

CHAPTER 4

THE CHANGING NATURE OF WORK AND PEOPLE

I. AN ANALYSIS OF THE CHANGING NATURE OF WORK AND PEOPLE

JAY J. JAMROG*

The Human Resource Institute is a nonprofit academic-based resource organization. We have more than 100 companies that support our research. We have 25 full-time researchers who produce about 20,000 pages of research per year. Our research falls into three groups: (1) the changing nature of people, (2) the changing nature of work, and (3) the changing nature of how people are managed within organizations.

The Generations Defined

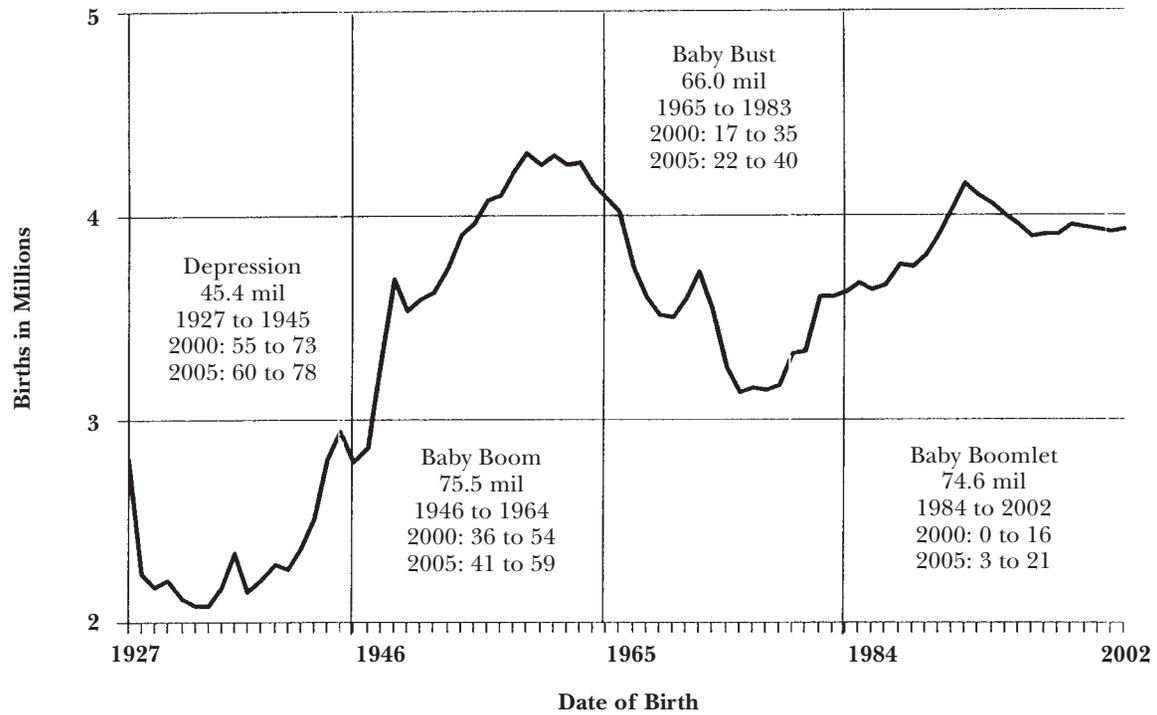
First, I want to define my terms, because a lot of demographers have different definitions for “generations.” I follow generations in 18-year increments, primarily because the baby boom, which started in 1946 and ended in 1964, is the benchmark generational category.

Depression Generation

The first generation being studied is called the “Depression” generation. This generation is a small group of about 45 million persons born between 1927 and 1945. In the year 2000, they are between the ages of 55 and 73. In the year 2005, they will be between the ages of 60 and 78. Much of the research of this group centers on retirement trends. How is retirement different now from previous generations? How is it evolving? How is it changing life expectancy, health care, and so forth?

*Executive Director, Human Resource Institute, Eckerd College, St. Petersburg, Florida.

