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*The Character of Success*

# **Understanding Generation Y In The Workplace**

## **What Does It Take To Hire And Retain The Talent Of The New Generation?**

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## Introduction

The first of the Baby Boomers is now sixty-one years old and this generation is now at the doorstep of retirement. With this in mind, the objective of our study was to investigate the following:

- The impact of the retirement of Baby Boomers on businesses.
- How businesses are dealing (or planning to deal) with the retirements.
- Who is replacing the Baby Boomer generation?
- What must businesses do in order to attract and retain these replacement workers?

### *The Generations At A Glance*

The following definitions are from Hudson (2006). Demographic data is from the United States Census (2000).

**Traditionalists** Individuals born prior to 1946. There are 33 million Traditionalists in the population.

**Baby Boomers** Individuals born between 1946 – 1964. There are 78.3 million Baby Boomers in the population.

**Generation X** Individuals born between 1965 – 1979. There are 59.3 million Generation X'ers in the population.

**Generation Y** Individuals born between 1980 – later. There are 84.5 million members of Generation Y in the population.

### *Generational Characteristics*

*Source: Turetsky (2006) and Reese et al, (2007).*

Generation	Seek	Work Characteristics	Strengths	Weaknesses
<b>Traditionalists</b>	Security	<ul style="list-style-type: none"> <li>• Historical knowledge of their business and industry</li> <li>• Loyalists</li> </ul>	<ul style="list-style-type: none"> <li>• Stability</li> <li>• Attention to detail</li> <li>• Thoroughness</li> <li>• Hard Work</li> </ul>	<ul style="list-style-type: none"> <li>• Resistance to ambiguity and change</li> <li>• Reluctance to "buck the system"</li> <li>• Discomfort with conflict</li> <li>• Do not articulate disagreements</li> </ul>
<b>Baby Boomers</b>	Money	<ul style="list-style-type: none"> <li>• Hard Working</li> <li>• Sacrificing</li> <li>• Lip service paid to family and work/life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Service oriented</li> <li>• Driven</li> <li>• Willing to go the extra mile</li> <li>• Good at relationships</li> <li>• Eager to please</li> <li>• Good team members</li> </ul>	<ul style="list-style-type: none"> <li>• Discomfort with conflict</li> <li>• Reluctant to go against peers</li> <li>• Sensitive to feedback</li> <li>• Judgmental</li> <li>• Self-centered</li> </ul>

Generation	Seek	Work Characteristics	Strengths	Weaknesses
<b>Generation X</b>	Work/Life Balance	<ul style="list-style-type: none"> <li>• Technologically literate</li> <li>• Self-sufficient</li> </ul>	<ul style="list-style-type: none"> <li>• Adaptable</li> <li>• Independent</li> <li>• Unintimidated by authority</li> <li>• Creative</li> </ul>	<ul style="list-style-type: none"> <li>• Impatience</li> <li>• Lack of people skills</li> <li>• Inexperience</li> <li>• Cynicism</li> </ul>
<b>Generation Y</b>	Respect and recognition	<ul style="list-style-type: none"> <li>• Technological experts</li> <li>• Change jobs repeatedly</li> </ul>	<ul style="list-style-type: none"> <li>• Collective action</li> <li>• Optimism</li> <li>• Tenacity</li> <li>• Multitasking</li> </ul>	<ul style="list-style-type: none"> <li>• Need supervision and structure</li> <li>• Lacks experience</li> <li>• Poor people skills</li> </ul>

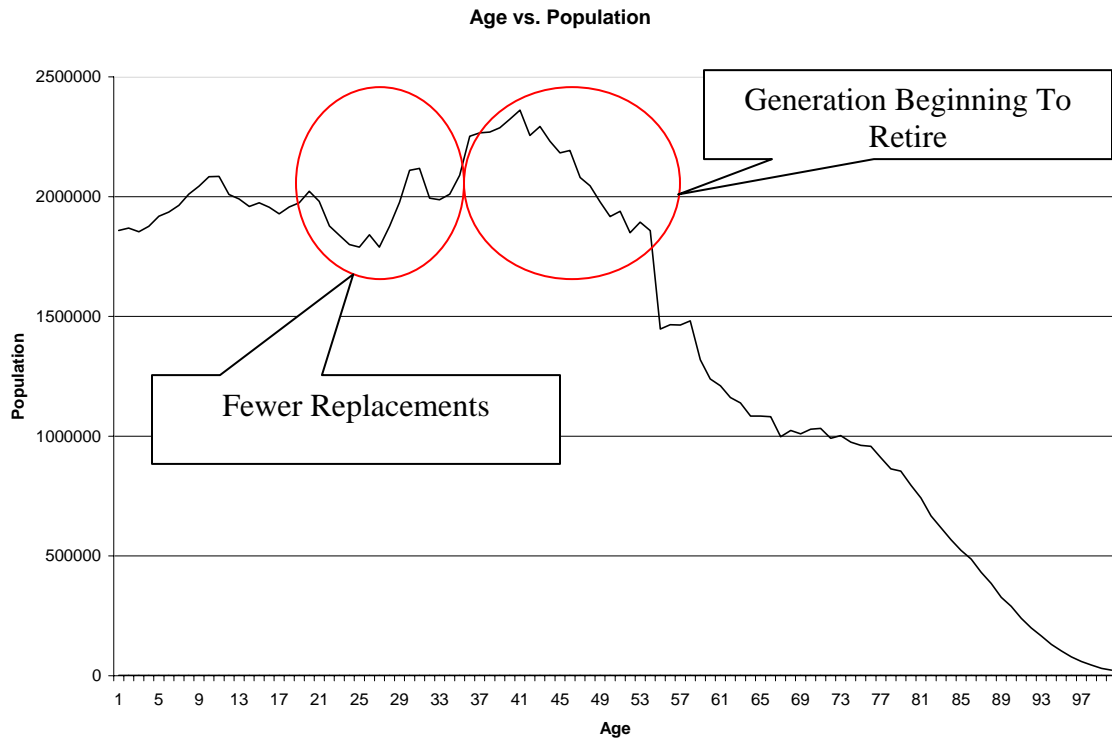
## ***Methodology***

To compile our report, we used a synthesis of two approaches:

