. However, it remains to be seen whether environmentalism will be a marker for this generation. They are still young and very impressionable.

**Violence.** Many consider violence to be a huge marker for this generation. They seem to be surrounded by it, whether it's the violence that dominates television, movies, videogames, or the larger society. Many of these children have to go through metal detectors to attend school and face hall monitors who are security guards or police officers with guns. According to the U.S. Department of Justice, every day about 6,250 teachers are threatened with violence and about 260 are actually attacked. Every day about 1,400 young people are attacked on school property and another 160,000 miss school because of a threat of violence. And every day a large number of children actually take a gun to school. Previous generations had to worry about a bully taking their lunch money, not shooting them for their sneakers.

**Technology as an Extension of Themselves.** If technology is a "toy" for the Baby Bust generation, it has become a way of life for young people today, almost an extension of their bodies and personalities. In fact, some even suggest that technology is having such a big impact that it is actually causing this generation to evolve into a different "species" of human being. By this, I don't mean they're genetically any different but that new technologies are having a dramatic impact on the way many members of this generation are learning, communicating, and entertaining themselves. They're developing a new world view, new skill sets, and a new "second nature" amid all the video-game playing, chatting, instant messaging, e-mailing, music downloading, and an array of other digital activities. Some experts worry that, by spending so much time in "virtual" worlds, young people may not be fully developing social skills, at least not as the older generations understand such skills. If true, this may cause more intergenerational miscommunication in the future workplace, affecting the ways firms structure teams, deliver training, hold meetings, etc.

and the skills that many employers require. The top 10% of high schools and colleges in this country are still the best in the world, but the other schools in the U.S. seem to be falling further behind. Here's a taste of what I mean:

- About 20 million Americans are functionally illiterate, meaning they can read or write English at the 6<sup>th</sup>-grade level. And such illiteracy may continue into the future, judging from today's test scores. For example, one new national study showed that about one third of 4<sup>th</sup>-graders are illiterate (that is, can't read or write at even the most basic level for their grade) and almost half of 4<sup>th</sup>-graders in the inner cities score below that basic level.
- About one million students leave high school prior to graduation. Alarming, almost one half of the Hispanic population and one quarter of the African-American population is dropping out of school today. Many drop out because of a lack of hope. Our society places a lot of pressure on young people to go to college. Teachers, counselors and parents all are telling them they have to go to college because that is where the good jobs come from. Those who know they are not going to college feel like losers. And, in today's service economy, they do not know what they are going to do in order to make enough money to support a family, buy a car, afford a mortgage or be a productive citizen.
- Of those young people who do

graduate from high school, hundreds of thousands can barely read their diplomas. It is estimated that only about 6% of those who get diplomas actually have the skills befitting a high school graduate. Indeed, international math and science examinations continue to show that 12th-graders score below most of their counterparts in other industrialized nations.

- About 85% of young people who attend a two-year college and 45% who attend a four-year institution have to take a full year of remedial training.
- Will it get any better? Consider this: students who eventually take public school teaching jobs and remain in the profession are less likely than the average student to have scored in the top 25th percentile of SAT or ACT college exam scores. This suggests that our best and brightest are not generally becoming teachers. In fact, in today's tight labor market, you can major in almost anything besides education and make more money when you graduate. What's more, you will not have to put up with the vulgar language and disrespect for authority. As a result, the teaching profession tends to suffer from low skills, low pay and high turnover.

Of course, we cannot predict with absolute accuracy what impact the Boomlet generation will have on the workforce. What we do know is that college-educated members of this generation will begin to enter the labor force in 2005. We also know that many

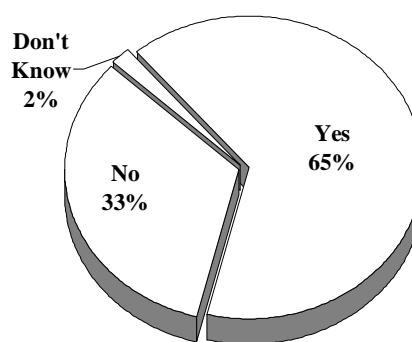
of the attitudes and behaviors we are seeing today with the Baby Bust generation will probably carry over with the next generation. We also can imagine that the Boomlet generation, like the young generations that came before, will probably blame their elders (the Busters, Boomers, Depression generation) for the perceived wrongs in society and so reject many of their values. We also know that when large generations become young adults, they tend to demand changes in what they believe are the wrongs in society. As a result, I predict that the next decade or two will be very interesting and perhaps turbulent as a result of the Boomlet's coming of age.