Figure 1. Actual Number of Births per Year in the United States



Source: U.S. Bureau of the Census.

Baby Boom Generation

The next generation that we are studying is the “Baby Boom” generation. That is the big generation born after World War II, between 1946 and 1964—about 76 million people. This year, they are between the ages of 36 and 54; in 2005, they will be between the ages of 41 and 59. Contrary to how the media has been portraying the Baby Boomers, they are not graying; they are not retiring; they are not buying Winnebagos—yet. The vast majority of Baby Boomers are still in their 40s.

Right now, we are doing considerable research with the age 35-to-54 group, which is called prime earning years, especially ages 45 to 54. We are trying to compare how their prime earning years compare with the Depression generation when they were in their prime earning years. What are the differences? What are the reasons for those differences? I will talk a little bit about that as I continue.

Baby Bust Generation

The generation that I will discuss the most is the “Baby Bust” generation. Some people have described this generation as “Generation X,” “Generation Y,” and the “Next Generation.” Between 1965 and 1983, about 66 million people were born. Although this is a lot of people, this is a much lower percentage of the population than the Baby Boomers were. We are now at the last part of the Baby Bust generation. This year they are between the ages of 17 and 35. They are the ones coming into the workplace right now. This generation will all be in the workforce in 2005. They are the ones whom everyone is having trouble recruiting, retaining, and motivating, so we have done a lot of research on them, which I will share with you.

We started tracking this generation in 1991, when Douglas Coupland came out with his book called *Generation X*.¹ Many of our sponsors read that book and queried us about whether this generation was as different from previous generations as the book was portraying, or was the book exaggerating? We combined with two other institutes and went to about 13 universities and 23 companies to conduct extensive surveying, many focus groups, and considerable studying of this generation. We continued these efforts throughout the 1990s.

¹Coupland, *Generation X: Tales for an Accelerated Culture* (St. Martin's Press 1991).

Generation.com

The last generation that we are looking at is what some call the “Baby Boomlet” generation. I call them “generation.com,” and I’ll explain what I mean by that as I continue. This is the current generation, born between 1984 and 2002, and it will total about 75 million. This year they are ages 0 to 16. In 2005, as this generation begins to turn age 21, they will start entering the workplace.

Generational Markers

When demographers look at these general trends and implications, we know that there is a big difference between the members of the Baby Boom generation who were born in 1946 and those born in 1964. We also know that there is a big difference between the members of the Baby Bust generation who were born in 1965 and those born in 1983. What researchers try to look for are “generational markers”: events that have a big impact on a generation and cause generational memories. Generational markers make it easier for researchers to make generalizations about generations. The bigger the markers, the easier it is to put generations into stereotypical categories.

The Depression generation had huge generational markers, including the Great Depression; the common use of electricity, especially in the rural areas; and World War II—all of which made

Figure 2. Generational Markers

Depression Generation	Baby Boom Generation	Baby Bust Generation	Baby Boomlet Generation
<ul style="list-style-type: none"> • Great Depression • Electrification • World War II • Cold War 	<ul style="list-style-type: none"> • Civil Rights • War on Poverty • Race to Space • Assassinations • Vietnam • Impeachment 	<ul style="list-style-type: none"> • AIDS • Video Games • Homelessness • Downsizing • Berlin Wall • The Web 	<ul style="list-style-type: none"> • Poverty • The Environment • Violence • Technology

Source: Cheatham and Clark.

this generation very patriotic, very conservative, and very sacrificing.

The Baby Boom generation also had huge generational markers, such as the civil rights movement, the war on poverty that started in 1964, the race to space, assassinations, Vietnam, and impeachment. There were many more, but those were some of the bigger ones.

By contrast, the Baby Bust generation has not had such big generational markers. One of the characteristics of this generation is its diversity, primarily because it has had a lot of small generational markers that have impacted people in different ways, depending on their socio-economic background. This generation has grown up with the acquired immunodeficiency syndrome (AIDS), while the Baby Boom generation did not. The Baby Bust generation has video games, the Baby Boom generation had pinball machines. Homelessness—the media has played up homelessness quite a bit with this generation. Downsizing—the whole restructuring of corporate America has had a big impact on this generation. Also, the Berlin Wall fell, and the World Wide Web was invented.

