

THE IMPACT OF A MULTIGENERATIONAL WORKFORCE ON HUMAN RESOURCES PRACTICES

Cristina PRUND

"Lucian Blaga" University of Sibiu

17 Calea Dumbrăvii, 550324 Sibiu, RO

cristina.prund@ulbsibiu.ro

Abstract

Companies all over the world are facing the challenge of understanding different generations and elaborating policies that are able to meet the needs of both: company and employee. Even if those policies are elaborated correctly, it is important to be well implemented, otherwise, the success of the company will not be guaranteed. Based on recent studies it is known that there are 4 generations on the labor market who work together: Baby Boomers (1946-1964), Generation X (1965-1979), Generation Y, or Millennials (1980-1994), and Generation Z (1995-2015). Every generation has its characteristics influenced by the events that took place during their lifetime. The purpose of the paper is to discuss some of the essential things about generations and human resource (HR) processes and to analyze the impact produced by generations on HR practices. The research questions are: (1) How can generations be defined in terms of characteristics, motivations, etc?; (2) Which are the most important HR processes in a company? (3) Which is the positive/negative impact generations can have on HR practices? The objectives of the paper are: (1) to synthesize the literature on Human resource management (HRM), with emphasis on the HR processes; (2) to define the term of generation and analyze the characteristics of each one; (3) to give some examples on HR processes. The available literature in the area on this subject is minimal and that is why the paper will use alternative sources for the research: official reports, proceedings, articles, conferences, and books. Related to the methodology, the article will collect and analyze secondary data. The paper will compare some of the most important HR processes in a company (planning, recruitment, selection, induction, training, evaluation, and feedback) in relation to the characteristics of each generation present on the labor market. The paper will try to complete the theoretical part with practical examples regarding HR processes in important companies such as Google, Hilton, and Apple. In this regard, the paper is going to take into consideration two important ranked lists which are published in Fortune Magazine: (1) 100 Best Companies to Work for; (2) World's Most Admired Companies. The findings will present the positive and negative impact generations have on HR practices. The intended contribution of the research comes in the form of suggestions for companies, suggestions that will make them able to better face the generational impact.

Keywords

Generations; values; HR practices; workforce; impact; change; success.

Introduction

In today's competitive business context, organizations from all over the world must provide customer satisfaction with high performance to maintain their competitive advantage and to satisfy their customers. Based on this fact, to have happy and pleased customers it is necessary to have happy and motivated employees as well.

Employees have become one of the most important resources of companies over time and this is the reason why all the companies need to keep their employees motivated. If an employee is motivated and understood in the workplace, he/she will be willing to give as much interest as possible. In this way, both the company and the employee will

have the same values and will move towards the same goals. As Michael Armstrong (2009, p.164) has stated in his book: *"The number of HR practices and the proportion of the workforce covered appeared to be the key differentiating factor between more and less successful firms"*.

Organizations and especially the Human Resources Department should understand the differences between generations to be more productive in leading a multigenerational labor force. Generational diversity has become an important and actual challenge in many companies. As the baby boomers' generation retires and new generations (Generation X, Millennials, Generation Z) enter the labor market, it becomes mandatory for HR departments to learn more about their job satisfaction and motivations. *"Through interviews with different generations over a period of ten years, Bruce Tulgan (an American writer specializing in management training and generational diversity in the workforce) discovered that the face of the workforce is changing as a result of generational differences within the four groups."* (Dwyer Rocky, 2009, pp.101-110)

Currently, companies from all over the world are competing to attract the most valuable employees who will be able to keep the company at a high level and make the organization sustained through the years. From another point of view, *"leaders should review their organizations' overall policies and procedures and include any factors that may affect employee performance. Asking employees from all generations to participate in this process is crucially important, especially if an organization is experiencing some generational problems."* (Al-Asfour & Lettau, 2014, pp.58-69) One of the most important things is that companies need to align their policies and practices based on the needs and values of each generation.

