

Strategic Human Resources and Human Capital Development: Strategies for Managing the 21st Century Workforce

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Abstract

The departure of the baby boomers from the work force is an issue that few employers are prepared for. The populations of Generations X and Y are ill equipped to replace the mass exodus of baby boomers from the work environment, therefore making recruitment the most important job in human resources. The Bureau of Labor Statistics estimates that the number of available jobs will grow faster than the labor force¹. Hence, plans for recruitment, retention and succession have been thrust to the forefront as a priority of every business in America. Before employers can address managing the generational gap in the work place, employers must derive feasible and effective recruitment strategies to ensure their vitality. For U.S. corporations, tomorrow's competitive battle will be won or lost on the strength and ability to build and retain a skilled workforce.

Introduction

Organizations today, large or small, public or private, profit or not-for-profit, are faced with the daunting task of managing a "multi-generational" pool of employees. The various generations: Baby Boomers, Baby Busters, Generation X & Y all have differing and competing interests, needs and expectations that are placing a demand on organizations to embrace, cultivate and incorporate these needs within the organizational structure. Moreover, despite the real or perceived strengths that each group brings to the organization, the realities of the marketplace are placing a demand on the organizations as well (economic instability, downsizing, rightsizing, global competition, privatization, rapid technological advancements) to quickly find solutions and insure a competent workforce is in place and prepared to meet these challenges. These realities have caused management to rethink and ultimately abandon the traditional "one size fits all approach" to management in search of more creative, balanced and flexible strategies to manage the new/emerging populations.

Herein lies one of the perceived barriers to organizational effectiveness, not only are the various generations motivated by different incentives, but the American workforce is largely

¹ Denton, D. Keith. "Reengineering Employee Recruitment: Retain the Best that Remains," *Business Forum*, Spring 1997.

comprised of baby boomers who subsume approximately 76 million of today's workforce and are expected to remain in the workforce well beyond the retirement age.²

Moreover, boomers disproportionately comprise a larger share of the managerial and administrative positions in public organizations and are primarily responsible for managing many of the new entrants. These trends suggest that if organizations want to attract, retain and motivate Generations of younger employees, then it is imperative that policies, programs and strategies are developed to ensure the effective utilization and management of these employees and forces organizations to find solutions to these probing questions: How will these groups relate to one another?, What are the implications for workforce productivity?, What strategies/management tools are effective? Ineffective? How can each group work to capitalize on the strength and expertise of the other? The goal of this research seeks to answer these questions and to identify effective tools and techniques for managing the new workforce. These tools will include the utilization of census data, department of labor and the Office of Personnel Management (OPM) statistics as well as identifying best practices through relevant literature in meeting the needs of these employees. The implications for recruitment, retention, human resource management policies and programs, technological advancements/communication will be used to guide this discussion.

Historical Overview and Problem Identification

One of the most pressing questions among management is how do we find a perfect medium among the diverse groups? However, before this question can be addressed, it is important to understand the various groups who comprise "the new American workforce". Baby Boomers, (first wave) were those born between 1946 and 1954 values, beliefs and work ethic were formed largely by the social, political and economic realities of their time: strong family values, strong sense of community, and a commitment to democracy.³ These realities created a sense of pride, responsibility, obligation and loyalty to organizations and a need for "self-actualization." Management's response was simple: a good/healthy work environment, minimum training/development, and a good salary and benefit package in exchange for a consistently high level of productivity.

A recent workplace demographics study revealed that many baby boomers are planning to retire from their full time jobs. After retirement 8 in 10 baby boomers anticipate working after retirement. Baby boomers are currently the fastest-growing segment of the U.S. labor force, according to the Labor Department. By 2014, about 20 percent of the workforce will be made up of workers over 65, estimates show.⁴

Baby Boomers (also known as Busters second wave), those born between 1955 and 1964,

1 Doverspike, Dennis. (2000) et.al. "Responding to the Challenge of a Changing Workforce: Recruiting Nontraditional Demographic Groups", *Public Personnel Management*, 29 (4), Winter.

³ Hatfield, Shannon. (2002) "Understanding the Four Generations to Enhance Workplace Management.", *Association of Financial Professionals*, July/August.

⁴ Ferrery, Ana P. (2008) "Talent Shortage Looming" *Inc. com* retrieved September 15, 2008. www.inc.com

are technologically advanced, having had access to computers during their youth. In addition, this generation may insist that their work is fun, and are likely to not see their work as an essential component of their identity and to feel that they are not appreciated in the workplace. According to Gajewski, the fact that Busters graduated into a bleak job market and rising college costs conditioned them to be cynical or feel alienated.⁵ Many long-term employees are described as lacking initiative, unproductive, burnt out, or retired on the job.⁶

As a result of the aforementioned, Baby Busters feel poorly equipped to deal with staff performance problems. Many of them would like to improve their own skills, but they would also like changes made to the performance review system. Baby Busters respond to challenges facing the organization and are willing to help executives and managers address critical issues in their work environment.⁷ For many years, government employment was considered to be a safety net for Baby Busters as they have held positions in state government for twenty plus years prior to retiring.

However, one of the many challenges facing Baby Busters is that they have limited financial resources as a result of recent difficulties created by a shortfall in state revenues and budget reductions. Moreover, Busters are concerned with decreased funding, staff reductions, and an inability to serve the public. Although the current budgetary crisis will undoubtedly decrease with improving economic conditions, the ability to produce results with limited resources will always be a leadership challenge for organizations.