There is still time for the Baby Boomlet generation to have defining generational markers—with big or small effects. It may be that some of the markers that we are looking at today may not hold true for the future, or more will occur. Our researchers think that poverty is having a big impact on this generation. In fact, this is one of the biggest “have and have not” generations since the Depression generation. Our researchers also think that this is going to be the “green” generation, that they will be a generation of “tree huggers.” That remains to be seen.

I also think that violence is having a huge impact on this generation, whether it is violence in the media, violence in video games, or just violence in general. It is a very different environment from previous generations when they go to school through metal detectors and when they have police in the hallways.

I also think that technology is having a big impact on the Baby Boomlet generation. That is why I call them “generation.com.” In fact, some researchers are predicting that technology is having such a big impact that it is actually making this generation evolve into a different species. Now before you say, “I know because I have kids in this generation; I know they are a different species”—it does not mean that they are growing antennas. What the researchers are looking at is the way the members of this generation are learning;

the way they are grasping knowledge; how they are using technology; the fact that they are very technologically sophisticated but their personal skills are lacking at the same time. They seem to be very different, and they will have a very different impact on the workplace. That is why we are in the school system now looking at how big of an impact and what kind of an impact they will have.

Elements Differentiating the Generations

Lifestyle Characteristics

When we look at some of the lifestyle characteristics for the different generations, we have fun. Some of these characteristics are true and some of these are not true.

The one characteristic I like best is when the Depression generation said, "I like it and it is okay." They came through the Depression; they survived. Then the Baby Boomers say, "Should I really like it? Will others?" They had to live up to the Joneses'. The Baby

Figure 3. Lifestyle Characteristics

Depression 1927–1945	Baby Boom 1946–1964	Baby Bust 1965–1983	Baby Boomlet 1984–2002
Work hard, Save money, What is play?	Work hard, Play hard, Worry about money	Work hard if it doesn't inter- fere with play, Save money	Good grades, Make others pay, Save money
I like it, It's okay	Should I really like it? Will others?	I like it, I don't care what you think	Who are you, anyway? You're old.
I care about religion	Religion is a hobby	What is religion?	Will I get an "A" in religion?
Exercise is one option	Exercise is a duty	Exercise for mental health	What's your second sport?
Buy a decent house	Buy the most house you can	Reclaim the inner city	I like living with my parents

Bust generation says, “I like it and I do not care what you think.” A Baby Boomlet says, “Who are you, anyway? You are old.”

Social Values

There are many generational differences in social values.

The Depression generation motto was: “Quality first, buy American.” I remember my mother always saying, “Pay the most you can for an American product, and it will last forever. Buy that GE refrigerator, that Westinghouse washing machine, etc.” But then the Baby Boom generation came along and said, “Prestige first, foreign is better.” We became the BMW/Mercedes/Sony generation. The Baby Bust generation is very much cheap/value added. They will search for the highest possible value at the lowest possible price. The Baby Boomlet generation buys from the Gap. They are very label conscious.

Figure 4. Social Values

Depression 1927–1945	Baby Boom 1946–1964	Baby Bust 1965–1983	Baby Boomlet 1984–2002
Support United Way	I’m forced to support United Way	United Way isn’t green	???
Red Cross Peace Corps	Battered women’s and homeless shelters	Habitat for Humanity	Greenpeace
Community activities/ Rotary	Rotary is a bore	What is Rotary and who cares?	Beachsweep neighborhood cleanup
You must vote	Vote if you want	You must vote	???
Family first	Family and friends	My friends and my family	???
Quality first, buy American	Prestige first, foreign is better	Cheap: value added	Get it at the Gap

Workplace Characteristics

The workplace characteristic that is often debated is “want to win.” We have a tendency to want to give each generation a different characteristic. But what it came down to is that each generation wants to win. Maybe the definition of “win” changes, but they each want to win.