- ***Survey of a selection of employers in the United States:*** Our empirical research was conducted through interviews conducted with six organizations in the United States. Companies surveyed were in the defense contracting, food and beverage, logistics, and financial services markets. In the following sections, we discuss the common themes and significant differences that emerged in our survey of these employers.
- ***Research of published literature:*** Our research of the academic literature sampled a cross-section of professional publications, academic journals, and the popular press.

## Summary of Findings and Recommendations

### Demographics – Facts Regarding The Retiring Workforce



**Figure 1: Population by age. Data source: United States Census (2000).**

The above chart represents a rendering of data from the 2000 census conducted in the United States. From this graph, certain demographic issues are clearly visible:

- The largest count of population by age is in the age group of 36 to 57. This is represented by the “camel’s hump” in the above graph.
- The generation immediately following this generation, has a significantly lower count of population by age. This generation is in the 21—35 age group.
- Population has stabilized for those who are 20 years or younger.

Based on the above graph, it can be inferred that

1. The segment of the population with highest count by age is reaching its retirement years.  
In fact, the leading edge of this segment is already on the cusp of retirement.
2. The segment of the population immediately following this group is numerically much smaller. All else being equal, members of the 21—35 age group cannot replace the retiring segment of the population that is in the “camel’s hump”.
3. The segment of the population which is 20 and under has stabilized in count by age.  
While it is too early to discern a population growth or decreasing trend in this segment, it does appear to vary by small amounts around a mean.

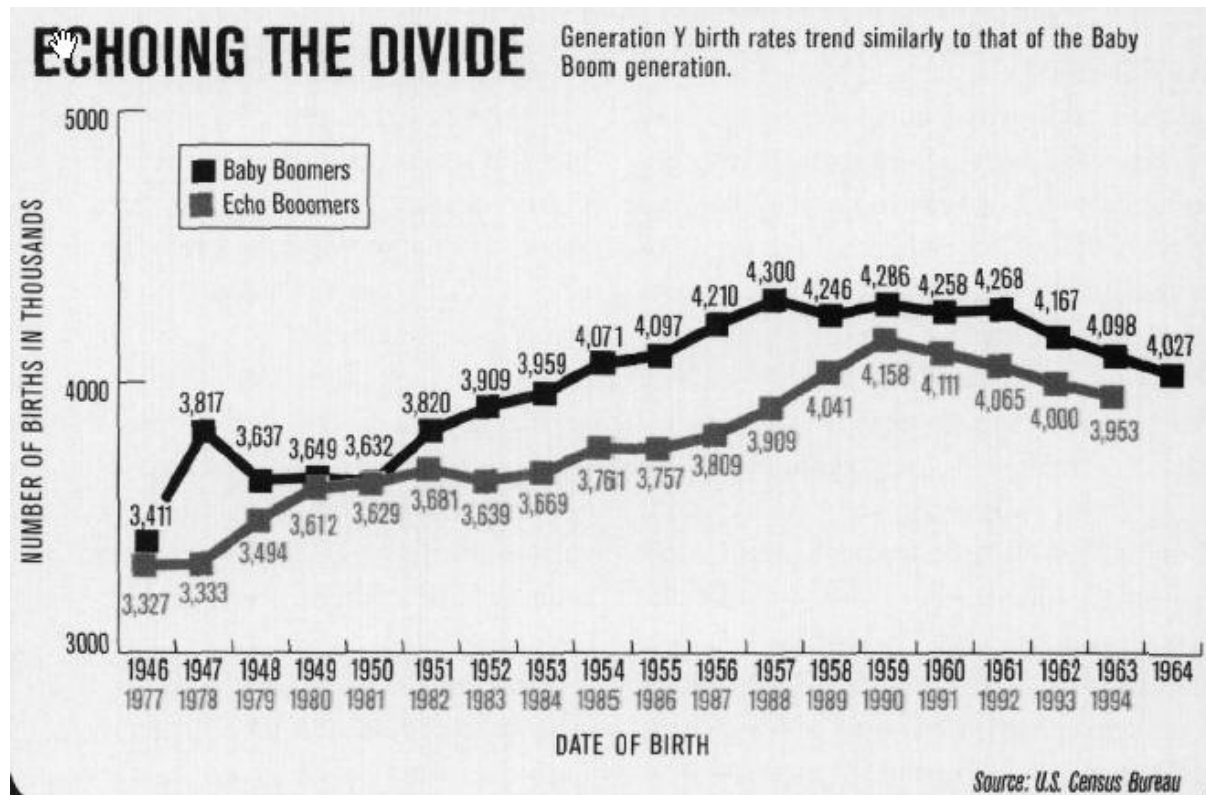
The overall conclusion which can be drawn is that retiring workers will eventually be replaced by individuals who are significantly younger than them. Workers in the middle ages are not sufficient in number to take the place of retirees.