Generation X (those born between 1965 and 1980) and Generation Y (those born between 1981 and 2000 and beyond)⁸ experiences are vastly different from their predecessors. Generation X consists of a younger age group with different characteristics opposed to Baby Boomers. Approximately 38 million people were born in the United States between 1965 and 1975, about half the number born during the Baby Boomer generation.⁹

Generation Y employees are more than 57 million strong and are the largest consumer group in the history of the U.S. Generation Y is entering the workforce now and will continue into the first quarter of the 21st century. Generation Y is described as well informed and media savvy. They have grown up understanding the new digital economy and are comfortable with changes brought about by the new technology and e-commerce now coming into its own on the Internet. Unlike previous generations; Generation Yers are becoming conversant with a communications revolution that is transforming business, education, health care, entertainment, government, and every other institution in our society.¹⁰ Unlike previous generations that would grumble at being poorly treated but remain for the sake of a paycheck, these workers won't put up with it. Why should they? The onus is employers to make the workplace make sense to them and to keep it interesting and fun.¹⁰

⁵ Fleming & Curti, P.L.C., (1995) Generalizations About Generations, *Elder Law Issues*, 3 (3), 17 July.

⁶ *Ibid.*, 1995

⁷ *Ibid.*, 1995.

⁸ Hatfield, Shannon. (2002) "Understanding the Four Generations to Enhance Workplace Management:," *Association of Financial Professionals*, July/August.

⁹ *Ibid.*, 1995.

¹⁰ Verret, Carol, 2000. "Generation Y: Motivating and Training a New Generation of Employees," *Consulting*

Both Generation X and Y employees have witnessed a slow and painful disintegration of our school systems, erosion of the “traditional family structure”, an introduction and proliferation of female headed households. Additionally, these generations were the first “latchkey kids” and experienced economic uncertainty that has created decades of massive layoffs, downsizing, rightsizing, mergers/acquisitions in the midst of rapid technological advancements, global competition, privatization/outsourcing and the introduction of the pop culture revolution. These realities describe the childhood and early adulthood of the new faces of the American workforce Generations X & Y. Concomitantly, these realities helped to perpetuate a set of needs and expectations that are quite different from the baby boomers. Generations X & Y are highly concerned and motivated by a healthy balance between work and family, flexibility, agility, autonomy, creativity, respect, higher wages, and a productive, warm and a friendly work environment where work is meaningful. Furthermore, these employees are highly skilled, educated, technically savvy and willing to take the organization to new heights if the aforementioned are provided.

Due to the difference in values and interests amongst the generations, organizational needs tend to change over time to accommodate each generation. Baby Boomers are more likely to seek jobs in which they can make a long-term commitment. They also value jobs with health benefits and job security. Baby Boomers are less competitive in the workforce compared to Generation Xers.¹¹ Baby Boomers and Baby Busters are more loyal to organizations which play a significant role in the structure of the organization. Layoffs and downsizing propose a bigger threat to baby boomers because of their enormous commitment and investment in one particular company.

On the other hand Generation Xers tend to acquire skills from an organization that would enable them to advance their careers.¹² Most Generation Xers have a college education that is normally substituted for experience. Generation Xers are known for being more technologically advanced. They are also accustomed to being independent workers and tend to think more outside the box than Baby Boomers.¹³ The “younger generation”: New employees to the workforce are described as less dedicated to work, more focused on family and leisure time, less willing to work long hours, and less likely to relocate for a promotion.¹⁴

Having an understanding of these issues requires management strategies will continue to evolve in accordance with the entrance of Generation Y into the workforce. Although some Generation Y employees have entered the workforce, they pale in comparison to the number of Baby Boomers, Baby Busters and Generation X which make up the majority of the workforce.¹⁵ Baby Busters tend to be involved in the organization’s mission, setting its objectives, and developing ideas for the organization.¹⁶ Generation X is concerned with implementation of objectives for the organization. Leadership styles can vary from one generation to the next.

Training Seminars, November .

¹¹ Ibid, 2000.

¹² Ibid, 2000.

¹³ Verret, Carol, (2000) "Generation Y: Motivating and Training a New Generation of Employees," Consulting Training Seminars, November Ibid.

¹⁴ Starling, Grover, (2002) Managing the Public Sector, Thomson Wadsworth Publishing.

¹⁵ Ibid, 2002.

¹⁶ Ibid, 2002

Generation X and Generation Y are different in many areas. For example, Generation X and Generation Y employees have a strong resemblance to Douglas McGregor's theories of management, theories "X" and "Y."¹⁷ According to McGregor, Theory X is a soft management approach in which people must be threatened to work.¹⁸ Generation Y resembles the Theory X by nature because Y dislikes work, lacks ambition, irresponsible, and resistant to change.¹⁹ Theory Y is a hard management approach that is inclusive of people who are more productive and see work as satisfying.²⁰

Generation X is a reflection of Theory Y because Generation Xers are willing to work; they are characterized as being responsible and creative.²¹ The effects of a soft approach may involve management being taken advantage of and the workers expect more but give less. Theory X primarily relies on external control and money can be used as an incentive for a last resort, but will have limited value. On the other hand, the hard approach may have such effects as restriction of output, antagonism, and subtle sabotage of management's objective.²² Management who implements a hard approach may encounter difficulties with those who are self-centered.²³ Currently, the popular theme is "firm but fair." This is an attempt to gain the advantage of both the hard and soft approaches.²⁴ The essential needs of the workers include physical, safety, social, ego, and self-fulfillment. If higher levels of needs that exist are not satisfied, the employee's behavior will reflect deprivation.²⁵

