

White Paper

July 2009



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Generation Gap: The New Workforce Diversity

Solution Focus Areas:

Diversity
Training & Development
Change & Transition
Leadership / Supervision

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Generation Gap: The New Workforce Diversity

The generation gap that now exists within the American workforce is a significant topic being explored throughout the field of organizations development. The surplus of workers from the “baby boomer” generation, paired with the economic strain that many individuals face today, has caused an increase in the percentage of older employees postponing their retirement and remaining on the job.

Given these factors, a multi-generational workforce is in existent within most organizations. As a result, organizational leaders are now challenged with addressing this important issue and identifying strategic solutions so as to bridge the gap between the diverse generations within today’s workforce.

Contributing Factors

The multi-generational workforce and dramatic increase in retirement age for older workers has been perpetuated by several factors within both the personal and professional arena. Certainly the most obvious of these factors is the dire economic situation which we all currently face. In fact, estimates predict that older baby boomers will need to delay retirement by nearly nine years in order to recover what they lost in the market (Gandel, 2009).

In addition, this trend is also being perpetuated by the fact that baby boomers are the largest generation within the workforce. In fact, according to the U.S. Census Bureau, between 1990 and 2020, the population age 65 to 74 will grow 74%, while those under the age of 65 will only increase by 24% (U.S. Department of Commerce, Bureau of the Census). Given this age demographic, it is now feasible for up to four different generations of employees to be working together within one organization (Wong, Gardiner, Lang & Coulon, 2008).

Implications

The existence of the multi-generational workforce has several daunting effects on organizations and their employees. For example, Wesner and Miller (2008) suggest that this trend will have significant implications for the HR professional, including dramatic changes in recruitment methods, an increase in the use of technology and significant changes in training efforts.

Not as obvious, however, is the effect among managerial relationships that now exists due to the generational gap within the workforce. The age demographics within the workforce today are giving way to a role reversal, in that older workers may now report to younger supervisors. Problems arising from this reporting relationship include older workers feeling uncomfortable taking direction from younger supervisors and younger supervisors being reluctant to give orders (Collins, Hair, & Rocoo, 2009).

Overall, the major effect that this trend will have on the workforce includes the unique challenge of managing a multi-generational workforce. Organizations must be adaptable and quick to respond to various needs among their diverse set of employees. An increased amount of pressure, both economically and culturally, will be placed on both the organization and the employee population due to the increase of older workers. The effect of this pressure will produce a number of challenges for organizational leaders in attempting to curb these effects.

The New Diversity

Organizational leaders are now challenged with creating and driving an inclusive environment for all age demographics within their organization. This proves to be a unique challenge, as each generation has distinct personalities and knowledge bases. Organizational leaders must encourage training on both diversity and competencies acquired by each age group, such as training in technology, in order to ensure that each group is equipped with the knowledge and respect to work well with one another.

In addition, organizations must be equipped to provide the resources needed for the increasing percentage of older workers, such as 401(k) and other benefits. Equally important, however, is the need for organizations to utilize succession planning within their workforce. Considering the number of older workers is much greater than in the past, a strategic plan for succession management must be in place prior to the older workers retiring in mass.

Organizational leaders must work strategically across all functional areas to address the issues and implications of the multi-generations on their business and daily operations. The trend must be addressed to ensure that all employees are aware of the effects and can work towards overcoming the challenges. Suggestions for addressing these issues within organizations include, having generational awareness days, distributing an Employee Value Proposition for each generation within the organization, and conducting a diversity audit with respect to age in your organization (Wilson, 2009).

Conclusion

There is no lack of research or evidence to suggest that the multi-generational trend that has surfaced within the workforce has rapidly increased and will continue to grow. Reasons identified for this trend include economic factors, population of the baby boomer generation, increased longevity and decline in birth rate.

However, regardless of the specific reason why the workforce generation gap exists, organizations must ensure that they are aware and responsive when it relates to this trend. Organizational leaders must be strategic in their attempt to address the issue and create an inclusive and diverse environment where all employees, regardless of their demographics, are encouraged to participate. As long as organizations are able to properly prepare and address this trend, the “New Diversity” should only help to add value to the workforce.

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