

Hr Managers facing the Challenges of Diversity, Changing Demographics and Generational Differences

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Abstract - Diversity is an important topic for today's leader to understand. To be an effective leader in a multi-cultural environment one must be open, honest and willing to embrace people who are "different" from self. Divisiveness creates an environment where people are untrusting, uncooperative and less productive. Nothing gets in the way of achieving your goals like division in the ranks. As demographics shift in terms of gender, color, ethnic, cultural or other differences among people, the leader must stand against prejudice and strive to develop communication skills that unite rather than divide followers.

I. LEADING IN A DIVERSE ORGANIZATION

Today, more than ever, organizations are working to become inclusive of diverse peoples rather than exclusive of any one group. Many traditionally white male dominated industries and organizations are reaching out to women, youth and people of color in order to fully staff their operation and to cultivate workers and leaders for the future.

In addition, more and more organizations are doing business globally. It is essential for these organizations to understand the customs and protocol of those lands and peoples they serve. Today's organizations are beginning to understand the power of diversity, all the way down to the bottom line. Numerous research studies have shown how valuing diversity in the workplace has led to higher profits and greater business success.

II. CHANGING DEMOGRAPHICS, CHANGING NEEDS

Demographic Change and the Future Workforce

Important demographic trends will take place in the workforce over the next 10-15 years. The emerging patterns are the result of ups and downs in birthrates (low in the late 1920s and early 1930s, high in the late 1940s through the early 1960s, and modest growth in the late 1970s through the early 1990s). The population and labor force will continue to diversify, as immigration continues to account for a sizable part of population growth.

Over the next decade, 40 million people will enter the workforce, about 25 million will leave the workforce, and 109 million will remain. Although only a modest reduction will take place in the overall growth in the workforce (from 1.3 percent per year to 1.1 percent per year), the composition of growth will generate rising shares of young (under 25) and older (45 and over) workers and a decline in the share of middle-age workers.

These trends constitute a sharp reversal of the last decades. Consider the trends in the youth labor force (16- to 24-year-olds). After declining by 9 percent from 1986 to 1996 and not growing between 1976 and 1986, the youth labor force will keep pace with the overall labor force with an expected 15 percent increase over the next decade. More dramatic are the changing patterns of growth among prime-age workers and older workers. The prime-age group of 25- to 54-year-olds accounted for virtually all the workers added to the labor force over the last two decades. Between 1976 and 1996, 38 million prime-age workers and 1.7 million workers 55 and over joined the labor force, while reductions in the youth labor force amounted to about 2.1 million.

Over the next decade, instead of having nearly all increases in employment coming from the 25- to 54-year-old age group, fewer than one in three (31 percent) of the added workers will be in this category. Nearly half of the additional workers will come from the 55-and-older category, while about one in five will come from the youth labor force.

The overall reversal in the prime-age category of workers masks a major change within the group. Note in Table 1 that the most experienced workers (45- to 54-year-olds) will expand rapidly enough to raise their share of the labor force. At the same time, declines will take place in the absolute numbers of 25- to 34-year-olds and of 35- to 44-year-olds. As a result, the proportion of 25- to 44-year-olds in the labor force will decline from 52.6 percent in 1996 to 44.5 percent in 2006. Workers in the 45+ categories will raise their demographic share from 32 percent to 39 percent. These are large and dramatic changes for a decade. The labor force share is increasing among older workers (from

28.8 percent to 36.2 percent among 45-to 64-year-olds) and younger workers (from 15.8 percent to 16.4 percent among 16- to 24-year-olds). However, the proportion of workers beyond the normal retirement age of 65 will remain below 3 percent.

The specific trends in the age composition of the workforce vary with future time periods and are subject to uncertainty related to labor force participation rates. The aging of the population is largely the result of boom in births during the 1946-64 period. Over the coming decade (through 2005), substantial growth will occur among 45- to 64-year-olds, but the number over age 65 will increase only modestly (by 5 percent). However, between 2005 and 2010, the population of 65- to 69-year-olds will rise by 17 percent and then explode by another 37 percent in the 2010-2020 period. The jump in the 70 and over population will occur between 2010 and 2020, rising by 38 percent from 24.6 to 31.8 million people.