"Characteristics that motivate Generation X and Generation Y workers include: opportunities to learn, positive feedback, information sharing, and learning opportunities."²⁶ Managers must be able to understand what motivates these workers and formulate policies and programs that are accurately focused upon these employees. Effective management requires skills that managers must delegate to different generations by utilizing planning, decision making, organizing, implementing, and evaluation techniques to cater to the needs of different generations who comprise the current laborforce.²⁷

HRM Polices: Traditional vs. Strategic Human Resources Management

Within the expansion and transformation of today's workforce, management of Generation X and Generation Y employees is one critical aspect that affects organizations in the American

¹⁷Ott, J. Steven and Shafritz, Jay M., (2001) "Classics of Organizational Theory Fifth Edition, Harcourt College Publishers, (Orlando:), pg. 179.

¹⁸ Ibid, 2001.

¹⁹ Starling, Grover, (2002) *Managing the Public Sector*, Thomson Wadsworth Publishing.

²⁰ Ott, J. Steven and Shafritz, Jay M., (2001)"Classics of Organizational Theory Fifth Edition, Harcourt College Publishers, (Orlando:), pg. 179.

²¹ Starling, Grover, *Managing the Public Sector*, Thomson Wadsworth, 2002.

²² Ott, J. Steven and Shafritz, Jay M., (2001)"Classics of Organizational Theory Fifth Edition, Harcourt College Publishers, (Orlando:), pg. 182.

²³ Ibid, 2001.

²⁴ Ibid., 180.

²⁵ Ibid, 2001.

²⁶ Wah, Louisa (2000) *Managing Strategically. Management Review*. 89 (3) pgs. 6-8: New York.

²⁷ Starling, Grover, (2002) *Starling, Grover, (2002) Managing the Public Sector*, Wadsworth Publishing.

workforce. The emergence of these employees and the different challenges they possess force organizations to consider different strategies to meet the needs of these employees. Therefore, organizations and managers must determine, plan, and implement new policies and programs that will allow them to meet the needs of these employees while continuing to effectively manage them and orient them to the vision and various objectives of their organization. While devising such strategies for these policies and programs, managers need to consider the obligations that the organization has to these employees such as terms of employment, wages and economic benefits, and future promotional opportunities that will recognize the abilities of these employees and help the organization retain them.

To undertake this challenge, an overall assessment of the organization, its policies and programs, and its employee's needs must occur. An organization that attempts to perform such an assessment must begin with the policies and programs that they currently provided for Generation X and Generation Y employees. These policies and programs may range from work schedules and hours to skill development and leadership training offered by an organization. In any instance, managers must be able to provide acceptable programs and create policies that address the needs of these employees while increasing their level of productivity and commitment to the organization during their tenure. "Studies have indicated that these individuals will not stay at the same place of employment for more than five years and in most cases may move at the three-year mark."²⁸ Outside of realizing this issue, managers must discover methods of planning that allow these employees to develop new skills and abilities, while planning to develop and retain these employees within the organization. Therefore, managers must be able to determine what strategies the organization can utilize in their attempt to meet the needs of these employees.

Research suggests that in order to meet organizational needs while simultaneously meeting the needs of the new workforce; managers may have to adjust their management style. These initiatives were perpetuated by global competition, a robust economy, rapid technological advancements and a tightened job market in the mid-90s. During this period, employers began to realize the importance of recruiting the "best and brightest" skilled workforce due to increased competition. Also, the "hired for life" outlook began to diminish as both employers and employees realized the job market was competitive and changing work designs also meant changing personnel. This phenomenon created a paradigm shift in employees' perspectives of long-term employment with one organization. Moreover, organizations, are also attempting to strengthen the rapport between employers; in an effort to promote and incorporate strategic policies and programs designed to accommodate employees and alter the current trends of the workforce processes.

Policies may be catered towards an employee's role within the organization and may also range from initiatives that promote concepts such as managing approaches to employee benefits and compensation to considering flexible work schedules. Organizations must be cognizant however, of challenges that include workers who are struggling to balance family and work responsibilities. (i.e., handles dependent care needs, further their education, be involved in their community, and other responsibilities that are external to the organization.) Flexibility gives workers a sense of control over their personal lives, which has implications for organizations to

²⁸ Ibid, 2002

reduce health benefits cost, increase morale, decrease absenteeism and allows employees to control stress while maintaining productivity.

Productivity is critically important to organizational success and effectiveness and as working environments change, as a result organizations have to become highly concerned over their methods of human resource management. Depending upon the organization, human resource issues may be managed in the traditional or strategic approach. The traditional paradigm has been the ideal method of many organizations; however, if organizations are to remain competitive the focus must shift towards strategic human resource initiatives. The traditional approach leaves organizations in a stagnant mode; however, the strategic method has proven to be the chief element in restructuring an organization to adjust to the changes of their environment. There are distinct differences between the two approaches; therefore, it is imperative that both approaches are analyzed so that organizations are prepared to effectively manage the workforce of the 21st century.