# Managing the Younger Generations

*The decline in the loyalty and commitment of employees has become a worrisome issue for many corporations, especially in light of recent mass layoffs and Baby Busters' skepticism about employer loyalty.*

**It's no surprise, then, that at least two thirds of respondents (66%) to HRI's *Loyalty and Commitment* survey say they have a strategy in place or under development that is designed to improve the loyalty and commitment of workers in their organizations. Based on write-in responses, these strategies range from the philosophical to the programmatic.**

**Do you have a strategy in place or under development that is designed to improve the loyalty and commitment of workers in your organization?**



Source: *Loyalty and Commitment: A Survey on Attracting and Retaining Workers*

For example, one respondent writes, "Treat each employee with dignity and respect. Provide a reasonable salary, decent benefits. Provide work which is challenging. Acknowledge contributions. No magic here. Common sense approach to treating people like we want to be treated." Others have developed more formal strategies for coping with loyalty issues. One company has developed an "employee loyalty department" that is dedicated to analyzing and studying loyalty and commitment issues. Not only does the department examine turnover data and exit interview

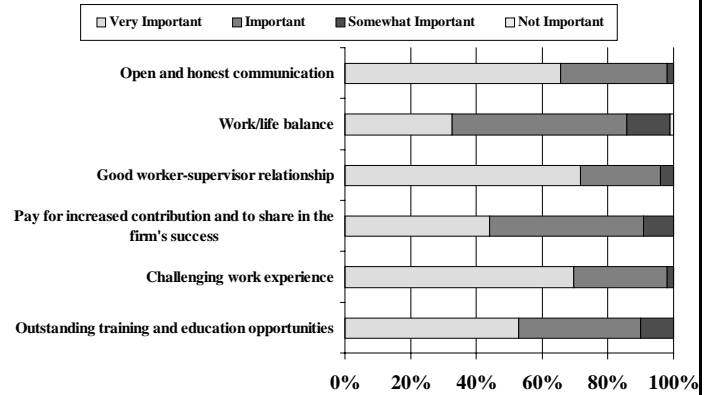
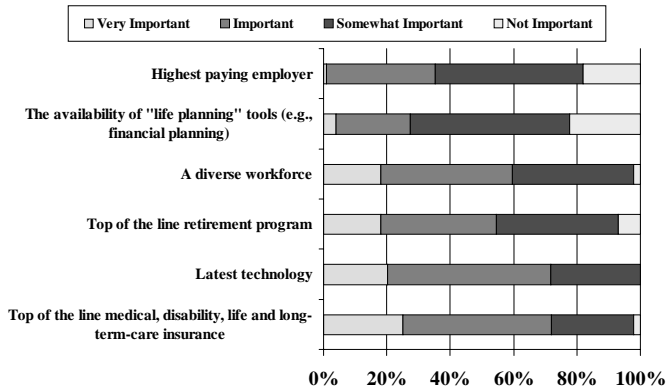
information, it also runs service awards and education assistance programs.

Quite a few respondents mention strategies for improving employee communication, development and training. Improving leadership and management skills among supervisors is also a priority in a number of firms. One respondent notes, for example, "Current focus is on education and training of managers, who in reality control most of the retention levers we can put in place."

Many of these same conclusions were borne out when HRI

asked respondents to rate a list of strategies in terms of their importance for attracting and retaining a highly motivated, loyal and committed workforce. Nearly three quarters (73%) said that maintaining good worker/supervisor relationships was very important, followed by creating a challenging work experience (71%), ensuring open and honest communication (65%), providing outstanding training and education opportunities (52%), and creating pay systems that reward increased employee contributions and allow them to share in the firm's success (44%). But being

# How important are the following strategies for attracting and retaining a loyal and committed workforce?



Source: *Loyalty and Commitment: A Survey on Attracting and Retaining Workers*

the highest-paying employer received the lowest rating of all, with a mere 2% saying it is very important.

Many employers are realizing that loyalty isn't exactly dead but, rather, that it has evolved. Instead of being loyal to their companies, today's workers, especially the younger ones, are more likely to be loyal to their professions, to the projects they're working on, and to their immediate supervisors. The strategies that employers of choice are using to recruit, retain and motivate young people rely less heavily on traditional pay and benefits and more on creating a work environment that allows people to grow and develop. Employers can use the following strategies to boost loyalty and commitment by focusing on the employees' professions, projects and/or supervisors.