Table 1: The Changing Mix of the Labor Force by Age, Ethnicity, and Sex:
1976-2006

	1986	1996	2006	2016
Total Labor Force	96,158	117,834	133,943	148,847
Percentage of the Labor Force				
Age				
16-19	9.4	6.7	5.8	6.0
20-24	14.9	13.1	10.0	10.4
25-34	25.2	29.4	25.3	20.7
35-44	18.0	23.1	27.3	23.8
45-54	17.7	15.1	19.7	23.6
55-64	11.9	10.1	9.1	12.6
65-74	2.6	2.2	2.4	2.2
75+	0.4	0.4	0.5	0.6
Ethnicity				
White, Non-Hispanic	N/A	79.8	75.3	72.7
Black	N/A	10.7	11.3	11.6
Hispanic	N/A	6.9	9.5	11.7
Asian	N/A	2.9	4.3	5.4
Age within Sex				
Males	59.5	55.5	53.8	52.6

16-24	22.3	18.7	15.5	16.4
25-39	35.3	42.6	39.7	32.4
40+	42.4	38.7	44.8	51.2
Females	40.5	44.5	46.2	47.4
16-24	27.2	21.2	16.2	16.4
25-39	33.1	42.1	38.9	31.7
40+	39.7	36.7	44.8	52.0

Source: Howard Fullerton, A Labor Force 2006: Slowing Down and Changing Composition, Monthly Labor Review, November 1997, p. 23-38.

How these figures translate into labor force participation is a major question mark. Among older workers, there are a variety of relevant factors. Private retirement pensions will cover an increasing share of workers 65 and over and thus should encourage retirement. However, older workers will increasingly be drawn from those with college degrees or some years at college and fewer will be high school dropouts. In 1997, 27 percent of 60- to 69-year-olds lacked a high school degree or equivalent and only 18 percent had a BA degree. In one decade, only 17 percent of 60- to 69-year-olds will be without a high school degree and 27 percent will have earned a BA degree. Since educated workers participate in the workforce at substantially higher rates than less educated, the country could see a reversal of past trends in labor force participation rates. In one such scenario, the Hudson Institute predicts substantial increases in the labor force participation rates of the 55-and-older population. Participation rates of male 55- to 64-year-olds would return to 1970 levels, and about half of 65- to 70-year-old men would work. While these upward shifts appear unlikely, even moderate growth in participation by older workers would significantly raise the growth of the overall labor force beyond what is currently projected. Poll data support this claim, indicating that most baby boomers expect to work beyond age 65.

Outside the U.S., other OECD countries also exhibit the trend toward an older labor force. Between 1995 and 2030 the proportion of the labor force made up of 45- to 59-year-olds is projected to increase from 25.6 percent to 31.8 percent in the OECD as a whole, while the share of workers ages 60 and over is projected to rise from 4.7 percent to 7.8 percent. Increases in the educational attainment of older workers, together with the increasing demand for skilled workers, may raise the share of older workers further by stimulating higher labor force participation rates. In OECD countries as a whole, the proportion of 45- to 59-year-olds with more than a high school degree will rise from about 21 percent in 1995 to 30 percent in 2015. Although the U.S. will see minimal educational gains in this age group, the educational attainment of U.S. workers over age 60 will rise significantly. Policy measures, such as raising the official retirement age and lessening financial disincentives to work, may encourage delays in retirement.

Shifts in the ethnic composition of the workforce will continue the patterns of recent decades. Immigrants will account for as much as half of net population growth over the next decades. Between 1996 and 2006 white non-Hispanic entrants will make up 49 percent of new labor force entrants, up from 43 percent during the previous decade, but well below the 1995 level of 76 percent. As a result, the share of non-Hispanic whites will fall to 73 percent in 2005. Of the nearly 15 million worker increase in the 1996-2006 period, about 7 million will be Hispanic or Asians. Hispanic-Americans will raise their share of new workers slightly from 29 percent to 31 percent, as will Asian-Americans, whose share will grow from 14.5 percent to 15.7 percent. By 2020, white non-Hispanic workers will make up only 68 percent of the workforce.

One concern about the changing ethnicity is the potential impact on the educational structure of the workforce. Hispanic workers have the lowest educational attainment of any major ethnic group; only 55 percent of the Hispanic population over age 25 had completed high school as of 1997, well below the 85 percent completion levels among non-Hispanics. Thus, unless Hispanic youth and immigrants raise their educational attainment, their growing presence in the job market will lower the educational base of the labor force at the very time when the demand for skills is continuing to increase. The expanding share of Asians in the labor force will moderate this trend, since their educational attainment is higher than the rest of the workforce. As of 1997, 42 percent of Asians over 25 had at least

a BA degree, well above the 23 percent rate for the overall population. As a whole, immigrants have an educational profile that embodies higher proportions lacking a high school diploma, but the same share of college graduates as non-immigrants.

While the last two decades witnessed significant increases in the share of women in the workforce (rising from 40.5 percent in 1976 to 46.2 percent in 1996), the female share will barely increase over the next decade. Still, by 2006 women will account for nearly half (47 percent) of the workforce. However, given the age composition shift away from the 25- to 44-year-olds, a declining share of women workers will be mothers with young children.