Traditional human resource management is characterized by basic personnel functions such as maintenance of personnel files, processing documents, and maintaining employee records. A typical traditional organization would handle staffing needs, recruitment and training issues, compliance of federal, state, and local regulations, and the overall management of employees in a reactive state that would not exemplify any effort from the organization to cater to the needs of its consumers nor its employees. These organizations are, and will continue to be, lacking the experience that is needed to manage the workforce of the 21st century if there is not a transition to the strategic human resource management approaches that is suitable for the workforce of the 21st century.

Arguably, strategic human resource management is a key element to human resource issues in the 21st century. Strategic human resource initiatives include flatter organizational structures, effective teambuilding and the adoption of a “human investment perspective” that values the skills, knowledge and abilities of the employee. Effective human resource management strategies should focus on the added value of the human resource functions. This strategic approach would include a valiant effort forming strategic partnerships with the human resource function, participation within the planning and strategy of organizations, and transforming business strategies into human resource practices and policies. With a strategic approach in place, organizations and the human resource function will be able to function within the objectives and goals of the organization, while maintaining a competitive advantage and effectively managing the workforce of the 21st century. A critical function of human resources management is recruitment as this process is seen as the “gateway” to ensuring that the organization “employs the right people at the right time with the right skills.” This function will place demands on the organization as a result of the diverse labor pool from which to recruit potential candidates.

Overcoming the Recruitment Challenge

Managers should understand important human resource theories in order to implement effective

recruitment strategies. Various recruitment techniques are grounded in Human Resource Theory, which draws on theory built around the following assumptions: organizations exist to serve human needs rather than the reverse; organizations and people need each other; when the fit between the individual and the organization is poor, one or both will suffer: individuals will be exploited, or will seek to exploit the organization or both. A good fit between individual and organization benefits both: human beings find meaningful and satisfying work that they enjoy, and organizations get the human talent and energy that they need.²⁹

While new and innovative recruitment measures must be created, the traditional methods of recruiting include newspaper advertisement, internal recruitment, job fairs, utilizing “headhunters” or outside recruitment agencies to name a few. In this method, employers provide recruitment agencies with specific criteria to ensure the “perfect fit” for available positions. The problem remains that using these traditional methods does not always yield the quality applicants that employer’s desire. Therefore, if searching in the usual places is not getting what the employer wants, then redoubling efforts is a waste of time and money.³⁰ If searching in the same places and recruiting the same people does not work, then new recruitment methods must be identified.

The new emphasis on technology has forced almost every industry to learn how to recruit the younger generations or how to retrain their older generations of workers to fill emerging positions.³¹ With the Internet becoming a part of everyday life, searching for jobs via the World Wide Web is simplistic. Therefore, many potential recruits first impression of the company comes from the information contained on the website. Websites should not be inundated with history and tradition, giving the impression of a slow moving and impersonal company. Instead, company websites should include targeted messages that will appeal to the hopes, dreams, values and expectations of the younger generations that companies are struggling to attract.³² Another added benefit for employers using the Internet as a recruitment tool is the ability to recruit twenty-four hours a day, seven days a week, as the Internet is always available. In addition, the Internet provides the ability to recruit both nationally and globally reaching areas not previously reached using other traditional recruitment methods.

With recruitment becoming the main priority of companies, it can no longer be the daunting task of human resources. Hiring decisions must become a group activity, or decentralized hiring. Organizations must employ panel interview skills and techniques to assist in this task. The purpose of panel interviewing is for everyone, particularly those that will work closest with the employee to gain as much information as possible about the candidate. This format allows for a variety of viewpoints or areas of expertise to be brought to bear on the hiring decision. In addition, panel interviews reduce subjective standards and personal biases. Panel interviews work for both employer and applicant by allowing applicants to get a full picture of the organization and the job opening, and as well as allows employers to gain a complete picture of the applicant.

²⁹ Shafritz, Jay, M. et.al. (2001)Classics of Organization Theory. California: Wadsworth Group/Thomas Learning.

³⁰ Lancaster, Lynn. et.al. *When Generations Collide*. New York: Harper Collins, 2002.

³¹ Ibid, 2002

³² Ibid, 2002

However, the key to recruitment is not to fill vacant positions by hiring bodies, but to hire skilled workers who are understanding and receptive of the company's vision. From recruiting materials to interviews, to the presentation to the candidate once they arrive at the company, there are plenty of opportunities to make the younger generations tune in or tune out. In learning to work with the younger generations, organizations are becoming more aware of insensitivities that they should have always been conscious of. Older generations had the same wants and needs, as the younger generations, but have grown a tolerance for not getting them because they had no other choice. The younger generations with their intolerance for a lack of change expect and demand a different environment.³³

Benefits packages also play an essential role in the recruitment process. Employees desire more than a paycheck as a reward for their hard work. Unfortunately, for employers, the one-size fits all approach to benefits is no longer appropriate. Baby boomers are near exiting the workforce therefore their focus is on retirement options. For Generation X and Y who still have many years remaining in the workforce, retirement options are not quite as important. The generations today are considering a plethora of new choices not formerly available. Suddenly, work conditions, location, flexible hours, levels of technology, family-friendly policies and many more options are influencing employees' decisions as to where to work.³⁴ Stock options, flexible schedules, child-care and eldercare are far more important essentials.

