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By Dr. Patricia M. Buhler

THE NEW WORKFORCE

**Five Sweeping Trends
That Will Shape Your
Company's Future**

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In the next 20 years, over 76 million Baby Boomers are expected to retire from the American workplace. Yet there are only 46 million workers projected to replace them. The war for talent is being waged across America in organizations of all sizes regardless of industry. This war will continue to intensify as the labor shortage grows. Conservative experts have forecast that there will be a shortage of three million workers in the American workforce by 2010. Some forecasts have been as high as 10 million with an astounding shortage of 35 million workers possible by 2030. Those organizations that fail to effectively wage this war will jeopardize their ability to compete in the marketplace and their very survival.

Winning this war for talent is becoming increasingly difficult—and expected to become even more so in the future as organizations compete for the same limited number of workers. Companies must place talent management, recruitment, engagement and development at the top of their strategic agendas. Organizations must not only learn how to more effectively recruit talented individuals, but they must also develop talent within the organization and identify the strategies by which they can better retain these workers.

This requires that organizations continually address the changes in their environment—both internal and external. It is essential that companies learn how to read the trends in their environment that shape their organization and their industry. And, equally important, they must make the necessary changes within their organizations to meet the challenges of the new workforce.

As an organization's ability to remain competitive relies more and more on its people, companies

must gain a better understanding of how they can attract, retain and motivate all the members of their workforce. Understanding the trends shaping this workforce provides a sound foundation for creating strategies to meet these challenges. Only then can the appropriate changes be engineered within the organization.

Harriet Hankin outlined these trends in her book, *The New Workforce: Five Sweeping Trends That Will Shape Your Company's Future*. These trends include the aging of the U.S. population, the increase in different household types, a workforce comprised of four different generations, a more blended workforce and a focus on “higher purpose” in the workplace.

According to Hankin, human resource policies, recruiting, training and total rewards packages will need to be revised to better reflect customized options for the changing workforce. The traditional one-size-fits-all approach for all workers will simply not effectively meet the challenges presented by this new workforce.

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TREND 1

The Aging Population

Men's life expectancy is just over 78 years and women's is 82 with the ultimate life expectancy today reported at 120.5 years old. While good genes help people to live longer (contributing to about 30 percent of the variations in life span), life style choices including diet and exercise are critical. With longer life expectancies, seniors are working longer—and providing a great labor pool for organizations. Many of them are, however, opting for part-time, flexible positions.

Many of the preconceived notions about older workers are simply myths and misperceptions—many of which are being de-bunked today. There is no evidence of negative performance on the job, or even more sick days for older workers. One of the biggest myths concerns the cost of health insurance. With Medicare providing the primary coverage at 65, the cost to companies is not considered an overwhelming issue. Some of the strengths employers have recently attributed to aging workers include

experience, commitment to quality, low turnover, high level of attendance/punctuality and excellent judgment.

As the American workforce ages, there are a number of accompanying trends that organizations must consider. Fewer retirees are moving; there's no mass movement to Florida. Instead, retirees are staying in their communities. This will require more service providers such as transportation and home care. Some companies may even offer these services as incentives

to recruit aging workers. Older workers today are very well educated with broad experience in a variety of positions that enables them to bring additional insight to the organization. Having already “been there and done that,” they are better team players. With grown children, they also have fewer “life” distractions and are able to be more focused. Older workers tend to be more settled and less likely to change jobs. Furthermore, since they “know who they are,” they require less recognition and don't need constant feedback.

Figure 1-1. Population aged 100 and over.

Year	Population over 100
1982	32,000
1990	37,000
2000	81,000
2010	106,000
2020	135,000
2030	159,000
2040	174,000
2050	265,000

U.S. Census Bureau projected number of centenarians in the United States.

There has actually been a recent reversal in the trend toward early retirement. Working beyond age 65 is more appropriate given these longer life expectancies today—both from a health and financial aspect. The mental and physical activity of working keeps people healthier. And this reversal will be of great benefit in meeting some of the future workforce shortages that have been forecast. Over the past decade, the labor force participation of those over 65 years of age has increased. AARP has estimated that by 2025, more than 20 percent of the American workforce will be 55 and older.

TREND 2

The Growth in Different Household Types

The “traditional” family unit no longer reflects the majority. Less than 25% of American households are married couples with children under 18. Companies that target these traditional households in their benefit plans may be missing the boat in attracting and retaining talented individuals from other household types. Companies will surely lose the war for talent if they fail to address these varied household types.

