

Multi-Generational Workforces: Challenges and Opportunities

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In an article we wrote several months ago, we talked extensively about managing your classification and compensation programs in evolutionary and changing times. In this article, we will discuss managing your classification and compensation programs when you have a workforce that is multi-generational. We believe that this creates both challenges and incredible opportunities that will only make your compensation program stronger in the future, and at the same time, stimulate changes that we believe are absolutely essential if public sector organizations are going to thrive.

The Situation

Human resources professionals reading this article know what is going on in the labor market in terms of finding qualified personnel to fill the jobs within your organization. The fact that the economy has taken a southerly swing notwithstanding, the skills needed to perform public sector jobs are not necessarily the same as the skills of people who have been downsized from their previous employer. Even though there may be an abundance of people in the labor market in general, from an evolutionary standpoint, there will be fewer workers to replace the current workers. Many of you are also experiencing reductions in your own workforces. That creates some rather interesting dynamics because many organizations have fairly rigid reduction-in-force policies. These policies were often developed to protect employees with seniority, and not necessarily those that are either the most productive or those with unique skills that are needed in changing times. As a result, downsizing can easily result in a loss of workers with the new skills needed while leaving you with workers who are less equipped to deal with the current environment. Downsizing can also impact an organization's ability to provide services at a time when such services are needed more than ever.

Obviously we cannot change the realities of the shift in population or the state of the economy. As current workers reach retirement age and elect to exit the workforce, although the economic realities may cause this process to slow for a period of time, our only option is to adapt our environment to the fewer workers that will be available. No matter how you do the math, if you have 80 million jobs to fill, when you take away 30 million workers, some of those slots cannot be filled. There simply will not be enough workers to fill the available jobs, unless you change the definition of what a job is. It is a matter of simple math.

Younger workers, Gen X or Y, learn differently and work differently than the boomers who will be leaving the workforce within the next

few years. Unfortunately, the boomers' grandfathers designed our classification and compensation systems. They were designed to accommodate the environment that existed in the 1930s and '40s. That was a time when there were large numbers of workers and they were looking for job security and long-term career opportunities. As a result, most public sector classification and compensation systems are out of touch with the work being performed and the worker of today.

On the classification side, the new job classification system will need to reflect job titles and responsibilities that are responsive to the needs and expectations of the newer workers, while simultaneously not disadvantaging older workers. Young people have historically felt the need to reach the top quickly. However, younger workers today have substantially different priorities than their parents and grandparents. Most studies indicate that younger workers are focused on personal

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rather than career goals. Classification and compensation systems that facilitate structured career growth and longevity may be inconsistent with their value system. While this creates an inherent conflict when you have a mix of generations in the workforce, the evolutionary shift will soon force this issue as the younger workers begin to dominate the workforce. Unless the organization takes the initiative to adapt their systems in advance, the result will be increased difficulty in recruiting and rewarding employees. In addition, the rigid systems that were built for a former time and place will be unable to meet the current needs, thereby creating operational difficulties for organizations as they struggle with how to manipulate a rigid system. Quite frankly, most organizations will not have the staff or other resources to do this. We believe that organizations will spend more time manipulating the current rigid system than managing the people that do the work. When you have less revenue to spend on serving your constituents' needs, this appears to be a losing strategy. The result will be that the organization becomes less and less productive, further exacerbating the problem.



On the compensation side, we need to move our systems from one that is based on cost of living and entitlements to one that reflects the cost of labor and the contributions of each worker to achievement of agency goals and objectives. The fact that the private sector, that employs approximately 84 percent of the workforce, has operated successfully in this manner should give us some degree of confidence that such systems, while not perfect, can and do work and will allow public agencies to more cost effectively meet their service demands while controlling the costs that have led to the need to reduce the size of the public sector labor force.

We have observed numerous organizations struggling with this issue. Intellectually, they know that they have to change. Unfortunately there appears to be a lack of organizational will to change. Changing the classification system will require that changes be made to the pay system, to the performance management system, and to the manner in which positions are filled. Many of us want all of the answers up front in terms of what changes will be needed and how everything will work after the changes are made. The reality is that changing your classification and compensation system is often like remodeling an old house. You start out thinking that all you need to do is take out one wall to make a room bigger and then you discover that it is a load bearing wall, or that there is asbestos in the walls and ceilings, and pretty soon the little remodel turns into a complete renovation of the building. In the case of your classification and compensation program, renovation is probably the answer but there is no definitive way that you can answer all of the “what if” questions before you start. Sometimes you just have to deal with the situation and then make it work.

This means that you have to spend considerable energy on communication with the various stakeholders with much of that energy being spent working with people to calm them down and to assure them that their concerns will be considered but that not everything can or will stay the same.