The use of flexible work hours and workplaces enables employees to balance family and work responsibilities or to retrieve some time from commuting and use it for more valuable pursuits.³⁵ Flextime allows the employee to choose their time of arrival and departure or what days they will work. The Office of Personal Management offers various types of flex time which provide different degrees of flexibility such as: flexitour, gliding, variable day, variable week, and maxiflex schedules. Flexitour means a type of flexible work schedule in which an employee is allowed to select starting and stopping times within the flexible hours. Gliding means a type of flexible work schedule in which a full-time employee has a basic work requirement of 8 hours in each day and 40 hours in each week, may select a starting and stopping time each day, and may change starting and stopping times daily within the established flexible hours. Variable day means a full-time employee has a basic work requirement of 40 hours in each week of the biweekly pay period, but in which an employee may vary the number of hours worked on a given workday within the week within the limits established for the organization. Variable week means a full-time employee has a basic work requirement of 80 hours for the biweekly pay period, but in which an employee may vary in the number of hours worked on a given workday or the number of hours each week within the limits established for the organization.

Lastly, Maxiflex means a full-time employee has a basic work requirement of 80 hours for the biweekly pay period, but in which an employee may vary the number of hours worked on a given workday or the number of hours each week within the limits established for the

³³ Radice, Carol. (2002) "Gen Y Workforce: Adapting Management Skills for the New Millennium," *Grocery Headquarters*, 61, March.

³⁴ Ibid, 2002.

³⁵ Ibid, 2002.

organization.³⁶ Despite the increases in the number of Generation X and Y employees in the workforce, a record number of Baby Boomers (1st and 2nd wave) are returning to work. Therefore, organizations must identify effective strategies for managing these employees as well.

Recruiting Baby Boomers

As the nature of the work force changes, the recruitment of baby boomers decreases. With the basic understanding that most companies are not prepared for the upcoming and inevitable demographic shift, recruiting the baby boomer generation is important. In attempting to recruit baby boomers, companies should consider health, finances, and education, since these significantly predict retirement age and adjustment.³⁷

Baby boomers possess a great deal more experience than both Generation X and Y, although the former has more education. Experience is the necessity, and baby boomers can be utilized in more of a mentoring role, bestowing their knowledge and experience to the other generations entering the workforce. Allowing the baby boomers to have a nurturing and mentoring role in the organization fosters the feeling of importance, as well as serves as a helpful tool in the recruitment of this generation.

Aside from recruitment techniques previously mentioned, other key principles in recruiting baby boomers are:

- Let them know their experience will be valued;
- Give them the change agent challenge, i.e. let them know that they will make a difference;
- Stress that this is a warm, humane place to work, though still a dynamic environment;
- Show them places where they can excel, what their track record will be; and,
- Demonstrate that your company is not living in the past; promote the leading-edge nature of your organization and your industry.³⁸

Recruiting Generation X

Generation X is duly marked as skeptical. This generation has watched their parents work 60+ hour weeks, only for a corporation to downsize and lay-off employees. They have witnessed corporate scandals such as Enron and Worldcom, where faithful employees were left with nothing, and the corporations' leaders walked away with all of their retirement and 401k funds essentially free and clear. This generation has witnessed the shattering effect of 9/11 on the economy, with aftershocks and consequences still reverberating today. As skeptical Generation

³⁶ Office of Personnel Management, Accessed at <http://www.opm.gov>. Accessed on March 19, 2005.

³⁷ Doverspike, Dennis. et.al. 2000. "Responding to the Challenge of a Changing Workforce: Recruiting Nontraditional Demographic Groups," *Public Personnel Management*, 29:4, Winter.

³⁸ Zemke, Ron. et.al. (2000) *Generations At Work: Managing the Clash of Veterans, Boomers, Xers and Nexters in Your Work Place*. New York: Amacom,.

X employees continue to saturate the work force, employers must be mindful of these facts. Therefore, one of the most effective recruitment strategies for Generation X is to demonstrate a positive economic outlook for the corporation. Generation X must see economic vitality in order to enter the workforce with confidence.

In a generation where convenience, quick response, and instant results are necessary, job offers become no exception. Waiting an extended period of time to offer the right candidate the position can often lead to a loss of the potential employee. "In the Race to Fill Job Vacancies, Speed Demons Win," a recruiter reported that in roughly half of his searches, talent was lost for moving too slowly.³⁹ This model of recruiting treats the job seeker as if they were a customer. In this model, there is an attempt to speed up the entire process of recruiting, selection, and the job offer.⁴⁰ In order to attract Generation X applicants, public and private sector organizations need to find methods to expedite the hiring process, such as online recruiting and other innovative recruitment strategies.

Another descriptive term for Generation X in the workplace is independent. Generation X employees prefer to work independently with self directed projects. Xers prefer to exert indirect control, promoting management based on self-discipline, the "pull" versus the management "push."⁴¹ While preferring independence, Xers also prefer measurable behavioral guidelines; clearly defined expectations for specific outcomes; clear standards of performance; and, the freedom to operate with relative autonomy, demonstrating a shared-values based contract, as opposed to the traditional social contract of the baby boomer era.⁴²

Recruiting Generation Y

Generation Y or "Millennials" are just beginning to enter the workforce, therefore much information can be gained by studying the current employees in preparation for the Millennials to follow. Traditional recruitment strategies which can be used to lure this generation to the workplace are internships, externships and fellowships. Internships give future workforce entrants the ability to hone their skills and learn valuable work ethic. In addition, internships give employers the opportunity to train the labor pool that they will need in the not so distant future.⁴³

Internships are often offered during the last year of college matriculation. However, with the technical skills of Generation Y, offering internships at the culmination of undergraduate study may be too little too late. Presenting internship opportunities during high school or the first few years of college can provide the employer with their first opportunity at new, skilled

³⁹ Lancaster, Lynn. et.al. (2002) *When Generations Collide*. New York: Harper Collins.