Changing marital and living arrangements could have significant implications for the workforce. Labor force participation rates are much higher and unemployment rates much lower among married than among unmarried men and women. Even in today's tight job market (1998:1), unemployment rates are high among individuals who are in the never-married category. Never-married men experienced an 8.2 percent unemployment rate, far below the 2.1 percent rate among men who are married and living with a spouse. In addition, labor market outcomes are better among men living with at least one of their own children than among men with no children. The unemployment rate of never-married men is only 5.7 percent among those with children, but over 8 percent among those without children. Projections indicate that the share of American households consisting of families with children will decline from 48 percent to about 41 percent and that married-couple families with children will make up less than one-third of families by 2010. To some extent, it is changes in employment opportunities that cause changes in marriage and family formation patterns and not the other way around. However, some of the marital and family changes have other causes and may well lead to worse job market outcomes.

Demographic trends will vary substantially by region of the country. Population growth will be much more rapid in the West and South than in the Northeast and North Central regions of the country. Projections suggest that California alone will add about 10 million people by 2015, or 22 percent of the nation's total population growth. Texas and Florida will add close to another 10 million people. These three states, which currently account for about 25 percent of the U.S. population, will absorb 44 percent of the nation's population growth. The growth of these states can be attributed to the fact that immigrants will continue to make up a large share of net population growth and they tend to concentrate in a few states. In 1996, for example, over two of three immigrants declared their intended state of residence as California, New York, Texas, Florida, New Jersey, or Illinois. These states absorb an even higher share (perhaps 85 percent) of the illegal immigration.

Selected Implications of the Changing Demographics

The declining proportion of middle-age individuals in the workforce has a number of implications.

First, rising shares of workers will have over 25 years of experience or less than seven years of labor market experience. Fewer will be in their early careers. The age shifts in the labor force should exert little or no impact on the aggregate unemployment rate. Given today's unemployment rates within age categories, the overall unemployment rate in 2006 will be identical to today's average rate. Changes in the age distribution of the workforce will neither raise nor lower the overall unemployment rate.

Second, the declining numbers of 25- to 34-year-olds, together with their changing ethnic mix, may portend shortfalls in key professional areas. The number of earned BA degrees will remain constant over the next decade (at about 1 million per year) despite the rising demand for skilled workers and the increasing size of the labor force. As a result, new BAs will decline as a proportion of all new entrants to the labor force from 32 percent in the 1986-96 period to 30 percent over the following decade.

Third, demographic trends raising the percentage of older workers and potential workers have implications for individual, firm-based, and government training. According to a recent OECD report, the U.S. is distinctive in that training peaks in the 45- to 54-year-old years and drops off only moderately among the 55- to 64-year-olds. Table 2 shows that while older workers are more likely to obtain training than older workers in other countries, U.S. firms are less likely to finance training for younger workers than firms in other countries. Still, to the extent that the U.S. attempts to raise participation rates of older workers, the current moderate amounts of training provide a base on which to build. Labor markets are generating jobs with higher skill requirements, but taking advantage of these opportunities requires expanded training opportunities, especially among older workers trying to avoid the effects of obsolescence. Since firms generally do not train less educated workers, the growing number of older, less-educated workers are likely to place an added strain on the public training system.

The decline in labor force participation with age is also highest among less-educated workers. Part of the reason is that their limited skills leave them with only low-wage options. Another explanation is that their Old Age Insurance under social security provides a higher-than-average replacement rate. Still, concern for the plight of this group

causes many people to oppose raising the retirement age. Thus, effective training for the less educated could have a large payoff, first because of the enhanced capabilities of older trainees and second because their improved job accessibility may allay concerns over changing incentives under social security for all older workers.

Participation in Job-Related Education and Training and Professional Training by Age Group in the US and Other Selected Countries

(Text Only)

	% Participating in job-related continuing education and training		% Participating in professional and career upgrading training	
	Total	Paid by the employer	Total	Paid by the employer
United States				
All Workers	44.5	31.7	29.7	24.1
15-24 year-olds	42.4	11.7	9.4	6.2
25-44 year-olds	46.4	36.2	32.5	26.9
45-54 year-olds	45.7	36.2	35.8	29.4
55-64 year-olds	36.8	25.8	28.4	21.4
United Kingdom				
All Workers	50.2	39.2	15.4	12.9
15-24 year-olds	55.6	30.3	14.4	12.1
25-44 year-olds	55.2	46.3	18.1	15.0
45-54 year-olds	42.8	35.3	13.1	11.1
55-64 year-olds	32.1	27.2	8.6	7.4
Switzerland				
All Workers	31.9	20.1	26.0	16.8
15-24 year-olds	34.5	23.5	21.0	12.6
25-44 year-olds	33.9	20.9	28.7	17.8
45-54 year-olds	29.7	18.9	25.6	18.8
55-64 year-olds	25.2	15.9	20.7	12.9
10-Country Average				

All Workers	34.2	22.7	20.6	14.9
15-24 year-olds	38.8	16.0	15.2	9.1
25-44 year-olds	35.6	25.7	22.8	16.8
45-54 year-olds	30.8	22.6	21.1	15.8
55-64 year-olds	23.3	17.4	15.4	11.5

Source: Employment Outlook: June 1998, OECD, 1998, p.140, Based on International Literacy Survey.