It is no longer effective for companies to provide one-size-fits-all benefits to meet everyone’s needs. With more diverse households, companies must offer more flexible benefits to better meet the needs of all the participants in their workforce. These include benefits to life partners and senior domestic partners. Today’s young people are waiting longer to marry (since they have plenty of time with longer life spans), and as a result are more interested in career advancement and job satisfaction. As more women take the role of “head of household” they assume added responsibilities. Addressing these responsibilities can be accomplished with such additional services as homework hotlines or financial management workshops. Even the way children are added to families is changing. As the number of international adoptions and fertility treatments is growing, companies providing supportive environments will be more likely to attract and retain employees.

Astute companies will accommodate the increase in the ranks of single mothers and fathers. Today there are more single men raising children than ever before. While parenting support networks have always been important, today they are even more so with the number of single parents. Research has found that the best support for most employees with children is simply providing them with more control over their workday. Job sharing and virtual offices provide just two options that companies can offer.

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TREND 3

Generations

Today's workforce is composed of four very different generations creating more complex challenges than ever before. The Silent Generation is comprised of those older workers born between 1922 and 1945 who were shaped largely by the Great Depression. The Baby Boomers, also known as the "me" generation, were born between 1946 and 1964. Generation Xers, born between 1965 and 1976, were shaped by the dot-com economy and events such as the fall of the Berlin Wall. Born between 1977 and 2000, the Baby Boom Echo is known as Generation Y, Nexters or the Internet Generation.

Knowing the shared experiences that have shaped each generation helps companies to better understand these workers, their concerns and how to best motivate them. This is not to say that individual differences are to be obscured. Understanding the generations simply provides a starting point to understand employees and their needs.

The Silent Generation experienced more economic hardship before achieving their wealth. These elders possess incredible knowledge about the history of their nation, family and organizations. They embrace the traditional family unit and work ethic. The Baby Boomers were born during a period of optimism and growth. Building on their parents' affluence, they focused on education and social issues. Expected to work beyond the "traditional" retirement age to ward off boredom, they will select jobs they enjoy, that provide a better work-life balance and that better meet their personal goals—including travel. They have also been known as the "sandwich generation." Firms must provide them with accommodations to help them care for their aging parents. Generation X is best characterized by a sense of entitlement. As products of more divorced parents and working moms, this was the

first generation of "latch-key" kids. This has fostered a generation of workers who require more independence and adaptability on the job. The newest generation in the workforce is the Baby Boom Echo. The "Soccer Mom" label reflects this achievement-oriented generation. They are comfortable with high-tech and multi-tasking, prefer teamwork and seek direction and feedback on the job.

Astute companies like Hewlett-Packard are recognizing that the natural fit between the Silent Generation and the Baby Boom Echo provides a great foundation for a mentoring relationship. This also provides the opportunity for the Silent Generation to transfer organizational history and knowledge to the Baby Boom Echo as each generation benefits from this nurturing relationship. Sharing the Baby Boomers' focus on education, companies will need to provide training opportunities to support the on-going development needs of the Baby Boom Echo generation. This generation wants challenging work and is more concerned with flexible work arrangements than with pay.

Organizations need each of these generations. They need the wisdom of the aging workers and the fresh, innovative approach of the younger workers. With the workforce shortage expected in the coming years, companies must be prepared to recruit the best person for the job across all the generations—and provide the benefits most attractive to them. Furthermore, this complexity will only increase. By 2050, it is likely that five generations will work side by side in the workforce.

TREND 4

Increasing Diversity

While the United States has always been described as a melting pot, the changes for the future according to Hankin, “are the colors that mix in the melting pot. If the shades in the melting pot of the past came from a box of eight colors, the shades of the future will come from a box of sixty-four.”