The impact of a multigenerational workforce on HR practices

The human resources managers deal with the efficient management of the staff to minimize the risk of financial and personnel loss, maximizing the return on investment from the human capital of the organization. According to Michael Armstrong (2009, p.31), *"The overall purpose of human resource management is to ensure that the organization is able to achieve success through people. People and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a major source of competitive advantage."* It can be said that the workplace is where different generational values coexist and preferences influence the working atmosphere and success of the organization. (Kicheva, 2017, p.103-121)

Human nature and the basic characteristics of our behavior are often in contrast with the organizational and corporate requirements for the sake of reaching and maintaining competitiveness (Bencsik, 2016, pp.90-106). In this case, the situation must be viewed from two different perspectives: (1) on one hand the employer will differentiate itself from the competition by a resource that cannot be easily copied or imitated; (2) on the other hand, employees will work in a motivating environment and will have multiple opportunities for development and promotion. From another point of view, it is essential *"to make people strategic assets of the firm: Criteria for selection and retention of people must be consistent with company values"*. (Crain, 2009, pp.33-38). In the

recruitment and selection processes, the employer needs to look for candidates whose values coincide with those of the company. In the following, we will analyze a part of the HRM processes and present some of their most important characteristics.

HRM processes

The first and perhaps most important process is related to workforce planning. *“The planning of the workforce in a company is one of the most difficult problems managers face. As the size of the company increases, the problem tends to get more and more difficult”* (De Bruecker, Van den Bergh, Beliën, & Demeulemeester, 2015, pp.1-16). Recruitment and selection are based on the needs identified in the planning process being defined by Michael Armstrong (2009): *“Recruitment is the process of finding and engaging the people the organization needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs”*. After the selection process is completed, the next important step for both the employer and especially the employee is induction.

The company performs organized induction of new employees by setting the appropriate content of the program that contains two groups of activities: Orientation and Training new employees under specific jobs. The most successful organizations of the future will differ depending on their ability to encourage the inclusion of all employees in making decisions to acquire new knowledge and develop learning potential at all levels of the organization. (Dragomiroiu, Hurloiu, & Mihai, 2014, pp.368-373).

Training and development are the processes that take place either after the completion of the induction process or during the same period. Last, but not the least process, is related to Performance Evaluation and Feedback. Through a good evaluation, process companies can contribute to the accomplishment of organizational goals.

Based on the evaluation process, feedback will be provided, and it will contribute to the individual improvement of the performance of each employee.

Like we can see in the findings presented in Figure 1 there are 4 important questions to be answered for effective HR Processes: What, Who, How, When. As Bill Gates said, *“We all need people who will give us feedback. That’s how we improve”*.

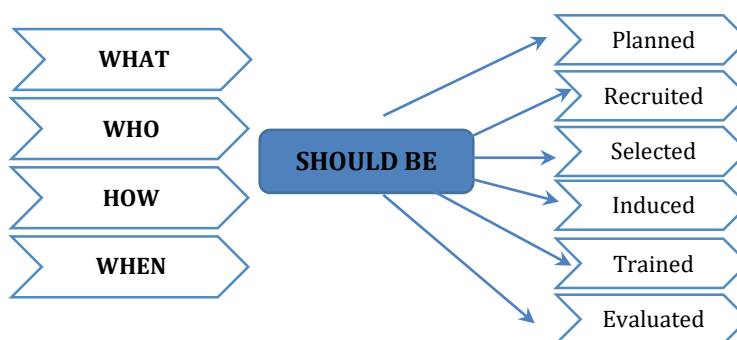


Figure 1: Questions to be answered for effective HR processes

Composed by the author based on the information from Osibanjo and Adeniji, 2012, p.31.

Findings from Global Rankings

In this chapter, we will analyze two ranked lists which are published in Fortune Magazine (it is a well-known American business magazine which regularly publishes ranking lists). We are going to take into consideration the next two important lists which were published over the years: (1) *100 Best Companies to Work for*; (2) *World's Most Admired Companies*. The article is going to reflect the results of these ranking lists and to make a chronological comparison regarding the companies that have ranked in the first place over the years.