Public training programs such as JTPA are likely to face rising shares of older workers among eligibles seeking services. The majority of older workers calling on JTPA services have utilized the displaced worker program and not the standard training programs. However, the share of young people is growing as well, especially among groups traditionally eligible for programs for the disadvantaged. Thus, JTPA will simultaneously see increases in the job displacement problems of older workers and in the initial training requirements for young workers.

From the standpoint of employers, there are advantages and disadvantages in hiring older workers. Their health care costs are disproportionately high and, since many will have more seniority than younger workers, they may receive higher pay and qualify for longer vacations. On the other hand, older workers are less likely to move and less likely to have an accident at work (though it takes longer for them to recover).

Third, a declining share of workers will have very young children. Women in the 25-44 age category will make up 21.1 percent of the workforce of 2006, down from 24.2 percent in 1996. These figures incorporate an expected rise in the labor force participation rates of 25- to 44-year-old women from 76 percent to 79 percent. On the other hand, more women and men will have to care for elderly parents.

Fourth, the workforce will increasingly become more heterogeneous by educational status and by gender. The proportions with BA degrees are especially variable by ethnic status among younger workers. As of March, 1997, a striking 51 percent of Asian 25- to 29-year-olds had earned a BA, compared to 29 percent of whites, 14 percent of blacks, and 11 percent of Hispanics. Except for Hispanics, rates of high school completion were similar across groups, at about 85 percent. Another recent phenomenon is the emerging gender differences among black and Hispanic workers. Among 25- to 29-year-olds in the labor force, 20 percent of black women but only 13 percent of black men had earned BA degrees; among Hispanics, 17 percent of women but only 9 percent of men had graduated college. These educational patterns are indicative of broader trends indicating that minority worker problems are becoming more concentrated

III. MOST WORKERS DO NOT HAVE CHILDREN

In order to put a discussion of work and family in perspective, it is important to note that most workers presently do not live in households with their own children under 18. Although most women do have children at some point in their lives, only 40 percent of the female labor force and 36.2 of the male labor force live in a household with their own children under age 18 (See Table 3 and Table 4). In addition, a relatively small share of workers live with their own small children. 16.4 percent of female workers and 16.5 percent of male workers live with at least one child under age six, and 9.1 percent of female workers and 9.8 percent of male workers live with at least one child under age three.

Table 3: Percent of Women in the Labor Force in Various Types of Families: Second Quarter of 1998

(Text Only)

Living Arrangements	Percent of female labor force	Percent of female full-time workers
Own children under age 18	40.0	39.6
Own Children under age 6	16.4	15.1

Own Children under age 3	9.1	8.1
Married, spouse present with children under age 18	28.1	27.2
Divorced, separated or widowed and own Children under 18	7.2	8.1
Never married and own children under 18	4.7	4.3

Source: US Bureau of Labor Statistics, unpublished tabulations.

Table 4: Percent of Men in the Labor Force in Various Types of Families: Second Quarter of 1998 (Text Only)

Living Arrangements	Percent of male labor force	Percent of male full-time workers
Own Children under age 18	36.2	38.6
Own Children under age 6	16.5	17.5
Own Children under age 3	9.8	10.4
Married, spouse present with children under age 18	34.3	36.6
Divorced, separated, or widowed and own children under 18	1.9	2.0
Never married and own children under 18	1.0	0.99

Source: US Bureau of Labor Statistics, unpublished tabulations.

Table 3 and Table 4 also show that single parents comprise a relatively small share of the labor force; 7.2 percent of working women were ever married (divorced, widowed, or separated) and had children under 18, and 4.7 percent of working women were never married and had children under 18. For men, single parenthood was much less common. 1.9 percent of male workers were ever married with children under 18, and one percent were never married with children under 18.

Growth in Married Women's Labor Force Participation

Part of the growing concern over balancing work and families is driven by the growth of dual-career couples with children. Women married to high-wage, college-educated men have witnessed the largest increase in labor force participation since the late 1960s. The labor force participation rate of the wives of men in the highest wage quintile increased 16.6 percent between 1969 and 1989. The wives of men in the middle wage quintile increased their labor force participation rate by 11.7 percent, and wives of men in the bottom wage quintile increased their labor force participation rate by 6.9 percent (Coleman and Pencavel, 1993b).