It will also shift responsibility for many things from human resources to line managers. That is, unto itself, scary. Is this because the human resources personnel are vested and directly affected by the current system or is it because there is the traditional desire to not rock the boat and make people unhappy? Is it because employees do not believe that their managers will be fair? We don't know the definitive answer but we do know that the problem is only going to get worse if the changes are not made sooner, rather than later.

In a recent article in the *Wall Street Journal*, we saw a term that we had not seen before: “nanobot.” It took us a while to figure out the meaning, but it is “Nearly autonomous, not in the office, doing business in their own time.”

We thought that this was a rather interesting way to describe people who are empowered by mobile devices, are willing to put in long hours (just not at their desk,) and thrive on the freedom to do the work they are entrusted to do. It sounds a lot like the newer generation of workers. For the most part, these are people that do not want, or necessarily need, direct supervision.

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For those of you that have ever managed large IT operations, you will probably be able to relate to these kinds of folks. During the era where organizations were using large, mainframe systems and doing extensive development, hiring systems analysts and programmers was an interesting experience. Many of these folks were incredibly talented but managing them in a traditional manner was a real challenge. These were people who would, if given the latitude, work 24 hours straight in an isolated environment, eating nothing but candy bars and chips and consuming large quantities of soda pop. Their only focus was getting the job done.

This was, and is, a sharp contrast from the way most organizations were and are structured in which the supervisors and managers expect employees to be readily available to them when needed. In addition, traditional classification systems require people to supervise others in order to move up the career ladder. Unfortunately, some of the most valuable personnel exist because of technical skills rather than management or supervisory skills yet we had to make people supervisors knowing full well that many of them should not be allowed to have any human interaction with others just so that we could pay them more.

There is a simple answer to this problem and that is a broader job classification structure that allows for a dual career track. One track is based on the traditional model while the other track is geared towards technical skill and competence. Both older workers and newer workers can be accommodated in this type of program and also recognizes the realities of the labor market in terms of pay.

Flatter and more decentralized organizations face their own problems. How can one be expected to supervise and manage people that they do not see and directly interact with on a weekly, daily, or hourly basis? Are our supervisors and managers equipped to actually manage when the criteria for selection was often length of time in a lower level job classification or proficiency in the technical work being done rather than the skills needed to be a supervisor or manager?

In addition, supervision of lower level personnel as opposed to more senior level staff requires very different mindsets. We know that not all managers or supervisors have the skills or personalities to manage a nontraditional worker. We personally experienced this when our firm was part of a bigger organization 14 years ago. Clearly, it is more difficult to establish and maintain effective working relationships when people are rarely seen. With the advent of teleconferencing and videoconferencing, though, we believe that some of this concern will go away. In our own organization, where we have staff in multiple locations, the use of videoconferencing has brought everyone closer together since telephone conversations now become personal conversations as you are able to see and interact much more directly with the other person. They are not just a voice on the phone. However, verifying goal achievements will require that managers approach their duties differently. Organizations will need to provide the tools needed so that supervisors and managers can learn the skills needed to effectively function in this environment.

Trust becomes critical when dealing with workers of different generations. Trust also has to be two-way. It is not just a matter of supervisors and managers trusting their subordinates but the subordinate must trust that their supervisors and managers will support them. This can be difficult when there is not as close a personal relationship as many of us are accustomed to.

Current classification and compensation systems were designed to encourage and reward specialization. In today's world, flexibility is needed to allow employees the freedom to do different things in order to maintain their interest and achieve the desired outcome. In addition, commitment to the job and the organization are viewed differently than in the past. Organizations are also beginning to realize that there is both a need for and value in cross-discipline work groups where individuals are expected to work in different areas and disciplines than they may have originally trained for. We have seen incredible resistance to change from many employees and managers in organizations that have not recognized and adapted to these realities. Historically, organizations have gone out of their way to make employees feel good about their jobs. Classification systems were designed to give everyone the sense that their work was special and unique. Minimal differences in work warranted a new or special job classification. While this may have been acceptable and workable when we had pay structures with ratios of 10:1 relative to rates of pay for the highest level versus the lowest level employee, this simply does not work when the ratios drop to 4:1 or 5:1. The idea that every difference is meaningful no longer can be supported by a new job description.

We have said this before; change does not come easily. It takes a certain degree of organizational will to make things happen. When resistance to change occurs, it is easy to step back and say, oh well, we tried but it just won't work here. When the change is essential for survival, you do not have that option. We believe this is where we are today; or if not there, close enough.

If you are not making your system more flexible to meet the challenges, you should be. You will be better prepared to manage them when they come.

In this era of economic uncertainty and shrinking public revenue sources, moving toward a broader classification structure and/or utilizing broadband pay strategies provides the flexibility necessary to manage with more limited resources.

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