## ***Increase their marketable skills***

Employees want good training opportunities, and lots of them. They feel the need to keep themselves up to speed so that

they can survive in the marketplace if they have to. The conventional wisdom used to be that if the company makes them marketable, they'll leave at the first opportunity. But today, companies are finding that the more training they get, the more likely employees are to stay. Indeed, when the training ends, the turnover tends to begin.

## ***Provide challenging work***

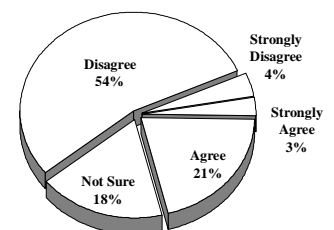
The best and the brightest know they have the skills, so they want their supervisor to provide challenging work assignments. Sometimes this is a big hurdle for larger employers because there is a perception amongst young people that they will have to spend years in a large company before they are given a challenging assignment. Therefore, many fail to see large companies as an employer of choice. On the other hand, there is a perception that if they go to a smaller company, there will be more challenges earlier on in their careers. They may, of course, be right. Many supervisors may be reluctant to give challenging assignments to

young people because they lack experience. These bosses may believe that they themselves can do assignments faster and with fewer mistakes. As a result, they are hesitant to delegate important work.

## ***Provide task variety***

Managers commonly complain that the "MTV generation" gets bored quickly and so hates work that requires them to perform narrowly defined tasks. But the situation is more complex than that. If the half-life of the skills needed to perform a job are long (that is, those job tasks will continue to exist for some years), then young employees want a job with broad duties and a lot of task variety. In part, that's because they want to have more job skills on their résumé when they are

## **Workers dislike formal job definition, structure, and hierarchy**



Source: *The Changing Workforce survey*

forced to get another job. If, on the other hand, the half-life of the skill is short (as with many computer programmers), workers may not want a lot of task variety. Rather, they may want a lot of experience in their narrow field so they can stay up to speed in their ever-changing occupation. This is probably why the respondents to HRI's *The Changing Workforce* survey were divided about whether workers dislike formal job definitions, structure and hierarchy.

***Create a culture that values intellectual stimulation***

Employees know that they have to be committed to lifelong learning. As a result, they value a supervisor who is a coach, teacher, and mentor. And, they value being around peers who will stimulate them. This is part of creating a “fun” environment.

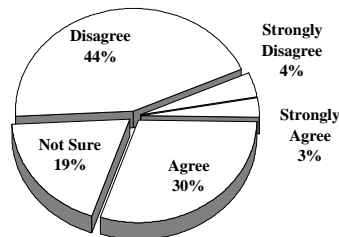
***Create teams carefully***

Employees, especially younger ones, anticipate a team environment, but they may not all be prepared for it. Research suggests that young people can be divided into three groups. First is the small but growing group of young people who have advanced technical skills and yet are sometimes socially inept. They think that the soft, mushy things called teams are a waste of their valuable time, time that could be better spent sitting at their computer. These individuals are likely to wind up on “virtual teams” in the future and may need some training in how to operate in such teams. When HRI asked respondents whether their employees are accustomed to working on virtual

teams, only one third said they were, while 19% were not sure and 48% said they weren't.

Second is the group of individuals who have had a great deal

**Workers are accustomed to working on virtual teams**



Source: *The Changing Workforce* survey

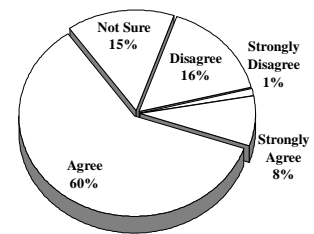
of experience in high school and/or college with team projects. They prefer working in teams, and if the company does not put them in team projects right away, they become dissatisfied and leave. A third group has come through school without a lot of experience with team projects. They've been most strongly influenced by a culture that still celebrates individualism. They are not very productive in team projects, but evidence has shown that they can learn the group dynamic skills to perform well in teams. The rule here is that there is not a one-size-fits-all solution to team projects.

***Recognize that high pay, by itself, will not be enough to retain people***

Low pay will often drive employees out the door, but high pay won't necessarily keep them. Ultimately, they stay because they like their coworkers and are engaged and challenged by work that makes them better at what they do.