Women's labor force participation has grown in part because women are taking less time out of the labor force after the birth of a child. Since the 1970s, mothers of infants have rapidly increased their labor force participation. By 1995, 55 percent of women who had had a child in the last year were in the labor force, almost double the 1976 participation rate of 31 percent (U.S. Census Bureau, 1998). Today, mothers face the tradeoff between work and family even when their children are infants. In the 1970s and 1980s, most women did not return to the labor market until their children were in preschool; in the 1950s and 1960s, most mothers waited until their children reached elementary school to return to the labor force (Klerman and Leibowitz, 1994). In addition, the hours of work for

employed women with children under the age of six have grown; the average employed white woman with at least one child under the age of six worked 1,487 hours in 1970 and 1,638 hours in 1988. College-educated women accounted for nearly all of the increase in the annual hours of work for mothers of young children conditional on employment (Coleman and Pencavel, 1993b).

Working mothers with infants face difficulties that working mothers of older children do not. First, breast feeding has become more prevalent, but few workplaces provide facilities for breast pumping and storage of breast milk. Second, infant care is expensive and difficult to find. Third, the sleep deprivation that comes with having a baby can make work more difficult.

Growth in Single-Parent Families and Single Mothers' Labor Force Participation

Single parents face special challenges in balancing work and family. Between 1970 and 1997, single-female-headed families increased from 17 percent to 27 percent of all families with children, and single-father-headed families increased from 1 to 5 percent of families (U.S. Census Bureau, 1998).

This section will address issues related to single mothers, since they are the vast majority of single-parent families. Women can become single mothers because of separation, divorce, or because they were unmarried when they gave birth to a child. The divorce rate more than doubled between 1966 and 1977 (from 10 to 21 divorces per 1,000 married women per year) and has remained relatively stable since. Over 40 percent of all existing marriages are expected to end in divorce (National Center for Health Statistics, 1998). Non-marital births as a percent of all births have grown quite rapidly since the 1960s, rising from 5.3 percent in 1960 to 30.1 percent in 1992. The groups that experienced the largest increases in non-marital birth rates were 15- to 24-year-old women and black women.

Since 1992, the labor force participation rate of never-married mothers has grown enormously. Historically, never-married mothers participated in the labor force at low levels and often relied on AFDC. But since 1996, approximately 1 million never-married mothers have left the welfare rolls and entered the labor market. The labor force participation rate of never-married mothers rose from 53 percent in 1992 to 60 percent in 1996 and reached 70 percent in the second quarter of 1998. These increases in labor force participation were due to the combination of federal welfare reform legislation, which established time limits for the receipt of benefits for the vast majority of recipients, and a booming labor market (Bishop, 1998).

Historically, divorced and separated mothers have participated in the labor market at much higher rates than mothers with a spouse present and never-married mothers. Recently, the gap has narrowed. As of the second quarter of 1998, 77 percent of divorced and separated mothers were in the labor force, compared with 70 percent of mothers with spouse present and 70 percent of never-married mothers.

Unmarried mothers living in poverty often face particular difficulties managing their work and family responsibilities. Because of the lack of affordable child care, these women often must place their children in poor-quality care. States do provide some subsidized child care for former TANF recipients and other poor or near-poor women, but the programs in several large states have long waiting lists and cannot provide subsidies to all who apply (Long et al., 1998). In addition, women who rely on public transportation often face long and logistically difficult trips getting from home to child care and work.

Shortage of Quality Child Care

As women's labor force participation has grown, the demand for child care has also grown. A recent study found that 56 percent of mothers with children under age five said that finding affordable child care was a serious problem for them (U.S. Department of Labor Women's Bureau, 1998). The shortage of quality is particularly acute for infants, many of whom are placed in care that is physically dangerous to them. Many parents are forced to miss work when a child becomes sick because they lack backup care.

There is also a severe shortage of child care available on the evenings and weekends. Nearly one-fifth of workers worked nonstandard hours in 1991, and women comprised one-third of those working nonstandard shifts. Service sector jobs requiring these nonstandard work hours are among the fastest growing (U.S. Department of Labor Women's Bureau, 1998).

Recent research has shown that poor-quality child care could ultimately take a toll on children. Research on the brain development of children shows that the first three years of life are key in developing a child's full intellectual and emotional potential. Poor-quality care reduces a child's future cognitive abilities and emotional health (Galinsky et al., 1998).

Eldercare

The projected growth in the share of the population older than age 65 means that a growing share of adults will spend time caring for their relatives. Americans are now living longer lives than ever before, but many of their later years

are spent in poor health, with the need of assistance from family, friends, or health care workers. Many working adults must also care for elderly relatives. In 1997, one-quarter of workers had provided special assistance to someone 65 or older within the last year, while 13 percent had done so in the last month. One-fifth of workers had cared for both elderly relatives and children within the last year. Those who do care for elderly relatives spend an average of 11 hours per week doing so. Women do more eldercare than men, and studies show that women often reduce their work hours in response to taking on the responsibility of eldercare.

Can Firms Help Their Employees Balance Work and Family Responsibilities?