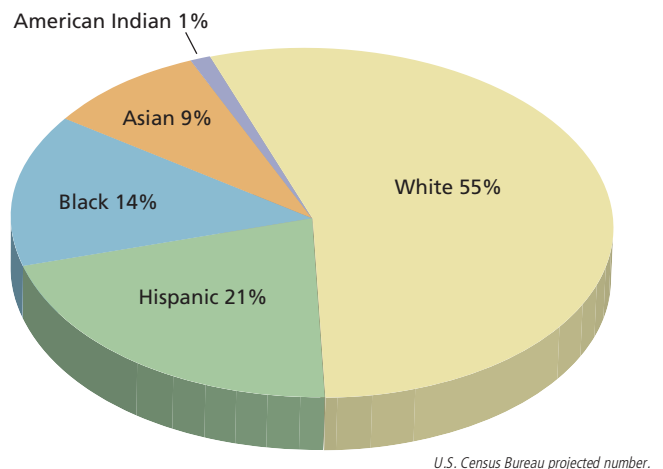
There will be increasing demands on business to meet the challenges of diversity. This includes ethnicity, religion, and gender. It is estimated that by 2050, only 55 percent of the U.S. population will be White; Hispanics will comprise 21 percent (becoming the largest minority), Blacks 14 percent, and Asians 9 percent. To further complicate the issue, diversity is not evenly dispersed geographically across America. The most diverse state today in the United States is California and Maine is the least diverse.

Even the gender gap has widened. Existence of the “old boys’ network” is confirmed by the overwhelming percentage of males occupying senior management positions. However, the expectations of young females are growing as there are more older women role models that balance successful careers and family today. This sends the message to their younger counterparts that they can indeed have it all. The gender gap has further ramifications in organizations as it extends to differences in communication styles, negotiation styles and even the definitions of success and power.

Organizations cannot help but hire a diverse workforce; it is unavoidable as a result of sheer demographics. The number of multiracials is growing. Over 20 percent of the American population is expected to be of mixed ethnicity by the year 2050. With a blending of people, the workforce is likely to become more inclusive naturally.

Diversity is not about filling ethnic quotas—which, by the way, will be more difficult to determine with increasing blended ethnicities. Hankin suggests that instead, diversity “will have more to do with acceptance, flexibility and respect.” Diversity is not about tolerance, but rather moves beyond acceptance and celebrates everyone’s differences and uniqueness. The leaders of organizations are pivotal in helping their workforce embrace diversity. The goal is to reach the stage where differences simply are not seen and do not matter. A firm’s strength in diversity can be the source of the company’s competitive advantage. When they truly embrace diversity they are also better able to recruit talented individuals from a wider labor pool.

Figure 4-1. Racial/ethnic distribution of United States in 2050.



TREND 5

Trust, Respect and Ethics

Employees today are seeking an environment that embraces a higher purpose at work—in terms of trust and ethics. This has been referred to as spirituality in some circles. It is not, however, about religion in the workplace. This is about creating a respectful environment that brings out the best in each organizational member. This is not about a statement printed on a wallet card, but rather is about the values embraced and lived in the very actions of the company and all its employees—at all levels. It is about a company that walks the talk.

A 2003 survey of MBA students reflected a rise in the importance of ethical conduct. Companies are beginning to creatively address this. Xerox Corporation offers annual inspirational retreats. Chaplains are becoming part of company employee assistance programs (EAPs) offering guidance and referrals. Prayer services, hymn services, vacation Bible school programs, meditation are being offered in more companies. Many of these services are more secular—reflecting the growing number of religions now being represented in the workforce.

Companies are being held to higher standards for social responsibility. The one-shot event for the PR stunt is no longer sufficient for many employees. Employees simply expect more of their companies. They expect their company's socially responsible actions to be aligned with the corporate values. This can provide an advantage in recruiting for firms as the importance of social responsibility climbs higher on the list of characteristics for employers of choice.

The benefits of companies supporting a higher purpose include better morale, more commitment, more productivity, lower turnover, less stress and better financial performance. There is a ripple effect created in the company that embraces a higher purpose. This environment contains less fear and more trust—translating into more creativity, better solutions, and improved financial performance. The company saves money (in recruiting and training) with lower turnover.

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THE IMPACT

Understanding the trends is only the first step. The critical question is what companies do with this information. How do they make the necessary changes? Human resources policies must be revised to accommodate a variety of workers and their diverse needs. As a result, the hard and fast iron-clad, specific, detailed policies of the past must go. Today, companies must move into the “gray” area thereby building in more flexibility and developing more supportive policies. For example, companies might consider offering more flexible work schedules to accommodate early rising older workers and late rising younger workers. Personal days in the traditional 8-hour (one day) increments could be traded in for allotments of personal time that can be used in smaller chunks over a period of time (for example, two hours for a child’s school play or one hour for a doctor’s appointment). Vacation time should be reserved for personal rejuvenation and not to accommodate employees’ crises. Other flexible solutions should be jointly discovered that protect the employee’s vacation time.