That's not to say that money isn't a motivational factor. In fact, 68% of the respondents to HRI's *The Changing Workforce* survey either agreed or strongly agreed with the statement that, more than ever, workers prefer a large portion of their pay to be based on individual performance. They also want a stake in the business via stock options. Dur-

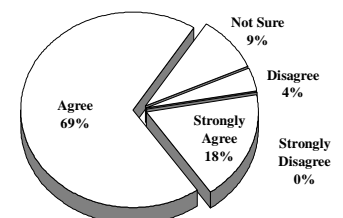
**More than ever, workers prefer a large portion of their pay to be based on individual performance**



Source: *The Changing Workforce* survey

ing the 1990s, the media gave lots of attention to young people who became millionaires overnight when their dot-com companies went public. As a result, many companies offered stock options to the best and brightest as a lure for them to join the company and as a hook to keep them. Unfortunately, over the last couple of years the stock market has had a major correction that left many stock-option millionaires with useless paper and no cash. Still, stock options remain a favorite tool for getting and keeping top talent. Eighty-seven percent of the respondents to HRI's survey

**More than ever, workers want a stake in the performance of the business (e.g., stock options)**

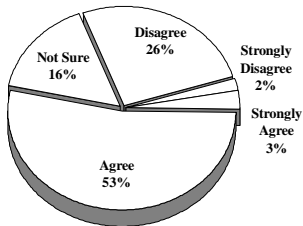


Source: *The Changing Workforce* survey

either agreed or strongly agreed with the statement that, more than ever, workers want a stake in the performance of the business (e.g., stock options).

Despite the emphasis on teams in today's workplace, however, team-based pay isn't as common as these other pay programs. Only 56% of the HR professionals responding to HRI's survey agreed that pay is based in part on team performance in their organizations. It will be interesting to see whether team-based

**For most professionals, pay is based in part on team performance results**



Source: *The Changing Workforce* survey

pay becomes more or less popular in the new networked organization. If it draws people together, giving them a sense of camaraderie, it might prove to be a useful retention tool, since young people are more likely to be loyal to their team than to their employer.

***Provide instant gratification***

These days, the stereotype is that young people do not believe in delayed gratification. I'm sure most readers have seen the commercial where a young woman bursts into a board meeting and proudly announces that she has been with the company for three weeks and thinks that she deserves a host of perks usually reserved for senior management. While the commercial is cute and

makes us smile, there's a deeper meaning. The Baby Busters do not believe in paying dues because they don't trust that the company will reward them for their hard work and devotion. Many have heard a parent or relative say something like this (minus possible profanity) at their kitchen table: "I gave 25 years of my blood and sweat to that company and what did they give me in return – this crummy watch and this lousy severance package." In an age of mass layoffs, younger people have good reason to be less patient than their forebears. If you tell them that they have to wait two years for a change or promotion, they'll leave when a better offer comes along.

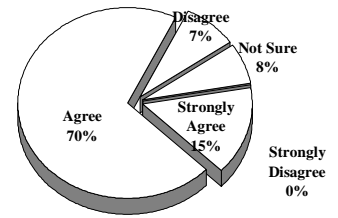
***Make their experience transferable***

Younger employees want to know that whatever they do for your company, it is transferable to another company, even if that new company is in a different industry. This springs in part from their desire to be marketable, but it also is related to the fact that, on the surface, many skills and jobs seem organizationally specific and not transferable. Good supervisors must communicate and demonstrate this transferability.

***Make sure the work environment motivates***

In various surveys, Baby Busters have said that there is more to life than work. Many refuse to have their lives consumed and defined by the work they do. They saw their parents give everything to their employer and get