Many firms offer policies that aim to help workers balance work and family responsibilities. In a 1992 survey, 90 percent of workers said they had access to family sick leave, 57 percent have access to job sharing, 47 percent can take extended lunch breaks, 44 percent have the ability to work more hours one day and fewer the next day, 29 percent can choose flextime, and 24 percent have the ability to work at home on a regular basis (Galinsky et al., 1996). While few small firms offer assistance with child care and eldercare, many Fortune 1000 firms do; 55 percent of Fortune 1000 firms offer child care resources and referral, 21 percent offer eldercare resources and referral, and 13 percent offer on-site child care.

Some family-friendly policies, such as flexible time, parental leave, and dependent care assistance, have little impact on parental stress (Galinsky et al., 1998). The take-up rates of policies that reduce work hours, such as work sharing and flextime, tend to be quite low because workers fear that reducing their work hours will hurt their careers. Anecdotal evidence indicates that workers who opt for flexible or reduced work hours often are promoted at much lower rates than their colleagues (National Public Radio, 1998). The programs that have the highest take-up rates are those which enable employees to increase their work hours: on-site child care, child and elder care referral services, and emergency backup child care services (Stone, 1997).

The job attributes that were most correlated with low parental stress were not policies explicitly targeted toward families, but attributes that improve overall job satisfaction. Employed parents experienced the least conflict between their work and family responsibilities when they were in jobs that had greater autonomy, that were less demanding and hectic, and that offered greater job security (Galinsky et al., 1998).

Anecdotal evidence indicates that some employers are finding that workers that lead balanced lives are more productive. Those firms are aiming to improve employee satisfaction by increasing communication between workers and bosses, improving scheduling flexibility, and recognizing workers' needs to balance work and family (Wall Street Journal, July 1998). Such policies are not aimed at a small subset of workers who choose flextime, but are transforming their entire work culture. Xerox reported a 10 percent productivity increase when implementing flexible scheduling and Johnson & Johnson reported a 50 percent decline in absenteeism among employees who used flexible work options and family leave policies (Price Waterhouse, 1998).

Several large consulting and accounting firms are using more flexible work scheduling as a method of recruiting and retaining workers in a tight labor market (National Public Radio, 1998; Price Waterhouse, 1998). At the same time, consulting and accounting firms are trying to change their workaholic culture to make flexible scheduling more feasible.

Two policies, flextime and the four-day compressed work week, appear to be effective in increasing the amount of time parents spend with children. Some researchers have also argued that increasing the amount of paid paternal leave would increase fathers' involvement with their children. The liberality of companies' paternity leave policies is a predictor of the length of parental leave. Fathers' involvement with older children is positively correlated with the amount of time they spent with their children as infants. Researchers argue that if fathers spend more time with their newly born children, they are more likely to bond with their children, and spend more time with children as they grow older. Many companies do not offer paid paternity leave, although the 1996 Federal Medical and Family Leave Act does require all firms with more than 50 employees to offer two weeks of unpaid maternity or paternity leave. The vast majority (75 to 91 percent) of fathers take time off following the birth of a child, but the average length of leave averages only five days.

Because relatively few jobs provide the autonomy and flexibility that allow workers to balance work and family effectively, some workers, especially women, have likely turned to contingent employment and self-employment. Contingent workers include workers who are employed by temporary agencies and other workers whose implicit or explicit contracts with their employers define their jobs as temporary. Women who are self-employed or contingent workers typically do not work full-time full-year, but vary their schedule over the year and over the week to meet family demands. The majority of women who are self-employed, on-call, or independent contractors enter into these situations voluntarily, and many state that they work in such arrangements for family reasons (Economic Policy Institute, 1997). The female self-employment rate has grown from 4.1 percent in 1990 to 6.7 percent in 1994 (Devine,

1994). Nearly 3 percent of the female workforce is in temporary, on-call, or contract company jobs (Economic Policy Institute, 1997).

IV. GENERATIONAL DIFFERENCES

Generational influence is another diversity factor. It's helpful for leaders to recognize the characteristics of various generational groups in order to improve understanding, communication and cooperation between team members.

Although various researchers identify the generations a little differently, Bruce Tulgan author of several books about generations in the workplace, including *Managing the Generation Mix* (2002) with Carolyn Martin, cites the following birth dates range as a guideline:

- The Silent Generation (1925-1945)
- The Baby Boomers (1946-1964)
- Generation X (1965-1977)
- Generation Y (1978-1990)
- Generation Z (1991 – 1996)

Although managing and engaging four generations in the workplace has been highly analyzed, it is more than just a trendy topic of discussion. These issues will have a real impact on the success of both teams and their organizations.

Although rising unemployment makes it easy to believe that the War for Talent is over, this simply is not the case. "The talent gap hasn't gone away, it's just been delayed," said Matt Zamzow, Director of Training at Birkman International. "Talent retention is still a huge challenge." In many technical fields, the average age of the top talent continues to increase. For example, the average age of a registered nurse is expected to be 44.5 by 2012 and one quarter of the RN population — the largest segment of the workforce — will be in their 50s.² In many fields, there will not be enough talent to replace experienced older employees as they retire. The competition for employees will continue, along with the need to transfer knowledge from experienced older workers. Organizations with effectively functioning multi-generational workforces have a strategic advantage.