A similar characteristic is technology. The Depression generation was very technologically savvy. There were a lot of technological advances during World War II and the Cold War. When we look at the retirement trends today in Florida, there is a higher percent-

Figure 5. Workplace Characteristics

Depression 1927–1945	Baby Boom 1946–1964	Baby Bust 1965–1983	Baby Boomlet 1984–2002
Strong work ethic	Money/ principles	Principles/ satisfaction	???
Hoe to end of row	Mixed	Lifestyle first	Lifestyle first
Manage	Manage (lead/follow)	No need to lead	???
Loyal to employer	Mixed	Loyal to skills	???
Independent but conventional	Care deeply about what others think	Don't care what others think	Don't care what others think
Work well with others	Want others to work with them	Work best alone	Work best alone
Technically savvy	Technically challenged	Technically savvy	Technically sophisticated
Follow the leader	Lip service to mission	Care about mission	Must have mission
Strong chain of command	Mixed	Individual first	Individual first
Want to win	Want to win	Want to win	Want to win

age of retirement homes that have computers in their homes than the nation at large. They are using computers to send e-mails to their families, stay in touch with each other, and send pictures. They have their chat rooms, data rooms, and online communities. It is remarkable how much they are using technology, especially the homebound as they get older. It is a way to escape and “get out of” the house.

But the Baby Boom generation, and I am a member, is technologically challenged. I debate that with my staff—they are all young so they say that I am challenged. The Baby Bust generation is very technologically savvy, and the Baby Boomlet generation is also very technologically sophisticated. They are a very different breed when it comes to technology. They are going to have a huge impact when they come into the workplace.

Generational Issues

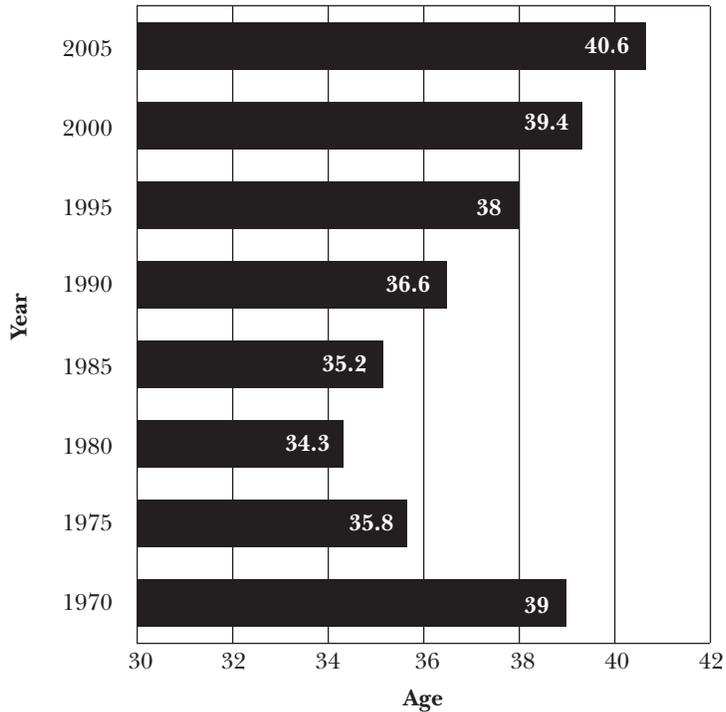
Baby Boom Generation

The median age of the workforce declined when the Baby Boom generation entered the workplace. As the Baby Boom generation ages, the workplace ages. The median age of the workforce will peak around age 41 in 2005. Then generation.com will start having an impact.

Baby boomers are entering their prime earning years. It is a very important time between the ages of 45 and 54—you are supposed to be earning the most, to be the most productive, to give back to your community, and to actually be successful in the workplace. What we are finding is that Baby Boomers are breaking out maybe 25/75 in how they view the world today. That is a rough estimate. But it is about 25 percent who went to college, are successful in business, but are seeing the “social contract” being broken with them.