Periodic, paid company closings to recognize the contributions of employees have been successful in many organizations. Firms might also consider letting employees determine their own holidays (to accommodate a variety of religions) by providing a “holiday allotment.” A company could begin by using a combination of employee- and company-determined holidays.

It is important to involve employees in the development of these policies. Focus groups with a diverse composition can be used quite effectively. Who better to tell the company what employees want than the employees themselves. As some companies have voiced concerns over more open policies, they have created employee judiciary committees to rule in any abuse of these policies.

NEW POLICIES

New policies to consider the aging workforce include a policy on naps (pregnant or sick employees may also appreciate this), medical support provided in house (such as flu shots, nutrition guidance or weight management), convenience services (such as incidental shops, shuttle services or a concierge) and social activities (such as yoga class or square dancing). To meet the needs of the changing household types, companies must provide flexibility and be more open in defining “family.” They might consider a day celebrating family, a bereavement list (specify-

ing those considered family), a broader definition of leave under the Family Medical Leave Act (FMLA), support services for family (such as tutoring services, homework help lines, scholarship assistance, legal assistance and financial planning) and flexible scheduling arrangements (including telecommuting, job sharing and part-time positions). The challenges presented by the multigenerational workforce might be addressed with roundtables to discuss grievances created by the generation gap, informal multigenerational mentors, monthly lunches sharing information about each generation such as current jargon and flexible hours. To include diverse employees, organizations can offer classes in ESL, expand job competencies to hire from broader applicant pools, create tolerance awareness programs and invite the participation and input of diverse groups. To reinforce a respectful environment, firms can provide employees access to their personnel records, access to private areas for personal calls, community support during crises, informal gatherings with the CEO and top managers, small meetings at managers’ homes (to reveal a more human and personal side), sabbaticals for enrichment activities, annual feedback sessions and a committee to build morale.

RECRUITING

The face of recruiting is radically changing. Matching candidates to jobs must be revamped to be broader in nature and include a fit with the company culture. Some innovative techniques companies are using today include bringing recruiters in to share their experiences and insights, training managers to avoid the “similar-to-me” hiring bias (whereby they hire people like them rather than opposites), proactively interviewing before positions are open, developing creative referral programs and revising recruiting advertisements to reflect characteristics important to the changing workforce. Once employees are hired, they must be carefully socialized and retained. Effective socialization activities might include a “buddy” to show new hires the ropes and periodic updates to check in with the manager (perhaps at 30 and 60 days).

In the future, it is expected that there will be additional external processing involving more centralized recruiting centers and databases of both applicants and companies. Centralized databases are more objective (avoiding demographic stereotypes) and provide

increased privacy, improved timeliness and access to more geographically dispersed labor markets. Companies are involving employees in the recruiting process to a larger degree—providing referrals and acting as recruiters and company spokespersons.

To better recruit older workers, companies might consider going to senior centers, offering transportation and focusing recruitment advertisements in senior publications. In more effectively recruiting new household types, companies must anticipate their specific questions (such as whether benefits are available for partners), then have answers ready that demonstrate sensitivity to the new definitions of family. Companies might also consider offering child care or elder care during the interview or offer interviews online to emphasize the firm's commitment to flexibility. Each generation has different priorities when seeking employment. For example, young workers in their 20s are most interested in satisfying work and those in their 30s focus more on the need for balance. Career movement is a priority concern for those in their 40s, financial security for the 50 somethings, and those 60 and older want more flexibility. Diversity can be addressed by using blind interviews online, including diversity statistics on the company website, and focusing on more non-traditional recruiting locations. In demonstrating their openness, firms can experiment with using employee ambassadors to represent the company and assist with recruiting. They can share HR policies with candidates, use testimonials from workers communicating the trustworthy environment.

COMPENSATION AND BENEFITS

The most impact is expected on compensation and benefits. Pay is not the only important component of the total rewards package—recognition programs have become increasingly important. Progressive companies are contemplating cafeteria compensation plans to flexibly meet the demands of different workers. Employees can select from base pay, incentives, company stock and time off to create a package that best meets their needs. The company, however, must educate employees and provide guidance to ensure that they make informed decisions.

Health care and retirement remain key benefits challenges for businesses. Traditional pension plans are being replaced by self-directed defined contribution plans such as 401(k)s. Since most Americans are simply not saving enough for retirement, companies are offering an option to phase in or postpone retirement. Postponing allows employees to earn more returns on their investments, save more and receive greater social security benefits while the company enjoys the benefit of the experienced worker's knowledge.