Unlocking the secrets that keep employees of different generations motivated and engaged is essential. A 2006 Gallup poll estimates that the cost of employee disengagement is as high as \$328 billion per year. Engagement supports financial stability, and employee satisfaction is higher when workers believe that career development opportunities are equal for all, regardless of age.³ Organizations that understand how to address generational conflicts successfully and leverage each generation's strengths will be better able to keep employees motivated and productive during the recession and positioned to retain employees during the recovery. "Because of the recession, people will be hanging on to jobs longer, but that cycle is going to end," said Zamzow. "In the current economy, you want to make sure your organization doesn't lose sight of what motivates people. Those organizations that do will face significant retention problems in 2010 and 2011 as the economy improves."

From our research, we have seen that from a psychometric standpoint, the distribution of personality factors and traits are fairly consistent across generations. What are popularly thought of as generational traits are stereotypes that refer more to behaviors and values that have been shaped by experiences and have been learned in a specific time and place.

To use an example, there may be the same percentage of people in a generation who enjoy dancing in public, reflecting an underlying interest or need, but what that dancing looks like (the actual behavior) would look very different to an outside observer. The type of dance that was chosen is no doubt influenced by the trends that were popular in the generation's youth and thus get associated with the generation. However, even this stereotype loses power on the individual basis when dealing with real people with unique motivations and behaviors. To continue the analogy, it would be incorrect to assert that all Traditionals (as defined below) enjoy the fox trot, because some don't like to dance at all and others have kept current with the times and may prefer more contemporary forms of dance.

"What we have found is that across generations, personality traits and broader values and behaviors are similar, but priorities are different," said Zamzow. People of different age groups have life experiences, and understanding those differences can offer an important perspective about why they act and react the way they do.

- Traditionals (born before 1945) grew up in a time of crisis in the aftermath of the Great Depression and during World War II. Dealing with economic hardships made them disciplined and self-sacrificing, and their reward was living the American Dream and enjoying a lifetime of steadily rising affluence.
- Baby Boomers (born 1945 to 1964) are the largest generation in the United States and typically grew up amid economic prosperity, suburban affluence and strong nuclear families with stay-at-home moms.
- Generation X (born 1965 to 1980) grew up as "latchkey" kids in a world of divorce and working moms. This led to independence, resilience, adaptability and a "I don't need someone looking over my shoulder" attitude.

Generation	Workplace Behaviors	Workplace Strengths	Workplace Struggles
Traditional	Typically disciplined, loyal team players who work within the system. They are respectful of authority, patient and follow the rules. Obviously, they have a vast knowledge legacy to share and embody a traditional work ethic.	<ul style="list-style-type: none"> • Hard-working • Stable • Loyal • Thorough • Detail oriented • Focused • Emotionally mature 	<ul style="list-style-type: none"> • silent when they disagree • Respect for diversity • Reluctant to resist the system • Uncomfortable with conflict • Presenteeism related to medical issues • Not as comfortable With technology
Baby Boomers	Boomers tend to be optimistic, ambitious, competitive, and focus on their personal accomplishments. They believe in working long-hours and expect the younger generations to adopt this approach. They have ruled the workplace for years and are comfortable in the culture they created.	<ul style="list-style-type: none"> • Team perspective • Dedicated • Experienced • Knowledgeable • Service-oriented 	<ul style="list-style-type: none"> • Technology replacing human interaction • Sharing praise and rewards • Balancing work and family • Uncomfortable with conflict, reluctant to go against peers
Generation X	Having seen their parents laid off or face job insecurity, they've redefined loyalty. Instead of remaining loyal to their company, they're committed to their work and people they work with. They are skeptical, risk takers and want fun in the workplace. They also seek more work-life balance.	<ul style="list-style-type: none"> • Independent • Adaptable • Creative • Techno-literate • Willing to challenge status quo 	<ul style="list-style-type: none"> • Career development • Conflict resolution and office politics • Multi-generational team projects • Balancing work and family • Skeptical and distrustful of authority
Generation Y	They are typically team-oriented, and work well in groups, as opposed to individual endeavors. Also, they're used to tackling multiple tasks with equal energy, so they expect to work hard. They're good	<ul style="list-style-type: none"> • Optimistic • Able to multitask • Tenacious • Technologically savvy • Driven to learn and grow • Team oriented 	<ul style="list-style-type: none"> • Respectful communication • Functional literacy • Need supervision and structure, especially with people issues. • Reject the concept of "paying dues," expect input immediately.

	multitaskers, having juggled sports, school and social interests growing up.		
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• Generation Y (born since 1981) were raised at the most child-centric time in our history. Due to the great deal of attention and high expectations from parents, they are confident and may appear cocky. “When the younger generation and the older generation work together they see these differences and they automatically attribute judgments to them because they are unfamiliar. However, much of it is lack of understanding,” Zamzow said. Understanding each generation’s key formative environments and values, as well as their workplace strengths and struggles are the first step in building more efficient and cohesive workforce team.