The social contract that they are seeing broken was the one that they saw modeled by their fathers (and with the Depression generation it was the fathers, not mothers) during their prime earning years. Their fathers reached this point in their work lives, and suddenly they had more time off, took off Fridays, spent more time with the family on the weekends, went on more vacations, and had more money to spend. What is happening today is that the Baby Boomers are at the same point in their lives, but they are working as hard as they ever were. And they are not getting a lot of

Figure 6. Median Age of the U.S. Labor Force
Selected Years, Actual and Projected



Source: U.S. Bureau of Labor Statistics.

time off. They are angry at this, even though they have been successful.

We asked them, “*Can* you work this hard for another 10 to 15 years?” And they answered, “No. No, I cannot.” We asked, “*Will* you work this hard for another 10 to 15 years?” They answered, “No, I will not.”

The big indication is that some of the best and the brightest want to “bail out” of the business world. They are tired and they do not want to work so much. Now whether they will or not is another matter. Many companies cannot find enough people who have enough experience with the company to be division presidents. “Why would I want that job? I have enough money. Why would I want all that aggravation to work 60 to 70 hours per week? I’m ready to bail out. I do not want all that.”

The big issue of the other 75 percent is *money*. They are very much afraid that they are not going to have enough money for retirement, that they are going to have to work until they die. It is a scary proposition for them. They do not even know if they are going to have their jobs for another 10 to 15 years. They do not know if Social Security is going to be there when they need it. They do not know if corporate pensions are going to be there at retirement. They do not know if they are going to have enough money.

One part of that is the economic condition right now. When the Depression generation was hitting their prime earning years, there were 6, 7, 8 percent increases a year in income because of inflation. Today, for most people, their pay raises are not keeping up with inflation. Their salaries are stagnant, and they do not see big increases occurring in their prime earning years.

Another factor is career growth. When the Depression generation was entering its prime earning years, there were places within the organization to move up the ladder, to progress with your career or your profession. There has never been enough room in corporate America for all the Baby Boomers. And now they have been downsized. The vast majority of people are career-plateaued. They really do not know how they are going to last in their jobs for another 10 to 15 years. They do not know how they are going to get motivated or how they can stay productive.

College tuition is another big concern of the Baby Boom generation. When the Depression generation was in their prime earning years and had to send their kids to college, college was fairly free. Today it costs an arm and a leg to send kids to college, and everyone wants to send their kids to college. When I was going to college, my folks were too poor to send me to college, so I went to school in San Francisco. I grew up in Massachusetts, thumbed across the country, and I went to school there because all you had to do in California was be a resident and it was free. But today I have two children in college at the same time. I feel like an ATM machine because of all the money going out. Sending children to college is a big drain on savings today.

Savings is another problem. The Baby Boomers are by and large the worst saving cohort group of the generations. They save about 2 to 3 percent of their income. The depression generation saved about 10 percent. Even the Baby Bust generation saves about 10 percent. The Baby Boom generation never saved enough money.

The Depression generation did not have to worry about taking care of their parents, because their parents did not live that long. Today, people are living longer, and the quality of life is not as good as it should be. You know that home care is what the people want. So more and more eldercare responsibilities will drain income even more.

As a result, the prospect of working until we die is going to come back. The Depression generation will probably be the first and last generation to really enjoy retirement. The vast majority of Baby Boomers, either because they have to or because they want to, are going to work part-time to supplement their retirement.

If Baby Boomers continue to work and not fully retire, intergenerational conflict could be a big issue. We are already seeing intergenerational conflict. When retired people have to supplement their retirement, they take jobs at McDonald's or they bag groceries. Employers would rather hire them than young people, because they are more reliable. For young people, this work used to be their first opportunity to get a job, to learn the work ethic, to come to work on time, to respect authority. In a lot of cases, they are not getting that opportunity today.

Baby Bust Generation

When we studied the Baby Bust generation, we looked at the environment that they experienced—their generational markers—and their impact on behavior in the workplace. This is the generation that everyone is complaining about being hard to recruit because of the tight labor market. Hard to retain and hard to motivate. We looked to see what was different in their environment from that of the Baby Boom generation.