## **Research Findings**

### ***Validating The Existence of A Gap In The Workforce***

The figure below illustrates similarities in trend and identifies birth rate differences between Boomers and Gen Y populations. Gen X will be absorbed by Boomer retirements forcing Gen Y’s currently graduating from college to ascend into the workforce (United States Census, 2000).

Figure 2



The 2000 census indicated that there would be enough of a population to fill jobs (Gen X plus Gen Y) in the USA, but most research indicated that there would be a serious lack of necessary skills and experience to meet demand (Tulgan, 2003; Jorgensen, 2003b; Erickson, 2007; Dohm, 2000; Grossman, 2005). Replacing the Baby Boomer generation in the workplace would require changes in hiring and retaining employees early in this decade to deal with the shortage (Erickson, 2007). It has been predicted in this century that the workforce will be: limited in availability; chronologically older; lack key skills; global in nature and highly diverse (Erickson, 2007).

## **Drivers of Demographic Shift**

The critical gap in the workforce centered on the ability of corporations to prepare for one of the most dramatic demographic workforce shifts in history. The major trends driving this emerging change were (Erickson, 2007):

- Increase in life expectancy in the U.S. of Baby Boomers.
- Decline in birth rates; these declined over the last 40 years from 3.3 births per couple to 2.0 births in 2000. The Baby Boomer pattern of births that had a post WWII peak between 1946 and 1964 was now in decline.
- This peak in the population created the current situation of mass retirements expected in the next decade.”

A study performed over a ten year period by Bruce Tulgan & RainmakerThinking, Inc. (Tulgan, 2003) concluded that a generational demographic shift had already begun. This study found that the oldest members (Traditionalists) of the workforce would fade into retirement by 2006 and that “two experienced workers will leave the workforce for every one who enters.” The emerging generation of Boomers was reported as becoming the “aging workforce” and that each day 10,000 Baby Boomers turned 55 years old. This leaves today’s workforce in the hands of Boomers for a short while, to be eventually turned over to Generation X and Generation Y workers.

## **Demographic Shift Has Global Spread**

The workforce gap was not seen as unique to the USA. It appeared to be global in proportion (at least in the western world) (Economist, 2003) and even though Erickson (2007) indicated a more global workplace was developing, most industrialized nations were experiencing the same gap

projections in the workforce. Europe, Germany, France and Italy projected similar declines in their working population over the next decade. Germany's workforce was predicted to shrink from 51.7 million in 2000 to less than 45 million in 2025 (Economist, 2002; Economist, 2003). In Italy projections were made that the workforce would shrink from 36 million to 20.9 million in the next fifty years. Europe's workforce was expected to reduce from 185.9 million to 130.8 million in the same 50-year period (Economist, 2003). Japan (-0.26%) and China (-0.59%) also found their birth rates declining and affecting the workforce of tomorrow (Hannah, 2001).

### **Global Competition For Workers**

The global shortage of skilled workers indicated that all nations would be competing for talent in the next decade (Human Capital, 2006; Grossman, 2005). One recommendation from a Canadian company, N-Gen People Performance Inc., (Kovary and Buahene, 2005) suggested a need for corporations to develop strategies that balanced the retiring workforce with the Gen Y workforce with recruiting and retention strategies that appeal to all four generations: Traditionalists (1922-1945), Boomers, X'ers and Y's. Clearly then, the generational makeup of tomorrow's workforce will undergo a significant change which will be characterized by Gen Y traits to an increasing degree.

### ***Attracting & Retaining Gen Y Employees***

The key to creating effective workplace policies is in understanding the characteristics of all three generations as corporations move into the next decade (Kovary and Buahene, 2005). Therefore, how well corporations understand generational diversity can enable a competitive advantage through attracting and retaining talent in the future. Understanding and appreciating

the work style and personality traits of a multigenerational workforce could take full advantage of what each had to offer (Glass, 2007).

Referring again to Tulgan, the study presented six findings that would set the stage for the emerging workforce:

- Work has become more demanding on employees.
- Employer-Employee relationships have become less hierarchical and more transactional.
- Employers are moving away from long-term employment relationships.
- Employees have less confidence in long-term rewards and greater expectations for short-term rewards.
- Supervisors are now the most important people in the workplace.
- Supervising employees now requires more time and skill.

These findings were further supported by Tulgan (2006) in a leadership article which advised that today's workforce would require hands-on management. The article asserted that today's managers were too busy managing complex projects and tasks, leaving no time for hands-on management unless something went wrong or required their attention (Tulgan, 2006). We can conclude then, that up-and-coming Gen Ys will need to match their skills to the demands of the workplace to some extent. Contrary to theories that catered to embracing generational characteristics of an age-diverse workforce as means to competitive advantage, other researchers indicated building workforce models that "support organizational growth and development characterized by attributes that are associated with knowledge society work" (Jorgensen, 2005a). This theory considered trends that balance social structure, social and human capital growth, life-long learning, and a promotion of self, workplace flexibility and creating an organizational

identity. By creating such a model the company became “the employer of choice” and appears to be an attractive and modern corporation” (Jorgensen, 2005a).