**Workers view their employer as only one among many clients/priorities in a 24/7 life**



Source: *The Changing Workforce* survey

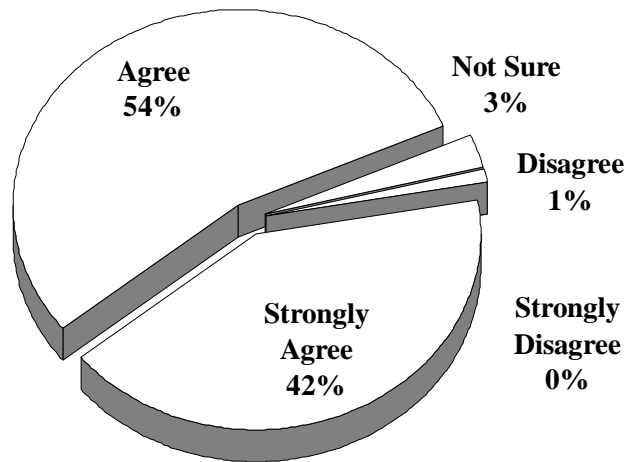
very little in return. So they say they are not going to make the same mistake and become workaholics like their parents. As a result, they've sometimes been called the "slacker" generation. In many cases, however, this is what they say, not what they do. If the immediate supervisor is a good communicator, a trusting manager and a leader who coaches, teaches and mentors, young people will demonstrate an intense work ethic. There are numerous stories of young people who bring a cot and knapsack into the office for weeks on end to ensure that projects are completed on time, or who put sugar on pizza while drinking Red Bull just to stay up all night to finish a project.

***Pay attention to work/life issues***

Despite demonstrations of hard work, many Busters are determined to "get a life." In many cases, their parents tried to balance work and family and did a lousy job of it. The Busters plan to do better and demand that their employers provide the flexibility that allows them to pursue outside interests. In fact, 85% of the respondents to HRI's *The Changing Workforce* survey either agreed or strongly agreed with the statement that workers view their employer as only one among many

## Workers are seeking greater flexibility in their work arrangements

Such blurring raises all sorts of issues for employers and, especially, HR professionals.



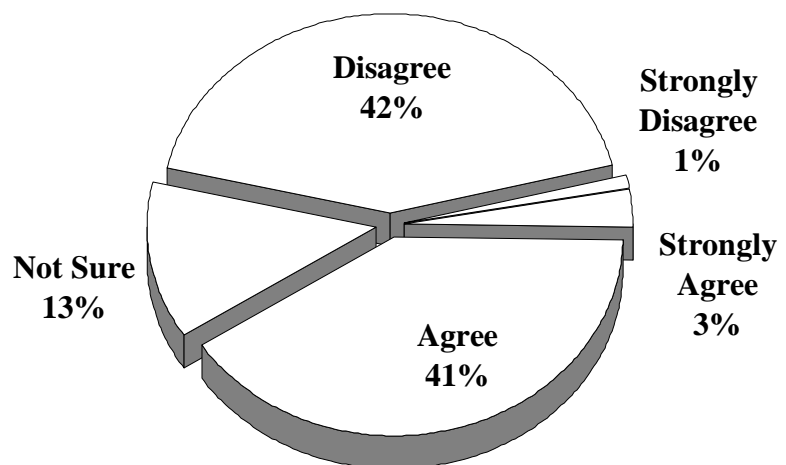
Source: *The Changing Workforce* survey

clients/priorities in a 24/7 life. In addition, 96% said workers are seeking greater flexibility in the work arrangements. On the other hand, respondents were evenly split on the statement that work/life support programs are perceived as a given – with 41% agreeing and 42% disagreeing.

cases, young people are even bringing their pets into the workplace, as was highlighted last year in a *Fortune* magazine cover story. This has been the reality in a growing number of companies. Employees may be feeding cats in one office, training puppies in the next, and allowing their kids to run around with their squirt guns.

Yet, even as employers are getting used to the idea of giving employees more flexibility to balance work and life commitments, the whole idea of flexibility seems to be changing. For many young people, flexibility does not translate into balancing their work and personal lives but rather blurring them together. They not only take work home with them – often with the help of a variety of high-tech gadgets – they take home to work. A 2001 survey conducted by the Society for Human Resource Management shows that about a quarter of responding companies allow employees to bring their children to work in an emergency. In some

## Work/life support programs are perceived as a “given”



Source: *The Changing Workforce* survey

# The Future of the Workforce

*So what lies ahead? That script can only be written by time as the various trends and countertrends play themselves out. However, while it is not possible to predict the future, we can use this paper as the basis for formulating scenarios about possible futures. The following sketches should not be thought of as predictions per se. Rather, they're meant to encourage you to envision the future in various ways, thereby helping to prepare your organization for whatever future may unfold. Here, then, are four different visions of the workforce circa 2015.*