In the early 1990s, we came up with five areas of difference between the environment experiences of the Baby Boom generation and those of the Baby Bust generation: (1) increased cultural awareness, (2) dual-career parents/latchkey children, (3) technology as a toy, (4) employment consolidation, and (5) belief that their parents' standard of living was unachievable. The first four of the five are holding true throughout the 1990s; however, one of the five has not held as true as the other four. That is the belief that the parents' standard of living is unachievable. When we first started researching this in the beginning of the 1990s, everyone, even college graduates, said, "I am not going to have as high a standard of living as my parents." That is what they saw in the

economy. Today that has dissipated a little bit, so now only about 50 percent believe this. It all depends on the economic circumstances of where they came from and whether or not they went or are going to go to college.

The Baby Bust generation is coming into the workplace today much more culturally aware. They are much more aware of their own diversity, and they are much more aware of the diversity around the world. There are three primary reasons for this. The first reason is media. The Baby Boomers grew up with three fuzzy television channels, if you could get the rabbit ears to move. Today there are 100 to 500 channels. There is instantaneous news on CNN, the Discovery Channel, the Learning Channel. They see things from all over the world—Spanish networks, Japanese channels, all kinds of things. They are much more aware because of media.

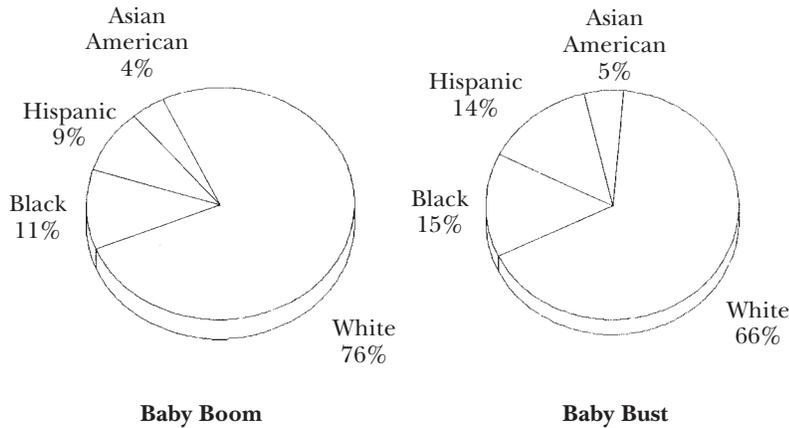
The second reason is the Web. They can search the Web and go to other cultures, talk to other people. There are even “live cams.”

The third reason is immigration. During the Baby Bust time, there was a huge immigration push, and most of it was from countries with color. This is going to continue. As we had a baby bust, developing countries had baby booms. They are going to continue to come here, because our streets are still paved with gold. Any job in the United States looked better than sitting on a dump in Mexico City. We are one of the only countries in the world where you can come and be treated as a citizen overnight. You may not get your green card and citizenship right away, but you can be considered an American. If you live 20 years in Japan, you will never be considered Japanese. Live 20 years in Italy, you will never be considered an Italian. But you can be an American overnight.

So this fantastic salad bowl we have is causing a large amount of diversity in our workplace. We are going to have even more diversity in the future. You can look at it from generation to generation. The Baby Boom generation was about 76 percent white. The Baby Bust generation is about 66 percent white. Generation.com is about 56 percent white. We are seeing the browning of America, and it is happening very fast.

The implication here is that there is a lot more minority representation in colleges today. What potential employees are looking for from an employer is for that employer to be doing some good, honest work on diversity and moving people up within the organization. In focus groups, this is what we’re hearing from both women and minorities—there is about a 20/20/60 breakout.

Figure 7. Percent of Baby Boom and Baby Bust Generations by Race/Ethnicity



Source: U.S. Bureau of the Census.