⁴⁰ Doverspike, Dennis. et.al. (2000) "Responding to the Challenge of a Changing Workforce: Recruiting Nontraditional Demographic Groups," *Public Personnel Management*, 29:4, Winter.

⁴¹ Buckley, Ronald, M., (2001) "Managing Generation NeXt: Individual and Organizational Perspectives," *Review of Business*, Summer.

⁴² Ibid, 2001.

⁴³ Lancaster, Lynn. et.al (2002). *When Generations Collide*. New York: Harper Collins, 2002.

talent.

Another recruitment technique for Generation Y is the use of direct college hires. Utilizing this method, companies interact with college placement directors to give a positive image of the company. This strategy helps to identify, attract and hire the potential candidates; to get them early in their careers; and to make sure that the company is getting the best people for the long-term success of the company.⁴⁴ In addition, some companies develop relationships at key colleges through presentations as well as through ongoing contact with professors.⁴⁵

It is clear that mistakes with recruitment from previous generations cannot be afforded with this group of potential employees. This generation is different from others in that this generation has entered the workforce much earlier than generations past, thus they are not the clueless formable minds that managers believe they are. Just as has been customary of this generation, quick response and a service type relationship must be established in order to attract Millennials to the workforce.

Minority Recruitment

While generational employment is an issue confronting most organizations, minority recruitment deserves attention as well. The worker shortage in the U.S. labor force has been accompanied by a change in the demographic makeup of the workforce.⁴⁶

With an increasingly diverse work environment, recruitment strategies must evolve to continue the trend and change with time. Diversity in the workplace continues to grow as there is a decrease of white males in the labor force, and an increase in minorities and women seeking employment. An increase in immigration as well as a large unemployment rate of minorities creates another pool of employees with unknown potential. Recent data from the Bureau of Labor Statistics reveals that on average, unemployment rates for Caucasians are 4%, while Latinos are at a rate of 6%, and African-Americans at a rate of 10%.⁴⁷ In an attempt to reach these minority groups in the employment pool, recruiters must find a way to maximize minority inclusion and minimize the effects of past discouragement, while still emphasizing the importance of merit and achievement.⁴⁸

Recruitment strategies that can be utilized to achieve this goal include advertising using commercial, pamphlets, etc. showing successful minorities. In addition, utilizing minority recruiters also serves a method to demonstrate diversity within a company. Methods previously

⁴⁴ Denton, D. Keith. (1997) "Reengineering Employee Recruitment: Retain the Best that Remains," *Business Forum*, Spring .

⁴⁵ Richard W. Judy and Carol D'Amico *Workforce 2020 : Work and Workers in the 21st Century* (2000) Hudson Institute. page 50

⁴⁶ Doverspike, Dennis. et.al. (2000) "Responding to the Challenge of a Changing Workforce: Recruiting Nontraditional Demographic Groups," *Public Personnel Management*, 29(4), Winter.

⁴⁷ Bureau of Labor Statistics, Accessed at <http://data.bls.gov>. Accessed on February 22, 2005.

⁴⁸ Doverspike, Dennis. et.al. (2000) "Responding to the Challenge of a Changing Workforce: Recruiting Nontraditional Demographic Groups," *Public Personnel Management*, 29(4), Winter.

discussed such as internships and direct college hires may also be used as effective recruitment strategies.

The Congressional Research Service (CRS) is one organization that has placed diversity in the workplace as a priority. With very low staff turnover since the 1970's, the impending retirement eligibility of more than 60% of the Service's staff by 2006 allows for an increase in diversity.⁴⁹ In anticipation of the diversity change in the workforce, the CRS has taken a number of actions including: utilizing national recruitment and hiring programs to attract minority applicants to CRS such as the CRS Graduate Recruit Program, and the Federal Presidential Management Intern Program; Targeting universities and public policy schools with high minority enrollment to serve as recruitment sources for entry level professional positions; and, forging special connections with minority-serving organizations such as Historically Black Colleges and Universities, the United Negro College Fund, the Congressional Black Caucus, the Congressional Hispanic Caucus, and others.⁵⁰

Proactive vs. Reactive

One federal agency that has chosen a proactive succession plan versus a reactive plan is the Government Accountability Office (GAO). Recognizing that human capital would be a challenge in the near future, and in anticipation of the influx of baby boomers leaving the workforce, the agency enacted the GAO Human Capital Reform Act of 2004. The Act provides the GAO with a number of human capital tools and flexibilities to assist in recruiting and retaining employees. Such tools include changing the across the board pay adjustment system applicable to much of the executive branch, expansion of their Academic Achievement Program to hire college graduates with records of superior academic achievement, increased the number of internships, student loan repayments in exchange for a commitment to federal service and a host of other incentives.⁵¹

In the private sector, companies such as Home Depot have teamed with the AARP Foundation to create a new workforce initiative which focuses on recruiting, hiring and retaining "mature" workers. The goal in mind is to help employers avert the labor shortages that will occur as boomers retire and fewer young workers enter the workplace. In addition, this initiative allows for "mature" and experienced workers to teach and train the young employees that enter the company. Other featured employers involved in this initiative include Adecco, Borders Group, Inc., Kelly Services, Manpower, Inc., Pitney Bowes and Walgreens.⁵²

Issues that confront new employees that enter the workforce remain constantly problematic. Undoubtedly, these same issues that influenced previous generations will influence the recruitment of future generations of employees. Not taking the time to learn the personalities and work ethic of each generation can be a costly mistake. Organizations will have problems

⁴⁹ Director's Report: Diversity in the Congressional Research Service, November 2001.