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To better enhance total rewards packages for the workforce of the future, companies might provide financial education and individual coaching. To accommodate the aging population, organizations can consider offering prescription assistance or partnering with financial institutions to offer reverse mortgages. To accommodate multiple household types, companies can provide options for life insurance for family members and allow broader family designations for insurance beneficiaries.

EDUCATION

Companies will become more involved in education in the future. Internships may help guide more students toward specific career fields. Some experts foresee the possibility of corporations taking the lead with education in the form of sponsoring schools to ensure basic skills education. More college programs will be delivered in companies. There will be more flexible tuition reimbursement policies, bonuses for pursuing education and the development of company libraries with business skills tutorials available.

With people living longer, they may want to explore other careers. Therefore, education becomes even more important. Corporate universities will be more widespread offering courses in basic writing and presentation skills. Some progressive companies are using reverse mentoring and career coaches. Orientation can also be refreshed with more comprehensive sessions (spanning more than the traditional one day), coverage of broader, more strategic information and perhaps a yearly update for all employees. Training options continue to grow (especially with e-learning and computer simulations). Broad-based education across functions is critical as firms

seek to groom generalists who understand the entire business.

Different generations are working and training together. With the technology to customize training, it may be offered in different formats and multigenerational partners may be used. Different learning approaches are required to meet the needs of older workers. Enlarging print and turning up the volume are good first steps. Training can also help older workers transition from one position to the next. Organizations must offer flexible options for when and where training is delivered. Companies should consider diversity training, ESL programs, sensitivity training, gender communication training, cross-cultural communication, giving positive feedback, the five trends shaping the workforce and active listening.

Hankin is clear, “Open-minded flexibility, mutual respect and clear and consistent communication will be the trilogy for success in the future.” Open, two-way communication is critical. Companies can reinforce this focus by offering training in communication and even conducting focus groups to identify those approaches best suited to their workforce for internal communications. Firms must also remember some of the glitz when communicating with their own employees—considering colors, creativity and the development of appealing materials. To get everyone’s attention, a variety of approaches should be used. Older workers still appreciate the “high touch” approach (like personal interaction). To accommodate multiple household types companies can allow employees to choose where they want to receive their company mail, provide training to address family communication (such as parenting teenagers, or multiple generations living together). Workshops focused on generational jargon and new language, netiquette (e-mail etiquette) and face-to-face communication etiquette can be helpful. Organizations might even consider establishing a team to monitor company communications for accuracy and political correctness. Companies must actively seek to remove fear so that employees know that they may speak without retribution. Open, honest communication is essential. Management by walking around (MBWA) helps to open up communication as managers become more visible. Freely flowing communication in both directions must be

encouraged—sending both the good and bad news. To more effectively communicate, companies are encouraged to keep the message simple and clear, use repetition (to reinforce the message), use multiple channels to ensure everyone receives it, use multiple sources and use Q&A sessions.

PARTING THOUGHTS

Replacing the talent of 76 million retiring Baby Boomers over the next 20 years requires that every organization invests in the development of skills of their younger workers and provides development opportunities for everyone as the skill sets required of the workforce become more complex. The importance of creating an organization of life long learners has never been greater. Just as plant and equipment becomes obsolete, skill sets may fail to keep pace. Only by continually developing and providing opportunities for growth can the workforce meet these new challenges.

The American workforce is experiencing a major transformation. As managers develop a critical understanding of these five trends discussed by Hankin, they will be in a better position to make informed decisions concerning the specific changes required in their HR policies, total rewards packages, training and recruitment. The training and development of the workforce becomes an essential element as organizations begin this transformation. Companies must consider training a diverse workforce to effectively work together in teams and train managers in leading these diverse teams; providing diversity training and developing leaders who understand the dynamics of the new workforce including how to mentor and coach today’s employees.

As the workforce changes, a change in the mindset of managers and employees is critical.

Winning the war for talent goes far beyond just recruiting workers. Once hired, these workers must be trained, developed, engaged and retained since talented replacements will not be readily available in the labor market. With the unique needs of a variety of workers, there is no longer one solution. Universal policies have become obsolete. Companies must be flexible and creative to compete effectively in the war for talent. Only then will they be able to more effectively address the upcoming talent shortage. ■

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