Twenty percent are very cynical, caustic, and angry. They say, “You have more than 30 years of equal employment opportunity and affirmative action, and today it’s still a bunch of white guys talking to white guys to make themselves feel good.” They are concerned that not much progress has been made in the diversity area, moving people up in the organization. The other 20 percent appear very Pollyannaish; they say all the problems in the workplace have been solved, that there are no more problems, that everything is good. The final 60 percent say, “I want to make sure that my employer of choice, the one I want to work for, has been moving on diversity, because I want to see that there is hope for me in that company. I do not want to go to a company where there are a lot of ‘walls’ and ‘ceilings.’ I want to work for a company where there is some hope for me to move up in the organization.”

These groups are looking at organizations very carefully to see how much they are doing on the diversity issue. Frankly, there is not a lot being done. Minorities make up about 22 percent of the workplace today, but their glass ceiling is very low; they comprise less than 13 percent of middle and lower managers, and about only 2 percent of top management. This, after more than 30 years of equal employment opportunity and affirmative action.

Women in the workplace make up about half the labor force, 46 to 47 percent. They actually make up about half of middle managers today, but they still comprise less than 5 percent of senior management. There are two women Fortune 500 CEOs now: one is at Hewlett-Packard, and the other is at Avon.

You should realize that women of color and single women have always been in the workplace. The recent increase of women in the workplace primarily has been white married (to white men) women with children. There is considerable backlash because they have made substantial progress in the workplace.

When you look at the percentage of female senior managers among North American companies, 35 percent have zero. There has been very little progress made in this area. It is still a white male bastion.

Women make about 73 cents for every dollar a man makes. About 10 years ago, it was 64 cents. There has been some progress for women as a percent of what men make. They are not making progress because they are making more now; they are making progress because men are making less. Up until 1995, the gap between minorities and whites in what they made was actually increasing, not decreasing. Since 1995, it has actually stabilized. It has not closed, but it has not increased.

There is a paradox here. Although we are seeing that most of the minorities and women really want organizations to be doing a lot about this issue, there is not a lot actually being done in society in general. In fact, the opposite is occurring.

More and more we are seeing that people are “cocooning” within their cultural comfort zones a lot more. Whites tend to live in white neighborhoods, African Americans in theirs, Asians in theirs, and Hispanics in theirs. It is a worldwide phenomenon. We are cocooning within our cultural comfort zones. The tribalism and the ethnic wars are causing that to happen. Look at the breakup of the Soviet Union. The breakup of Yugoslavia. The conflict in Africa. You see more of that as we are globalizing.

Although you see more interracial dating and more interracial marriages than ever before, this cocooning within cultural comfort zones continues. Go into a high school cafeteria sometime and just look around. What you will hear is probably Hispanic music or African American music, but you will see the whites over here, the African Americans over there, the Hispanics over there, and Asians over there.

Today you can grow up in your white neighborhood, go to your white high school, then go to college. You may be involved in diversity, but you do not have to be. Then you go to the workplace, and they make diversity happen in the workplace. But then you go home to your white neighborhood again. So it is a very tough thing to do. Although the employer should be doing something to attract the best and the brightest, society's ills cannot be solved in the workplace, and that is what is happening.

It is a real tough issue, but it is an issue that, as we have an increasingly diverse labor force, is going to become even a bigger issue in the future.

Generation.com

Generation.com is the first generation of dual-career parent, latchkey children. It is the first generation where the mother was not there waiting for the children with milk and cookies when they came home from school. The generation.com members have had to take more responsibility for themselves at an earlier age: let themselves in, do their homework by themselves, clean the house, make dinner for their parents.