Generations in the Workplace: Behaviors, Strengths and Struggles

How Generational Differences Affect Teams

“The biggest challenge with any older and younger generation is adjusting to change and looking at it not as a generational difference but a change in the career cycle,” said Zamzow. Research from the Society for Human Resource Management found that collaborative discussion, decision-making and problem solving are successful ways to deal with generational differences in the workforce.

Managers and teams can be trained to effectively deal with these differences through team building activities and mentoring programs.⁴ Effective teams can facilitate optimal solutions by harnessing multiple levels of experience, skill and expertise. Because effective teams demonstrate successful behaviors in four competency areas — collaborating with others, dealing with change, organization and accountability, and productivity and decision making — teams must address these issues to bridge any generation gaps.

• Collaborating with others: “When you look at communication in a virtual sense, it’s about speed and truncated messages and getting the point across,” said Zamzow. Older generations, with more limited social networks, took more time to develop trust because they had to rely on their sources. Social engagement was a much more personal experience. “Many in older generations have not adapted to that change and don’t understand the detached aspect of communicating in the that way — whether we are talking email, texting or social media — and still feeling that sense of connectedness,” Zamzow said. “Because younger generations have grown up with that, they see it as a primary communication channel.” Creating a more thorough understanding of different collaboration styles can help people stop and think before implying motive or making other assumptions. “Most people process through their own filter or lens — they don’t have a concept of something they don’t know until they are taught or see it,” said Zamzow. “It is the same thing as thinking the world is flat until someone shows or proves that it isn’t.”

• Dealing with change: Birkman has found in its research that values and behaviors are similar between generations, but priorities are different. People don’t respond well to change. Even though they may look at change and say they can adapt, most people are still resistant. When younger generations and older generations work together they see these differences and they automatically attribute judgments to them. “Teams need to learn how to adjust and accept quickly moving information and potential distractions,” said Zamzow. “People can adapt to a situation easily if they learn to look at it from a position of reason and logic.”

• Organization and accountability: Generations look at authority differently. “Older generations see teams and organizations operating in a much more vertical environment with formal authority and accountability linked directly to hierarchy,” said Zamzow. “Younger generations see things as more flat with competence and expertise defining the formal authority structure.” This can be a recipe for conflict. If a young knowledge expert is outspoken to older, more tenured managers who feel they should be listened to because they are higher in the chain, there will be trouble. Increasing awareness of generational differences on teams can close the gap if both sides understand each other’s perspective. Mentoring and work projects that balance virtual and in-person participation can allow all generations to thrive in a team setting. However, older generations need to be more open. “As people get older, it is natural to become more set in your ways,” said Zamzow. “But you can’t be rigid in your thinking. You have to be open to ideas.” Older employees want the chance to have their experience and knowledge utilized, and engaging through a mentoring process can allow them to feel like an expert.

• Productivity and decision making: Teams need the ability to stand behind a position, influence and persuade others, and drive execution. Because of different generational attitudes on work and communication preferences, this area can be a tricky one. “Teams need to balance the needs and expectations of the younger generation and keep them motivated at a personal level, while all,” said Zamzow. “Members of the older generations have to see commitment and reframe what commitment looks like in their minds.” However, as teams work through the other areas, this one becomes easier to address.

Conclusion

Although generational issues in the workplace can seem difficult, they are not insurmountable. Raising awareness of generational issues on teams and focusing on productive behaviors can bring teams together and enable them to function more efficiently. The second paper in this series will address specific approaches to bring employees and teams together and minimize generational strife, including:

- Looking at sources of conflict on teams
- Recommendations to encourage teamwork
- How teambuilding initiatives can help.

V. PRACTICING WORKPLACE SENSITIVITY

It's only in your best interest to treat current clients well and to treat new prospective customers as if you want their business. This is also true of your employees, vendors and others who touch your business or vice versa. Here is an equation for the customer experience:

Expectation + Experience = Evaluation.

If you want others to give a good evaluation of your service, and spread the news to family, friends and other potential customers, they must have a positive experience based on their initial expectation of your business. It's your job to insure each customer experience meets their expectations. Here are some basic expectations held by employees and clients:

- Professionalism
- Understanding
- Respect
- Appreciation
- Fairness
- Accuracy
- Privacy and Confidentiality

VI. SUMMARY

In summary, today's leader must deal with the complexity of a competitive, global, information workplace that keeps its doors open 24-7-365. Managing diversity and generational differences is just one more area of human relations skills needed on the new frontier.

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