⁵⁰ Ibid.

⁵¹ Government Accountability Office, Accessed at <http://www.gao.gov>. Accessed on March 4, 2005.

⁵² American Association of Retired Persons, Accessed at <http://www.aarp.org>. Accessed on March 19, 2005.

with high turnover, pool of potential candidates, low hiring rates and poor morale in the existing workforce. Good recruiting is essential to success however, that success is also coupled with a strategy for retention.

Retention for Generation X and Y

This very distinctive and diverse group of individuals and personalities make it extremely important for human resources managers to understand their employees and to ascertain various ways to entice people to work for their company and remain devoted. Now, more than ever, human resource departments must help current public sector leaders take the lead in identifying the issues within their organization that affect the employees. Additionally, they must develop strategies to ensure the future leadership capacity of the agency.⁵³ The characteristics listed above which describe a range of generations, further highlights the significance of why public administrators must take the initiative in executing better retention methods for Generation X and Y to sustain the government's workforce future.

The values most important for Generation X are a sense of belonging/teamwork, ability to learn new things, autonomy and entrepreneurship, security, flexibility, feedback, and short-term rewards. They tend to be skeptical of the status quo and hierarchical relationships, and believe a manager must earn respect rather than deserve it by virtue of their title.⁵⁴ So one may ask, how should the public sector adjust to this new wave of thinking? According to Anne Gabriel, one must learn to put the proclivities of Generation X to work. Gabriel provides guidelines that seek to accomplish this, they are listed below:

1. Replace "micromanagement" with mentoring,
2. Give feedback that is regular and appropriate,
3. Acknowledge the attainment of every goal
4. Provide growth opportunities, and
5. Honor the balance between work and life.⁵⁵

On the contrary, Joanne Cole brings to light incentives for creating a happy work environment for Generation X and Y. These incentives include onsite four-star restaurants with master chefs,

53 Ibid

54 Jurkiewicz, Carole, (2000) Generation X and the Public Employee. Public Personnel Management. 29 (1) Spring .

55 Gariel, Ann. (1999) Retaining Genxers: Not Such a Mystery Anymore. Commercial Law Bulletin Chicago: Jul/Aug 14 (4), p. 32-33

dog walkers, roving ergonomic experts, tennis courts, and espresso bars.⁵⁶

However, the bigger question should be: Can these types of incentives used in the private sector, work in the public sector? The answer is no. Where would the money come from? The public sector is constantly operating under the financial constraints of a budget and is always concerned with wasting taxpayer's dollars. How can the public sector continue to compete in a world where the opposition (the private sector) is offering services such as a four-star restaurant and the capability to get an espresso whenever you desire?

An increased focus on work/life balance and lifestyle leads many organizations to look for new ways to satisfy employee needs. Public employers, in an effort to boost their competitive edge in the recruiting (retention) market, turn to new benefits to appeal to workers desired to better blend work and personal time.⁵⁷ New incentives such as offering time off to be used at the employees discretion, flex time, extra remuneration contributions to charitable organizations, catered lunch for team members, tickets to concerts or sports events, gift certificates for music/computer/clothing/bookstores, daycare subsidies such as reimbursements for daycare for a week and onsite day care facilities, even preferences on office location or furnishings.⁵⁸ In addition, tuition assistance or reimbursement could also be considered as enticing incentives for employees. A flexible set of incentives may serve to accommodate differences in age-related preference, as well as keep costs down by eliminating undesired and therefore ineffective rewards.⁵⁹

Even though incentives and rewards are important to the employee's overall well-being, all the concerts and gift certificates in the world will not keep an unhappy employee stationary. Consequently, one should also take into consideration the importance of creating a work environment where the employees feel welcome and encouraged. According to Marine Green, this can be done through accurate planning and planning that ensures the future leadership strength in the organization.⁶⁰ This is also known as talent management. Talent management focuses more in the strategic needs of the organizations. Working a continuous process, it provides a form of organizational development that takes a proactive approach to preparing individuals to take the leadership reins of the organizations in the future.⁶¹ It is important for employees to feel as though they belong to an organization. In doing so, the organization also contributes to a higher retention rate by creating a work environment where employees feel as though they belong to an organization. In doing so, the organization also contributes to a higher retention rate by creating a work environment where employees feel there is promise, and there will be future opportunity with the organization. Also, Green highlights the significance in retaining older workers and maximizing their contributions through efforts including phased-

56 Cole, Joanne. (1999) The Art Wooing GenXers. HR Focus New York: Nov 76(11), p 7-8

57 Green, (2000) Beware and Prepare: The Government Workforce of the Future. Public Personnel Management Volume 29(4) Winter.

58 Jurkiewicz, Carole. (2000) Generation X and the Public employee. Public Personnel Management 29(1) Spring 59 Ibid., 2000

60 Marine Green, (2000) Beware and Prepare, the Government workforce of the Future. Public Personnel Management 29(4) Winter .