### ***Filling The Void In The United States Workforce***

The Boomer retirement effect on the US workforce is seen as changing the demographics of occupations as much as it would the average age of the workforce in any area (Toosi, 2006; Grossman, 2006). A paramount consideration in a company’s human resource strategy (Soni, 2004) must consider a decline in the percentage of certain occupations due to retirement within the exiting generation (Dohm, 2000). Outsourced labor from third tier providers may pose a problem for many corporations that depend on low cost labor abroad. Most notable is the recent trend in Information Technology (IT) to India where a talent shortage for IT occupations is becoming prevalent. India hosts 65% of all IT outsourcing in the world and has shown signs that it is maxing out. In 2005, India enjoyed revenue of \$17.3 billion from IT outsourcing. This will grow to \$60 billion by 2010. Changes in infrastructure and education are needed to keep up with demand citing employee turnover due to higher wage opportunities. Also note that only one in four college graduates are available for the global workforce. This predicts a shortfall of 150,000 IT engineers alone to meet demand (Engardio, 2005). This trend in any labor market could raise costs as high demand increases wages, therefore sourcing costs.

The US Bureau of Labor Statistics (Dohm, 2000) projected 41 percent of supervisory and managerial positions were 54 or older and as they retired, it was possible that might not be replaced. Reasons cited were job obsolescence, productivity improvements with the occupation, or difficulty in hiring and recruiting replacements. Fewer younger workers were entering the workforce as farmers, millwrights, dressmakers, rail transportation and tool and die makers (Dohm, 2000). As a matter of fact, nearly half of workers in occupations that are fifty-four or

older will retire before 2020 (eligibility at 67 years old). The table below shows the percentage of those who will retire in the next thirteen years by occupation.

**Table 1 (Table representative of study in year 1998, workers average age is now 54 years) (Bureau of Labor Statistics 1998)**

<b>Table 1. Occupations in 1998 with the highest percentage of workers aged 45 years and older</b>			
Occupation	Total employed (in thousands)	Percent of employed 45 years and older	Median age
Total, all employees .....	131,995	33.7	39
Farmers, except horticultural .....	946	68.5	53
Construction inspectors .....	71	60.6	49
Real estate sales occupations .....	753	59.8	49
Administrators and officials, public administration .....	632	58.7	47
Clergy .....	327	56.9	48
Millwrights .....	83	56.6	46
Librarians .....	209	56.5	47
Administrators, education and related fields .....	754	56.1	47
Bus drivers .....	474	54.2	47
Dressmakers .....	68	52.9	46
Dentists .....	156	51.3	45
Stationary engineers .....	130	50.8	45
Teachers, secondary school .....	1,228	50.3	45
Counselors, educational and vocational .....	231	50.2	45
Managers, properties and real estate .....	521	49.9	45
Psychologists .....	233	49.4	45
Crane and tower operators .....	67	49.3	45
Management analysts .....	443	49.0	45
Telephone installers and repairers .....	232	48.7	45
Authors .....	130	48.5	45
Private household cleaners and servants .....	555	48.3	44
Inspectors and compliance officers, ex. construc. ....	238	47.5	44
Tool and die makers .....	135	46.7	44
Taxi cab drivers and chauffeurs .....	275	46.5	44

(Dohm, 2000). The US utilities industry already realizes that a shortage of Engineers, Lineman, Electricians, Boilermakers and Construction Laborers will affect the industry in the next decade (Bridges and Johnson, 2006). Their research echoes the same sentiment that the characteristics of the Baby Boomer generation in terms of sacrificing one’s family for the job will not hold water when dealing with the new generation. Developing strategies that address all critical infrastructure areas related to human capital will be the key to competitive advantage. Technology was anticipated to aid productivity, but will not replace enough to consider it a solution (Bridges and Johnson, 2006).

## Survey Among HR Professionals

### *Description of Survey*

In order to validate findings from our demographic and academic research, we surveyed six employers. Our surveys were conducted using a combination of pre-printed survey documents and face-to-face discussions with HR professionals. The choice of companies was made so as to provide information from a variety of industries.

We adopted an agnostic attitude in our surveys. Special care was taken to avoid influencing the individual interviewees either for or against a particular conclusion. Our interview questions were designed to:

- Determine if the employer was facing the potential of a workforce shortage.
- Determine if the employer was tracking its workforce demographics, as a prelude to taking action based on its findings.
- Inquire whether the employer saw Generation Y as strategic to its staff in the coming years (for example, employers who are downsizing and/or outsourcing may not consider Generation Y to be an important part of their workforce).
- If the employer recognized the issues they faced with retiring workers, and recognized the new generation as being strategic to their hiring process, determine what they planned to do about it.
- Probe employers what they were doing to raise awareness among hiring managers of any potential change in demographics.
- Understand the cultural fit of their organizations with Generation Y, and what accommodations they were planning to make if they wanted to hire from this generation.

- Question if the employer had considered solutions other than Generation Y to fill the retirement void being left by Baby Boomers. For example, whether they were considering asking the retirees to work longer, or rehiring them as consultants.

To end the interview, we left our interviewees with an open ended question to see if they had additional thoughts that were not covered in our questions.

## ***Survey Findings***

### **Survey Target Population Characteristics**

Employers enthusiastically responded to our surveys, with a perfect rate of response (at 100%).

A number of senior roles were represented. Titles of interviewees included Director of HR, Staffing Consultant, Recruiting Manager, Vice President, Compensation and Benefits, Senior HR Generalist, and Staffing Specialist. Of the professionals that responded to an “education” question, each held at least a bachelor's level degree. Of those that answered a “Professional Affiliations” query, all were members of the Society for Human Resource Management.

Interestingly, all respondents requested a copy of the project when offered. In one case, it was stated that the findings may give their company a head start on the topic as they had been asked to conduct research into Generation Y'ers.