Table 1: Companies that placed 1st according to 100 Best Companies to Work for and World's Most Admired Companies ranking lists

FORTUNE RANKINGS	COMPANY	YEAR
100 Best Companies to Work For	Google	2014-2017
	Salesforce	2018
	Hilton	2019-2020
World's Most Admired Companies	Apple	2014-2020

Composed by the author based on the information from Fortune Rankings

Based on the information from the “100 Best Companies to Work for” ranked list we are going to discuss some important characteristics of Google and Hilton.

Google

As we can notice in the findings in Table 1, Google placed first for more than 4 years – from 2014 until 2017. We are going to discuss only the recent data about the company because it is essential to focus on the actual challenges. Google believes that employees are the most important assets of the company. In this regard, in the selection process, experience does not represent a criterion in choosing a potential employee. The company needs to have smart and talented employees, who are guided by excellence because in this way they can focus on achieving success. The company supports creativity and communication between employees from different hierarchical levels within the company and that is the reason why employees feel motivated to express their opinion openly in any situation.

Google is trying to attract a diverse workforce which is considered to be representative for customers. Therefore, Google has employees from all over the world without taking into consideration characteristics like age, generation, race, etc. Google has a very strong organizational culture where the most important thing is the work-life balance and employees are highly motivated within the company because they have development opportunities and training programs.

Hilton

Hilton ranked 1st from the last year until today, in 2020. Here are some reasons why according to Fortune magazine this year Hilton is viewed as the best company to work for. The company is defined by the following words: *Hospitality, Integrity, Leadership, Teamwork, Ownership, Now*. If we look more closely, we notice that when we put together the first letter of each word, it forms the name of the company: H I L T O N.

For Hilton, it's important to show to their employees how much they matter to the company and not just tell them. The company's vision wants to apply the values and culture equally to every member of the team. They treat their employees in the same way they would treat their customers. If the company can understand what the needs of customers are, they believe they will know how to handle issues concerning employees from different generations. Employees have a huge number of benefits in the company starting from travel benefits, personal and professional development, and continuing with a great workspace. Another benefit could be considered the fact that Hilton started to design and to use modern and innovative training programs compared to the traditional ones. They want to keep the idea that everybody should be treated equally no matter what hierarchical position they have. All employees can present their ideas. They are encouraged to decide on their own and to get out of their comfort zone.

From another point of view, we will take into consideration another essential ranked list *"World's Most Admired Companies"*. We believe that considering another perspective would help us in having a better knowledge of the companies. In this case, we can see that the second-ranked list is placing Apple on the 1st place from 2014 until today.

Apple

Their mission is to bring amazing people together to make extraordinary things happen. Apple highly encourages the diversity of employees and that is the reason why they have employees between the ages of 18 to 87 years old and from different countries. The company's values are based on creativity and innovation and most importantly they manage to create a culture of empathy. Apple considers that all their success is owed to the most important resource- their employees- which they call "our soul". They do invest a lot in training, development programs, and benefits but the results based on employee's productivity and motivation are more than enough for the company's satisfaction.

We can highlight the fact that previously presented companies consider their employees the central point of their business. In our opinion is remarkable that Apple was able to maintain its leading position for so many years. On the other hand, we consider Hilton is using the best approach because they are not just telling their employees how important they are to the company, they are showing them that through training programs, opportunities to grow, and benefits. Regarding Google, it is worth noting that the company is focusing on employees' abilities, ideas, innovation, and not on experience.

Defining generations

A generation is describing all the people who were born and lived in the same period and who were affected by the same events. The term generation represents those people who have almost the same motivations, values, and attitudes. *"In today's business environment, it is not surprising to see people from different generations working side-by-side. Because each generation has its own unique values, set of skills, and characteristics, having employees from different generations has created its own challenges and opportunities for managers."* (Gursoy, Chi, & Karadag, 2013, pp.40-48)

Currently, 4 generations on the labor market need to work together: Baby Boomers, Generation X, Millennials, Generation Z. In the present article we will take into consideration the following periods: Baby Boomers (1946-1964), Generation X (1965-1979), Generation Y or “Millennials” (1980-1994), Generation Z (1995-2015).