61 Ibid., 2000

retirement programs and hire-back programs.⁶²

Retention of Baby Boomers

There must be a comprehensive approach to addressing the problems of making work for Baby Boomers more attractive. Diversity in a workforce, including age diversity, can provide competitive advantages to the public sector. Diversity of skills and experiences can increase confidence in the ability of an organization to respond to and manage well, the risks they face in increasingly complex working environments.⁶³ Age diversity in the workforce can give the public sector access to workers who better understand the preferences of those in the wider community. With an obvious case as to why to retain baby boomers in the workforce, the obvious question is how.

Of course the retention process for the Baby Boomer Generation is extremely different from Generation X and Y. Ultimately; however, we must achieve significant and widespread cultural change regarding the benefits of older individuals staying in the workforce.⁶⁴ Of course one might assume that the retention strategies for the Baby Boomer Generation are more traditional and to a certain degree that assumption might be true. According to the Federation of Public Employees, some retention approaches that should be considered included:

1. Retraining for employees already working (Most often for technology jobs);
2. Retention bonus—Offering money for employees to stay;
3. Voluntary reduction in days—Employees take a cut in pay and benefits to work fewer hours; and
4. Spot Bonuses—These are bonuses that are offers to employees for good work or any other possibility.⁶⁵

On the other hand, in addition to these traditional incentives for retaining the Baby Boomers and Generation X & Y, human resource managers must provide transitional retirement options to encourage employees to continue working past the “normal” retirement age of 65. Some of the transitional retirement options suggested by the Federation of Public Employees include:

1. Part-Time Work with Full Health Care Benefits;
2. Mentoring Newer Staff before Retiring;

⁶² Ibid, 2000

⁶³ Lahey, Katie (2004) Age Can Work- The Business Case. The Global Report on Aging the AARP Winter , pg. 3

⁶⁴ Ibid, 2004

⁶⁵ The Federation of Public Employees, <http://www.aft.org/pubemps/> retrieved, August 2006

3. Reduced Workload until Retired; and
4. Deferred retirement Option Program.⁶⁶

Receiving full health care benefits for part time work encourages employees to continue working past “normal retirement age, the employer offers to reduce hours for full health care benefits.⁶⁷ However, some employees may view this as an unfair advantage for older staff. Allowing the Baby Boomer generation to mentor newer staff before retiring also gives them a sense of value and worth to the organization. In some cases, the potential retiree will remain longer when they feel that their experience is valued and supported through this type of activity.⁶⁸ Reduction of workload until retirement is beneficial to the employee as well as the employer. Employees’ benefit from cutting back their hours while still providing the public employer with the knowledge gained over their careers. Lastly the deferred retirement option program allows the employees to “bank” or “freeze” their defined-benefit pension plan and continue working for a specific amount of time while the employer contributes to a defined-contribution pension program. When the period is over, the employee has a regular pension and a pot of money through the defined-contribution program.⁶⁹

Conclusion

Understanding the recruitment and retention recommendations for Generation X and Y as well as the Baby Boomer generation is one of the essential elements that must be considered in order to handle the crisis that government employers are preparing to face. There is a lot of literature that suggest techniques to recruit and retain Generation X, Generation Y and the Baby Boomer Generation. The public sector must lead in the management of staff so there is a full understanding of the complexities of the recruitment and retention challenges that the public sector will face in the near future.⁷⁰ Additionally, some public sector employees have watched their pay and benefits become less competitive and have chosen to leave the public sector for more lucrative positions in the private sector.⁷¹ Thus, if the current administrations of today’s changing public sector do not take the opportunity to analyze these suggestions and implement the proper strategies, which would allow for a smooth transition within their organization, the public sector will be left behind. This crisis can be diverted but public sector organizations can only push through with proactive staff development and strong recruitment and retention efforts.⁷²

66 Ibid, 2006

67 Ibid, 2006

68 Ibid , 2006

69 The Federation of Public Employees, <http://www.aft.org/pubemps/> retrieved, August 2006

70 Ibid, 2006

71 Ibid, 2006

72 Marine Green, (2000) Beware and Prepare, the Government workforce of the Future. Public Personnel Management 29 (4), Winter.

This research project has highlighted the diverse and varied populations that currently comprise the American laborforce, each with different needs, goals and objectives. Despite the real or perceived challenges that these groups present to the organization, the use of strategic and progressive policies, programs and procedures can help ensure that management capitalizes on the skills, knowledge and abilities of each while ensuring organizational effectiveness and goal attainment. This process requires organizations to “think outside the box” and abandon traditional and antiquated management strategies and seek to align organizational goals/objectives with human capital needs.

Recommendations

Findings from this research study have yielded the following recommendations: Findings from this research study have yielded the following recommendations: Findings from this research study have yielded the following recommendations:

1. Organizations must become “incubators of knowledge”, providing training opportunities to enhance, broaden and develop the skills and talents of current and future employees. These opportunities should provide avenues for Mentoring, Coaching and Specializations.
2. Organizations must respect the “focus on lifestyle” and incorporate innovative, creative and flexible work schedules, benefits and workplaces.
3. Organizations must “build teams of experts” that capitalize and utilize the skills, experience and expertise of “all” the employees in the workplace.
4. Organizations must look for flexible ways to adjust old rules that are no longer applicable in today’s marketplace.
5. Succession Planning and Talent Management must become important tools in the life of the organization in planning for job vacancies and preparing individuals internally to assume those jobs.
6. Abandon traditional approaches to career management/development systems