## Tabular Summary of Responses

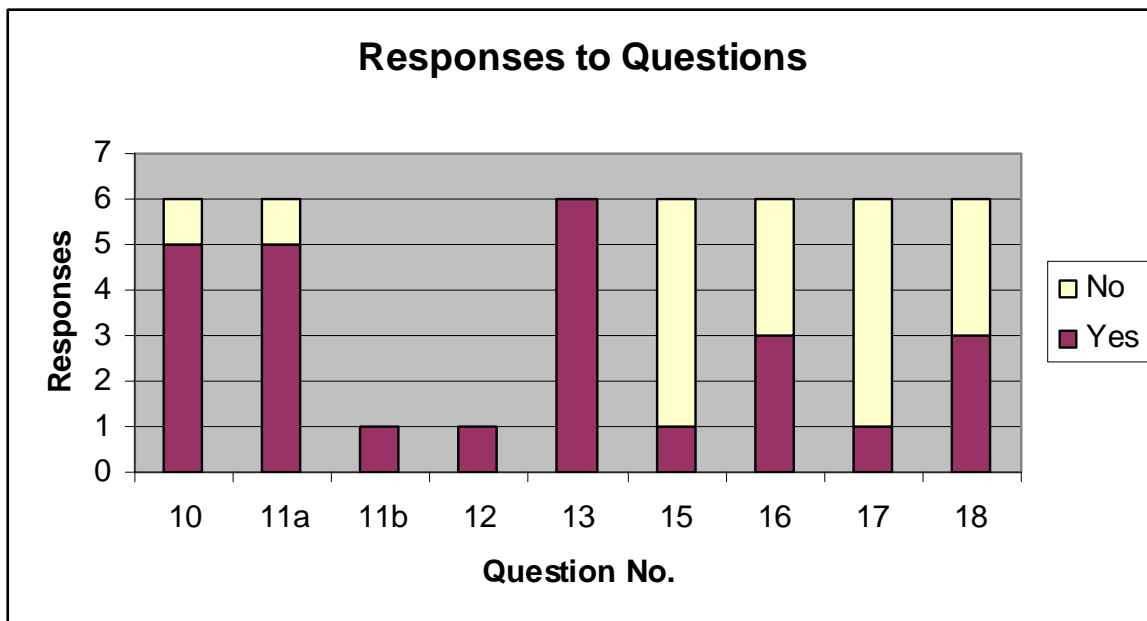
**Table 2**

<b>Question</b>	<b>Yes</b>	<b>No</b>	<b>% Yes</b>
(10) Some claim that U.S. companies will be facing a worker shortage over the next decade due to changing demographics. Do you feel that your company could potentially be in this position?	<b>5</b>	<b>1</b>	<b>83%</b>
(11a) Does your firm track its current workforce demographics by generation?	<b>5</b>	<b>1</b>	<b>83%</b>
(11b) If yes, do you foresee an issue where Baby Boomers leaving your labor force may cause a void of talent and experience?	<b>5</b>	<b>1</b>	<b>83%</b>
(12) If you answered “no” on question 10, do you think your company will track demographics by generation in the future?	<b>1</b>	<b>0</b>	<b>100%</b>
(13) Do you expect the Gen Y worker to be an important part of your labor force?	<b>6</b>	<b>0</b>	<b>100%</b>
(16) Do you have any specific plans to target Gen Y’ers (college recruiting, advertising, etc.)?	<b>3</b>	<b>3</b>	<b>50%</b>
(17b) Does your company currently offer any unique programs, facilities, or	<b>1</b>	<b>5</b>	<b>17%</b>

schedules that are designed to appeal to Gen Y'ers or other groups?			
(18b) ... make up for the loss of experienced and talented Baby Boomers? (b) Do you think productivity will help fill the gap?	3	3	50%

**Graphical Summary of Responses**

Figure 3



**Discussion of Survey Responses**

**Agreement on Worker Shortage**

Five out of six companies felt that they could be facing a worker shortage as Baby Boomers retired (Question 10). Two of those five felt strongly that most companies, including their own, would be facing a challenge. According to one respondent, “I can’t imagine any company that won’t have this challenge because the workplace and its requirements are changing at the same

time as the demographics are changing”, (Confidential - Defense, 2007). Kim O'Brien of Ocean Spray Cranberries, Inc., stated, “Yes, most companies will be in similar situations. As boomers begin to retire, it will increasingly become a candidates market over the next ten years due to the possible 40%+ decrease in qualified candidates” (O'Brien, 2007). The lone "No" respondent belonged to a Fortune 500 Logistics company, and the reason given for the answer was that “We have experienced tremendous growth over the last 20 years and have hired entry level, therefore leaving much of our workforce falling into Gen X and Millennials (Gen Y)”, (Meinzer, 2007).

In summary, there was a strong sense overall that the potential existed for a workforce shortage related to Baby Boomer retirement.

### **Tracking of Generational Demographics**

In response to whether or not their organization tracked its generational demographics (question 11a), 83% or five of six responded in the affirmative. The lone “No” respondent (Question 12) stated that there were not specific reports on demographics by generation, but that they did have an understanding of “average age”. In the follow-up question, it was claimed that tracking would likely become a “best practice in the near future”, (O'Brien, 2007).

We drew the conclusion that all of these companies had at least basic information related to their workforces' generational make-up and could therefore utilize the information to address business needs.