## ***Intergenerational Warfare***

At first, the term “intergenerational warfare” was just a metaphor for intergenerational tensions in the workplace. Older Boomers tended to roll their eyes at their younger colleagues, faintly amused and increasingly irritated by everything from the body piercings and pet parrots to a lack of respect for normal work routines. “Used to be I was just frustrated,” says 67-year-old Joe Smith. “A lot of these kids are smart as blazes but totally foreign to me. I’d need some IT help, and I’d be patched through to some service guy who would be over at the skateboard park. There I am, trying to hear over the music and the yelling and the skating, and this young guy wearing a helmet and knee-pads would be trying to walk me through something, and *he’d* be

the one taking an impatient tone with *me*. I used to go to the HR folks to complain, but they’d more or less tell me to lighten up, saying that in an ultra-tight labor market they had to give the Gen Y generation the flexibility they needed or they’d just quit and then I’d have no support at all.”

Smith wasn’t alone in his frustration. Coworker Nora Tibiki, age 45, didn’t so much mind the super-mobile lifestyles of the Gen Y generation – she didn’t like the fact that they didn’t seem to share her ideas about the boundaries between work and personal lives. “When I was their age,” she says, “I wanted a lot of flexibility to balance my home and work lives, but I knew where to draw the line. There’s a difference between balance and total blurring. Nowadays, I get work calls at home all the time, sometimes late at night, from kids who want me to discuss some work

project. I want to tell them, as we used to say, to ‘get a life,’ but the thing is that I know that sometimes they’re actually at a party or something, making a business phone call. They’re multitasking machines, and it makes me crazy. I need some separation.”

But it turns out that this kind of generational friction was just the beginning. In 2013, the real war started. A group of young people calling themselves the “Y-Nots” launched Internet attacks against both the world’s major corporations and the governments of the wealthiest nations. Summing up their agenda as “New World or Bust,” they hacked away at the information infrastructures of institutions they deemed environmentally or ethically suspect. “Our goal is to make the cost of bad behavior unacceptable,” said the group’s virtual spokesperson on the Internet. From what the FBI could find

out, the group was actually more of a loose network of like-minded hackers. “We are a practical-minded bunch of idealists,” they said. “We wish to save the world from itself. Meet our demands and we’ll go away. STOP THE GREENHOUSE EFFECT. REFORM SOCIAL SECURITY. CREATE A GLOBAL MINIMUM WAGE.”

For corporations, the frightening part was they didn’t know which of their young high-tech geniuses they could trust with their all-important networks. The Boomers and Busters now running companies started trying to put tighter security controls on younger employees, a strategy that often backfired. Resentment built and tensions began running high, sometimes leading to physical violence. Joe Smith describes his experience: “Last week, I asked some young guy who was supposed to be on my project team to help me with something. He basically ignored me, but the words ‘STEP BACK, GEEZER, OR WE’LL REFORMAT YOUR FACE’ lit up on the wall-screen of his workstation. I later found out those are song lyrics. When I told Security about the implied threat, they confronted him and then some other younger guys started defending the first guy and pretty soon a full-fledged fight broke out. It’s like one of those Baltic war zones where nobody speaks the same language and it feels like stuff is going to blow up at any time. I’m personally sick of it. I’d retire for good if I could just afford to.”

## ***Harmonic Convergence***

These days, the majority of work teams at Corp. X have three or four generations of people on them. “It’s part demographic necessity and part corporate planning,” says Shiho Mehaffey, a 62-year-old VP of HR. “A lot of the older Boomers and even a considerable number of Depression generation folk are still working these days, largely thanks to the phased retirement plans most companies have implemented. By necessity, these folks are working side by side with the younger generations. Of course, there’s a bit of a generation gap, but for the most part these different age groups complement each other pretty well.”

***“Now, we try to find the right blend of experience and freshness. Older employees can bring a lot of organizational memory and wisdom to the group, sort of like the role that tribal elders served in the past.”***

Mehaffey points to recent research suggesting that intergenerational work groups tend to be more effective than single-generation groups. “Some social scientists believe that human beings are genetically hard-wired to work in such groups,” she says. “For most of human history, people operated in small bands of hunter-gatherers. These bands tended to be multigenerational extended families made up of children, parents, grandparents, uncles, aunts, nephews, etc. Everyone had a place in the group, serving various important roles.

Now we’re finding that multigenerational work groups can develop similar relationships.