- *Baby Boomers represents those people who are already retired or about to retire soon;*
- *Generation X are the ones who are known for their active role in social life and business;*
- *Millennials (Y) are also known as the children of the globalization;*
- *Generation Z represents the newest emerging workforce that will fill up the workplace in the next years.*

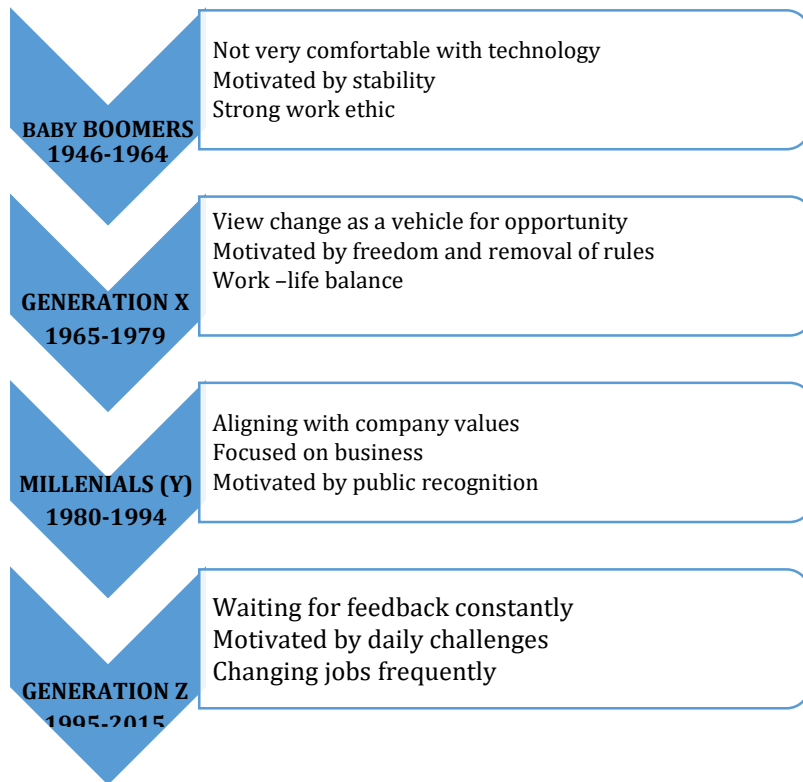


Figure 2: Managing different generations in the workplace

Composed by the author based on the information from Bscai Editorial Staff, 2017.

The findings in figure 2 present different characteristics of the generations. It seems to be essential for companies to understand the characteristics of each generation in terms of age, preferences, motivation, work ethic, etc. If organizations will not take into consideration the age transitioning of the workforce, negative consequences in performance can occur. The generational gap will impact processes like communication, problem solving, knowledge, interpersonal relationships, etc. From a Human Resource Management point of view, organizations need to recognize the presence of a multi-generational workforce and thereby focus on what is important for each employee from each generation.

Impact on organizational HR processes

In companies, it is not important only to have well-conceived HR policies and practices. What is truly important is how these policies and practices are implemented. In this case, the findings in table 2 will present the positive and negative impact generations can have on HR processes.

According to the findings in Table 2, the planning process can be difficult for a company because generations either retire, change jobs often, or have just entered the labor market. Recruitment and selection depend very much on the tools used by the companies because some generations are not used with media and online recruitment while others don't take in seriously this process and don't show up for the interviews. Induction of staff can have a negative impact on the process: difficulties in connecting with younger generations and the need for innovative induction programs. At first, an older employee (from the baby boomer generation) may find it difficult to be a part of a younger team. On the other hand, the youngest generations will ask for more innovative induction programs.

Regarding the training and development process, the negative impact will relate to the fact that Baby Boomers will retire shortly and the youngest generations will change jobs frequently and somehow the company won't invest in an employee who will leave the organization in the near future. On the other side, for the youngest generations, the company will have to accomplish a challenge regarding external coaching and personalized programs for development. However, there is a positive impact too concerning online training that can be used with the youngest generations.