### **Void of Talent and Expertise**

When asked if retiring Baby Boomers would leave a void of talent and experience in their companies (Question 11b), five of six again responded in the affirmative. A particular note of interest that alluded to a concern about skill set came from the defense sector, where the respondent stated that “One big change we have seen is the professional and social skill levels of

the Generation Y and X populations. With the onset of the Internet and the e-mail, formal social skills are diminished which spurns concern with working at executive and high level customer levels”, (Confidential - Defense, 2007). This individual believed that not only might there be a numbers shortage; but that critical face-to-face communication skill gaps would be created when savvy Baby Boomers left the organization. The respondent went on to say that they were developing programs to increase skill levels in deficient areas that were critical to their future success. Another respondent from a high-tech company stated emphatically that there may already be cases of a drain on intellectual capital in the organization (Confidential - High-Tech, 2007).

In summary, our respondents reported a strong possibility that there would be a dearth of qualified candidates to fill open positions.

### **Generation Y Seen As Significant In Workforce**

Question 13, which asked if Gen Y’ers were expected to be an important part of the subjects' labor force, was answered with a unanimous “Yes”. That question may seem elementary, as natural career progression and aging will occur across all generations; however it was intended to ask why Gen Y’ers would be important beyond merely “filling slots”. Two of six HR professionals specifically pointed out that the Information Systems/Information Technology functions, widely accepted areas of strength for tech-conscious Gen Y’ers, would be sustained by that generation.

### **Awareness of Generation Y Characteristics and Attitudes**

At this point, the survey presented the following information to the reader:

#### **Table 3: Source -- Sustainable Business Network (Date Unknown)**

Gen Y is a little more complex:
---------------------------------

Want to be treated as human beings not as resource inputs
Want jobs with purpose and meaning, now
Need new challenges, responsibility and promotion, now
Want fair compensation
Are looking to improve their employability
Want to work for an organization that is modern, edgy and ethical

Questions 14 and 15, though not "Yes" or "No" queries, asked (after supplying them with a glimpse of Gen Y needs as shown above) how firms planned to raise awareness of Gen Y characteristics amongst leaders and what challenges they face when trying to attract Gen Y'ers. The Logistics company respondent replied by saying that leaders were up to speed on Gen Y characteristics, since "We have done a formalized training presentation to our managers and senior sales reps", (Meinzer, 2007). Christina Woodward, of Pepsi Bottling Group, reported that they too, were spreading the word – "We are communicating the changes and expectations to prepare the organization for managing Gen Y'ers", (Woodward, 2007). In terms of attracting Millennials, Another response claimed that "If it were to become an important business initiative, then we would put together a communication plan that we would communicate over a certain period of time", (O'Brien, 2007). In relation to concerns while attracting Gen Y'ers, the most common phrases gleaned from the responses were "work/life balance", "teams", and "edgy", where respondents felt that their company's culture would not be a good match for these Gen Y expectations (note: "work/life balance" was not offered in the survey as a Gen Y requirement). Most did feel, however, that they could offer an ethical environment, with fair compensation and enough challenges to attract Millennials.

**Educating Hiring Managers and Planning For Gen Y Hiring**

At this point in the survey, our respondents had told us that they might expect a shortage of workers in the future, and that they expected Gen Y'ers to be an important part of their employee base. They had also reported on how they were educating their managers on the needs of Millennials (Gen Y) and what hurdles they may face when recruiting them. Now, in question 16, we asked if specific plans existed to target this group. Here, only 50% stated that their firms had strategies to attract Gen Y'ers, all related to college recruiting. For example, the high-tech respondent acknowledged that "we are gearing our college recruiting strategy with Gen Y expectations in mind", (Confidential - High-Tech, 2007) while Christina Woodward avowed that at Pepsi Bottling Group "We focus heavily on college recruiting and we also develop relationships with organizations that are Gen Y oriented", (Woodward, 2007). Finally, Kira Meinzer stated "We do a lot of college recruiting and have changed some of our presentations to focus on their needs", (Meinzer, 2007).

**Retention of Generation Y'ers**

Question 17 pointed to retention of Millennials and whether or not companies offered special programs or facilities that appeal to them. In this area, respondents reported that only one in six firms had any such offerings. The logistics firm claimed that "We offer a fun environment and a chance for them to work with their friends which is an attraction. In our Chicago Central branch we observe a casual dress policy and allow them to be themselves", (Meinzer, 2007). In addition, Ms Meinzer stated that Gen Y'ers were interested in volunteering and being active in the community and socially, and as a result, "We have a vast amount of volunteer opportunities that benefit local children's charities and hospitals. We have volunteer committee they can be involved with. We have intramural events and sponsor 5ks runs and encourage networking

outside of work with local happy hours”, (Meinzer, 2007). Kim O'Brien was quick to point out, though, that Ocean Spray “would be open to the possibility of adding programs to attract and retain Gen Y'ers in the future if the need is there”, (O'Brien, 2007).

Overall, however, it appeared that despite recognition of Gen Y's expected significant presence in the workforce, little was presently being done in terms of retention practices across these organizations.

### **Using Productivity Growth To Fill Population Gap**

In Question 18, productivity was floated as a possible partial solution to a workforce shortage and respondents were also asked what other initiatives could be employed to make up for the Baby Boomer exodus. Half of the companies reported that they expected technology to drive productivity and to somewhat alleviate the issue. The Financial Services HR respondent also reported that delaying retirement and contracting might help them, stating “We have talked to some key employees in our Engineering staff to either postpone their retirement or to hire them as consultants post-retirement”, (Confidential - Financial Services, 2007). Mentoring, where Baby Boomers can share their knowledge, was offered by one firm. The defense HR professional wrote that “Companies need to think out of the box in designing roles and programs that will keep people feeling as though they have job security and work satisfaction”, where it has been claimed previously that work satisfaction (purpose) appeals to Gen Y'ers and probably other generations as well (Confidential - Defense, 2007).