“For example, when a young person is hired, we try to match her up with a somewhat older mentor who can help her become culturally acclimated to the workplace. The younger person brings new energy and fresh perspectives, but without guidance that energy can sometimes create organizational chaos. Think about what happened with all the dot-coms in the 1990s. Young folks banded together in a burst of innovation to create thousands of new companies, but most of those organizations failed because they lacked experienced older hands and cooler heads. Now, we try to find the right blend of experience and freshness. Older employees can bring a lot of organizational memory and wisdom to the group, sort of like the role that tribal elders served in the past. Middle-aged employees are often the parental figures, who try to spend a lot of time bonding with the younger people and serve as cultural intermediaries between younger and older workers.”

Mehaffey says that, to prevent intergenerational conflict, orientation programs include a lot of training about how to handle age-related misunderstandings in the workplace. And it isn’t just age that can create problems. The younger generations tend to be much more ethnically and culturally diverse than the older ones, so there’s also a lot of emphasis on multicultural inclusion. “We have e-learning simulations about how to deal with conflicts in the workplace, and once new em-

employees have mastered the simulations, we give them a couple of days of role-playing workshops. It's expensive, but we've found that it helps work groups bond more effectively, and these bonds form greater employee commitment. A number of young people have come up to me and tell me they feel closer to their team mentors and leaders than to their parents, who were always working and could never give them enough time when they were kids."

The result of these intergenerational, multicultural teams has been a type of "harmonic convergence" in the workplace that has helped raise both productivity and innovation rates to historic levels. "Harnessing intergenerational dynamics is probably the most powerful people management strategy I've been engaged in over the last decade," says Mehaffey.

### ***Free Agent Free-for-All***

"The American Age is over," bemoans one CEO of a major corporation, who wishes to remain anonymous. "We're being massacred in the global marketplace, and it's all because we killed off worker loyalty in this country."

That opinion is becoming more widely shared in the U.S. as companies find themselves in an escalating war for talent. "It's like what happened in professional sports, especially baseball," says business historian Jacob Salomon. "Loyalty to teams died away, largely because owners treated players like expendable cogs in a machine. So the players got the hint and the

era of free agency was born. The result was a devastating escalation in the amount of money that players could make as teams began bidding against each other for the best players. Pretty soon, even average players were making huge sums of money and a lot of owners couldn't afford their payrolls. Then there were player strikes. Fans started to get cynical and, besides that, a lot of them couldn't even afford to go see the games anymore, so attendance dried up. Finally, the sport more or less collapsed in this country."

Salomon argues that the same thing is happening in today's workplace. Chronic restructurings have convinced young workers of the futility of loyalty to any one employer. Nor are they sentimental enough to form strong attachments to co-workers or supervisors in the workplace. "We're tough as nails and we don't care who knows it," says one recent Harvard MBA graduate.

Welcome to the age of free agency. Just about everybody graduating with a valuable degree from a good university is signing with an agent right out of school. These agents negotiate with companies in behalf of their young clients, trying to squeeze as much money as possible out of corporations. What's more, these contracts often stipulate all sorts of conditions, from vacation time to promotion opportunities to golden parachutes.

"It's driving the cost of doing business through the roof!" exclaims the CEO. "I'm starting to hate these young know-it-alls

with their smug smiles and huge contracts. They don't give a damn about the organization. They only care about themselves. Even worse, I can't even fire a lot of these kids without it costing the company an arm and a leg in severance fees. How are we supposed to compete against companies in other countries like this? *They've* still got loyal employees who are willing to sacrifice for the good of the whole organization."

***"We're tough as nails and we don't care who knows it," says one recent Harvard MBA***

Salomon argues, however, that business has gotten what it wanted, employees who are no longer dependent on the organization. "They told people to make sure they're marketable, but now they're complaining about how much these same workers are costing them. They've been hoisted on their own petard and should just live with it. After all, these kids are sharp, even if they're not loyal. Today's managers need to take a lesson from the professional sports that are still in business, such as football, where they've learned how to handle free agency better. Those coaches and owners have a lot to teach today's CEOs."

As for the free agents themselves, they have no sympathy for today's companies. The recent Harvard grad says, "Right now, there's a talent shortage and I'm taking advantage of it. Later on,

maybe there'll be a glut and I won't be able to negotiate for as much. Hey, that's just the way it is in free markets. If these organizations want loyalty, let them go out and hire some dogs."