The Performance Evaluation and Feedback process will have problems because of the generational differences. Some of the older employees won't be happy to receive feedback from a younger supervisor. On the other side, feedback and evaluation are considered constructive processes.

In the end, based on the research we will contribute with some suggestions which can improve the relationship between generations and HR policies.

Table 2. Positive and negative impact generations can have on HR processes

✗ Negative impact ✓ Positive impact

Generation/ HR process	Baby Boomers	Generation X	Millennials	Generation Z
Planning	✗ Are retiring at a rate of around 10,000 a day ✓ Changing jobs: almost never	✗ Starting to retire soon ✓ Changing jobs: only if necessary	✗ Possibility to change the job ✓ Changing jobs: Sometimes	✗ Entering the labor market ✓ Changing jobs: Regularly
Recruitment	✗ They are not very familiar with online recruitment ✓ Strong work ethic	✗ They won't leave the actual job ✓ The highest job supply	✗ Sense of entitlement ✓ They have updated CV	✗ They will miss interviews ✓ They will have enthusiasm for a new job

Selection	✗ They are not used with technology ✓ They have experience	✗ They will have high claims ✓ They have experience	✗ They expect a promotion within 2 years ✓ They Can Help Build Strong Culture	✗ Lack of seriousness ✓ Being involved in different activities
Induction	✗ Difficulties in relation with younger generations ✓ They know how to adapt	✗ Difficulties in relation with younger generations ✓ Ready to absorb and try new ideas.	✗ Innovative induction programs ✓ They make great teams	✗ Innovative induction programs ✓ They are willing to learn new things
Training	✗ They will retire soon ✓ Add value with their work experience	✗ Want more external coaching ✓ They will ask for more trainings if potential is not fully tapped	✗ Want more external coaching ✓ Online trainings	✗ Personalize learning and development. ✓ Online trainings
Evaluation & Feedback	✗ Generational conflict ✓ They receive feedback effectively	✗ Generational conflict ✓ They are happy to receive feedback	✗ Generational conflict ✓ Use Email, text messages, PowerPoint	✗ Generational conflict ✓ They appreciate humor

Result and suggestions

To overcome the problem related to the impact of generations on HR practices, in the previous section we have analyzed the positive and negative impact multigenerational workforce can have on HR practices. We think the planning process is the most significant because this is the moment when the priorities and the personnel needs are established. Companies should consider the fact that employees are much more willing to change jobs today. This fact presents a risk to the company and that is why HR departments should supervise this process carefully. On the other hand, processes such as recruitment and selection are also important because they require finding the right person to fit well in the company's requirements and the team.

This is how the problem can be tackled:

To have a better *planning process* companies should:

- Be aware of how many employees they need for a new position and make long term plans;
- Consider if a person who will retire soon is suitable for the said position;
- Be aware of the fact that new generations are tempted to change their jobs more often;

Regarding the *recruitment and selection process* companies should:

- Use diverse recruitment tools in order to reach more employees from different generations;

- Be prepared and have a B plan for the employees who will confirm and still miss an interview;
- Be prepared to persuade the employees who are not 100% convinced to leave their current job;

Related to *induction* of staff companies should:

- Be prepared to handle the potential generational conflicts;
- Be willing to invest in innovative induction programs;

To have an effective *training and development process* companies should:

- Take into account if it is worth to invest in an employee who will retire soon;
- Be prepared to invest in personalized learning programs and external coaching;
- Use to their advantage the employee's experience and knowledge;

For a better *performance evaluation and feedback process* the companies should:

- Be prepared to handle generational differences;
- Invest more in employees who are willing to learn;
- Use more innovative tools for younger generations.

In conclusion, these processes are very important for companies, forming an essential basis for the Human Resources Department. Some companies have good results on some processes while others have major problems because they are dealing with different circumstances. Companies and especially HR departments should understand the differences between generations and focus on a dynamic process that will help them cope with labor market changes.

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