### **Parting Thoughts From Survey Participants**

Lastly, respondents were asked what other insight they may have in relation to worker shortages and Gen Y. The most telling came from Christina Woodward, who claimed that the core issues discussed in this paper were valid and substantial. “The skilled worker shortage and the lack of

employable skills held by the available workforce are considerable and real concerns”, (Woodward, 2007). Then, reminding us of our responsibilities as leaders and managers, she stated “We should be fearful of what the future will bring for this generation and we have an obligation to make significant strides to correct it”, (Woodward 2007).

There did not seem to be any one trend specific to certain business specialties, as most responses across all firms seemed to support the claims of a potential workforce shortage, Gen Y's role, and their specific needs. Therefore, a company-by-company analysis was not necessary.

## **Recommendations**

In order to address the issues identified in our research and the surveys, we make the following recommendations to employers.

### ***Improve Management Skills - For Both Gen Y and Existing Managers***

Reese et al, (2007) asserted that Generation Y is not seen to be as independent as Generation X, and the typical member of Generation Y requires greater amounts of supervision and structure. Furthermore, they argue that “this generation lacks experience, especially with respect to handling difficult people”.

Buckingham (2006) validated the above assertion when he claimed that Generation Y suffers from an entitlement mentality, expect more authority, and want greater discretion about how they spend their time at work. They also demand greater praise, affirmation and promotions.

The authors of this report do not see these as startling conclusions. It is reasonable to expect a generation whose senior members are twenty-somethings to require management

supervision and structure. Furthermore, it is obvious that the soft skills have not yet had time to develop.

Accordingly, we recommend that firms invest in improving their managers' skills. Managers must realize that they are no longer leading a workforce that has already spent some time working, but a workforce still learning the do's and don'ts of work life. Rather, they are going to be managing a new generation that will, out of demographic necessity, may need to be promoted faster than its capabilities possibly warrant.

To manage Millennials with the most effectiveness, one author provides the following tips (Cunningham, 2007):

- Understand Motivations – this generation is different, period! Managers can't judge this generation based on their value system. They must respect their values and not make assumptions based on age.
- Encourage teamwork – put younger employees directly into teams to develop them. Due to their team orientation, moving them in and out of teams will help them develop faster.
- Share Job Knowledge – don't hold back information. They can absorb information faster than you think. Learning should be mutually beneficial and an objective.
- Strive for balance – a goal in managing them should be somewhere between supporting them and providing oversight. Do this by recognizing them and sending them to conferences to gain knowledge. Reinforce media policies, they may abuse them due to high-tech tendencies unconsciously.
- Provide guidance – don't assume they know what to do, even if you explained a task. Guide them until they mature and then create measurable goals for improvement and learning.

- Don't generalize – all generations are not the same and Gen Y'ers have specific experiences and influences that developed their values and perspectives. Each generation has a way to contribute, find it.

### ***Train Generation Y In Communication and Interpersonal Skills***

Reese et al, (2007) made the argument that Generation Y was deficient in soft skills such as handling people. Their recommendation was to focus on mentoring and training Generation Y to outfit them with the skills that they will need in the future.

Our second recommendation is to help Generation Y acquire the soft skills that will make them fit into the workplace, and ensure a good working relationships with their colleagues that belong to older generations. Our suggestions are that employers focus on teaching this generation how to effectively communicate face to face, without the use of technology such as instant messaging, phone texting, or email. We recommend that training be delivered to Generation Y in their media of choice, including the Internet, and personal video and audio players. Specific training such as role playing would also be helpful. Inevitably, many will also learn on-the-job.

### ***Create Work/Life Balance For Generation Y***

Reese et al, (2007) and one survey participant (Confidential – Financial Services, 2007) claimed that work-life balance was important to Generation Y. However it was not the same work/life balance that the consultant at the Financial Services company saw as being important to Baby Boomers, who wanted the 9-to-5 life. He claimed that Generation Y was more than willing to put in its fair share of work, but demands such perquisites as schedule flexibility, job sharing (especially among new mothers), and working from a location other than the office.

Not all professions will be able to provide the work/life balance that Generation Y seeks (for example, manufacturing, medical and police jobs do not allow for significant virtual work). Nevertheless, our recommendation is that managers strongly consider non-traditional work arrangements, as long as productivity stays consistent or improves.

### ***Tune Benefits Package For Generation Y***

Turetsky (2006) recommended that Generation Y be incented with pay-for-performance benefits, such as awards, and financial compensation in the form of salary increases. He stated that these benefits become all the more important because Generation Y has fewer opportunities for promotion and career advancement, due to Baby Boomers working post-retirement, and also due to leaner organizations needing fewer managers. This recommendation might seemingly contradict an earlier one we made regarding the need to manage Gen Y'ers more closely because they will be put in areas of responsibility faster than their maturity would warrant. However the paradox is also true – while Gen Y'ers will have to “grow up fast” to fill the vacuum caused by retirements, they will also face difficulty reaching into the higher echelons on account of the fraction of Baby Boomers that may decide to postpone their retirement.

Reese et al, (2007) recommended that rather than attempt to create a one-size-fits-all benefit package, employers consider setting apart a certain dollar amount that the employee can allocate among various benefits.

### ***Capture Tacit Knowledge From Retiring Baby Boomers Using Knowledge Management Systems***

Levinson (Date Unknown) claimed that knowledge management had assumed greater urgency on account of the impending retirement of large numbers of Baby Boomers. She recommended

that companies invest in knowledge management tools and processes to capture the explicit and tacit knowledge that these Baby Boomers will take away into their retirement.