## ***Virtual Work Clans***

Today's "virtual work clans" had their beginnings in the 1990s among students in various developed nations, especially those in Scandinavia. Using both PCs and wireless tech such as cell phones and PDAs, it was the young who were at the forefront of creating electronic clans of friends who used chat rooms, bulletin boards, instant messaging, and the like to stay in touch with one another. A lot of them even made "virtual friends" online, people they knew online but had never met in person. These friendships usually revolved around some special interest or hobby: music, videos, gaming, programming, etc.

Of course, the young have always had networks of friends, but in the past these networks tended to fall apart when they left home to find jobs or go to college. It was too hard and awkward to stay in touch. But in the mid- to late 1990s, this started to change. Kids still fell out of touch with one another, but the networks tended to be more stable over time. Students would make new friends at college, but it was

easy for them to maintain the e-mail addresses of their old friends and send off messages when they got the urge.

By the time they'd reached adulthood, a lot of young people had a hundred or more contacts in their electronic address books. Not surprisingly, they often used these contacts when they hit the job market. That's when the first virtual work clans were born. "I'd get a certain work assignment," says virtual work clan pioneer Eric Ullman, "and I knew that if I did well, I was going to impress my boss, so I'd ask somebody in my network for help. I'm a programmer, but one of my friends is a genius at digital graphics, and we worked together to make a really good simulation that got me a raise. Later on, I helped her with some projects and got to know some of her co-workers. Anyway, eventually we'd put together a sort of clan of friends who helped one another.

"To make a long story short, we decided to create a talent co-op that would sell its collective skills to the company that made us the best offer. We said, 'Hey, we work well together and have a really nice set of complementary skills, and we've done some great projects. We're worth more than the sum of our skills, and we want to be paid for that. How about it?' And our current company bought the idea, hiring us all at

one time. So we got a good deal, our employer got a good deal, and we've become a productive cluster of skilled employees, even though a lot of us telecommute to work."

Such work clans now come in various forms. Some operate more like small companies that temporarily lease their collective skills to the highest bidder, while others sign on with specific companies. For employers, they're attractive because they're made up of workers who are committed to one another and to whatever project they're working on, if not to a specific company. Even if they've been hired for just a one-time job, they can become very productive very quickly. "I think clans come up the learning curve a lot faster than individuals can because, even when they're learning something new, they don't have to mess around with a lot of new personalities. Sometimes, of course, people leave their clans, but that's okay because the clan can usually find another person to take their place."

A growing number of employers view work clans as ready-made talent blocks that can be used to assemble whole operations very quickly. "They have their drawbacks," says one CEO. "They can be expensive and may have union-like labor demands. But in an age when young talent is scarce, they're often the most effective way to get something done fast and well."

***"We decided to create a talent co-op that would sell its collective skills to the company that made us the best offer. We said, 'Hey, we work well together and have a really nice set of complementary skills, and we've done some great projects. We're worth more than the sum of our skills, and we want to be paid for that.'"***

# Conclusion

As the scenarios illustrate, each generation does not exist in a vacuum. Each generation's role in business and society will be influenced not only by the age of its cohort but by the generation that precedes and follows it. The policies of corporations and the legislation of governments at all levels will also have a large influence. Of course, it's unlikely that any of the scenarios described above will come to pass exactly as presented, though each may hold a nugget of truth. But just developing and critiquing such scenarios helps open our minds to future possibilities.

It's widely accepted that the only sustainable competitive advantage in the 21<sup>st</sup>-century marketplace will be the quality of the organization's people. A prolonged shortage of highly talented employees will ensure that every organization will walk that talk. In most cases, those people will be members of four different generations, each with different attitudes, behaviors, needs and desires. Anticipating what that future workforce might be like should help an employer prepare to take advantage of each generation's strengths and minimize its weaknesses.

What's more, it's not too late for businesses to have some say about what those strengths and weaknesses will be. Many firms already are striving to make a difference. Such actions are taking many forms, such as community involvement that aids today's children (and tomorrow's workers), flexible work arrangements that help employees balance work and personal responsibilities, training and recruitment policies that will help the generations effectively work with one another, strategies intended to enhance employee commitment, and collaborative efforts with local, state and federal agencies to ensure that the labor force becomes as skilled and productive as it is diverse. It is up to the individual organization, of course, to decide which strategies best serve its long-term mission.

*Inform - Educate - Promote Strategic Thinking*



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