We recommend both a process and a mentorship-based solution to capture this knowledge. The process solution would involve the implementation of a knowledge management system, such as a knowledge base that would be populated with information from the senior generation of Baby Boomers. This solution would be available to a corporation's employees through its intranet. Increasing the use of the intranet, or the creation of a new internal media increases communication among all employees and provides rapid access to information (Theiss, 2007). Using such a solution newer employees of Generation Y can hope to leverage some of the knowledge that has been built up among the retiring generation.

The HR specialist at the Financial Services company (Confidential –Financial Services, 2007) recommended that employers investigate re-hiring Baby Boomers as part-time consultants to fill the information gap. Further, he declared that his company was already implementing a mentorship program that enabled successful transfer of knowledge to the younger generation.

## **Conclusion**

Baby Boomers will start retiring in large numbers and their replacements will be significantly younger workers with different belief systems and needs. These younger replacements will be technically savvy, require more guidance, and will be somewhat deficient in the interpersonal skills areas. Companies will need to think hard and strategize around how they will cope with the retirement of Baby Boomers, capture the knowledge that the new retirees will take away with them, and how they will train, staff, motivate, and incent the younger generation, Generation Y. The current generations have the responsibility and opportunity to train Generation Y and ensure it fits in to the workplace. Technology empowered previous generations; it's up to the creators of that technology, now in positions of management and authority, to show the younger generation how and where to apply it in a global landscape.

The change is coming fast, and those organizations that plan for this change will be better positioned when it occurs. Companies that do not have an adequate plan will find themselves without sufficient quality and quantity of human capital necessary for them to be successful in the marketplace.

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## Appendix A – Survey Questionnaire



### A Questionnaire: Attracting and Retaining the Gen-Y Worker

February 25, 2007

Presented by MBA Students:

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**Introduction:**

Hello. We thank you in advance for the time that you are taking to help us investigate the different strategies that companies may be employing to attract and retain Gen-Y employees. In response to the theory that U.S. companies are facing a potential shortage of workers as the baby-boomer generation retires, we have looked to their modern replacements – Gen-Y. Should Gen Y-ers be considered a key to filling the employment needs of organizations, as Gen-X may lack the numbers required? (Please see below):

Baby Boomers	Individuals born between 1946 and 1964. There are 78 million Baby Boomers in the workplace.
Generation X	Individuals born between 1965 and 1976. There are 48 million Generation X'ers in the workplace.
Generation Y	Individuals born between 1977 and 1991. There are 80 million members of Generation Y in the workplace.

The following questions will be focused on your firm's or your own opinions regarding the recognition or discounting of the worker shortage, resulting action plans or strategies, and specific techniques while dealing with the unique group of people who make up Generation Y.

We expect that the questionnaire will take between 20 – 40 minutes to complete. If at any point you have a question, please feel free to contact any one of us – we will get back to you promptly. When complete, please e-mail the word document back to the individual who sent it to you by Friday, March 9<sup>th</sup>, 2007.

Lastly, we would be happy to send you a copy of our final project – please let us know if you would like when when you respond.

Again, thank you.

Jeffrey Kearns  
Earl Larson  
Jagadeesh Venugopal

## General Information

**1. Name****2. Organization / Company****3. Position Title****4. Education****5. Professional Affiliations (SHRM, AHRMIO, for example)****6. Work Phone Number****7. E-mail Address****8. Would you prefer that we keep your name and Organization / Company confidential?****9. May we quote you with proper reference?****10. Some claim that U.S. companies will be facing a worker shortage over the next decade due to changing demographics. Do you feel that your company could potentially be in this position?**

- 11. Does your firm track its current workforce demographics by generation? If yes, do you foresee an issue where Baby Boomers leaving your labor force may cause a void of talent and experience?**

- 12. If you answered “no” on question 10, do you think your company will track demographics by generation in the future?**

- 13. Do you expect the Gen Y worker to be an important part of your labor force?**

**From Sustainable Business Network [1]:**

Gen Y (1978-1994) is a little more complex:

- y What to be treated as human beings not as resource inputs
- y Want jobs with purpose and meaning, now
- y Need new challenges, responsibility and promotion, now
- y Want fair compensation
- y Are looking to improve their employability
- y Want to work for an organisation that is modern, edgy and ethical

[1] UNKNOWN, Generation X's and Generation Y's, how to spot them. Retrieved February 28, 2007, from sustainable.org. <http://www.sustainable.org.nz/newsitem.asp?r=waikato&id=572>

- 14. If you agree with the above, how do you plan to raise the awareness of Gen Y characteristics amongst your Managers?**

- 15. What specific challenges do you see in attracting Gen Y-ers to your company in relation to their needs and your firm's culture?**

- 16. Do you have any specific plans to target Gen Y-ers (college recruiting, advertising, etc.)?**

- 17. How do you plan to retain the best of your Gen Y-ers? Does your company currently offer any unique programs, facilities, or schedules that are designed to appeal to Gen Y-ers or other groups?**

- 18. Besides Gen Y and Gen X, what other solutions do you see that could make up for the loss of experienced and talented Baby Boomers? Do you think productivity will help fill the gap?**

- 19. Do you have any other final guidance or thoughts that are relevant to the topics of worker shortage claims and the role of Generation Y?**

**We greatly appreciate your attention and time!  
Please e-mail this document to the person who sent it  
to you by **Friday, March 9<sup>th</sup>, 2007.****

**Thank you.**