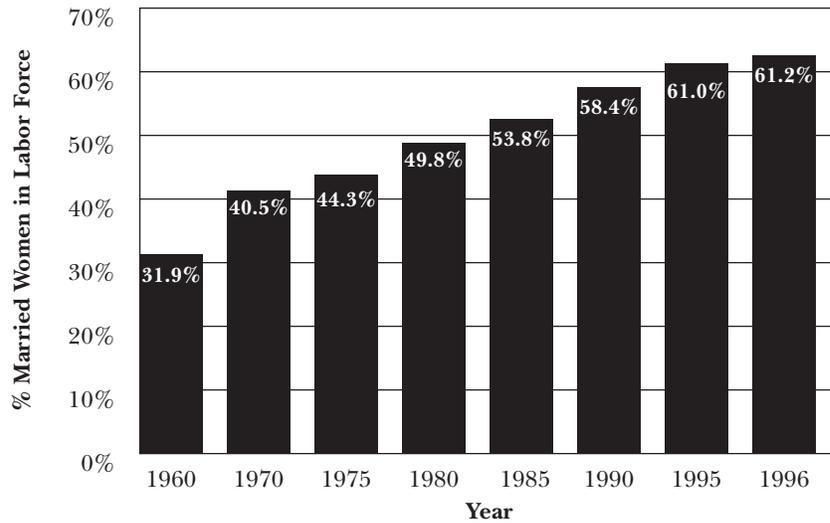
Effect of Generational Changes on the Workplace

The labor force participation rates of married women went from about 32 percent in 1960 to about 63 percent today.

That trend should continue, although it will rise a little more slowly. Despite the fact that many think that couples are dual-income because they want two BMWs, that is not the case. The vast majority of couples are dual-income because it takes two incomes to support a family. In the Depression generation, it took one income to support a spouse and 3.3 kids. Today it takes two incomes to support a spouse and 1.5 kids. This is going to continue; it is not going to dissipate.

The percentage of married mothers in the labor force who have children younger than age 6 has increased since 1970. Originally, married mothers would say, "I'm going to wait until my child goes to school, then I'll go back to work." Today they are forced to go back to work when their children are younger, because it takes two incomes to support the family. They need those two incomes.

Another big change in households has been single-parent families. In 1970, only 12 percent of children lived in a single-parent family. Today it is up to almost one-third.

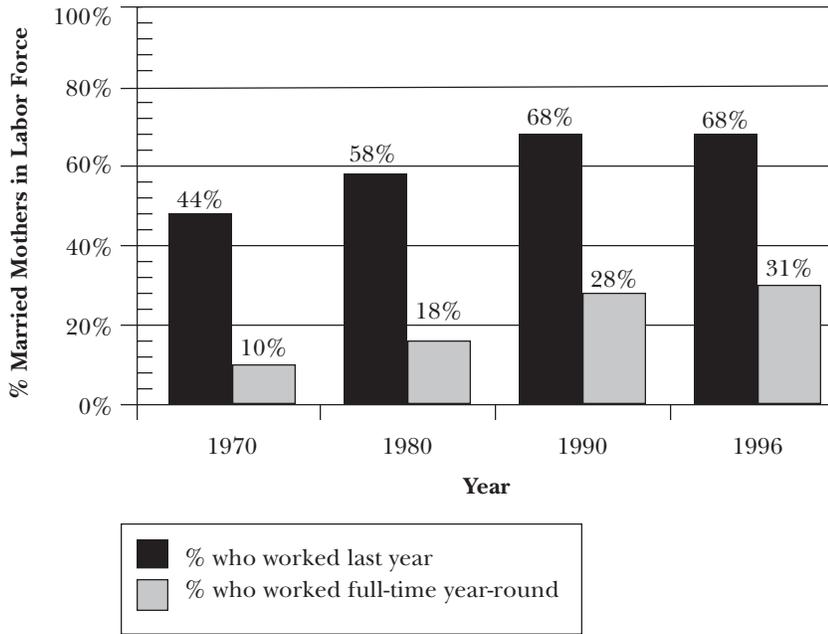
Figure 8. Labor Force Participation Rates of Married Women, 1960–1996

Source: *Statistical Handbook on the American Family*, 1999.

We have gone to about two-thirds being dual-income, and one-third single parents. This has had a big impact on this generation. I do not want to say that it is right or wrong, because it is going to continue. What it has done is change the way the members of this generation behave when they enter the labor force. It has changed them markedly.

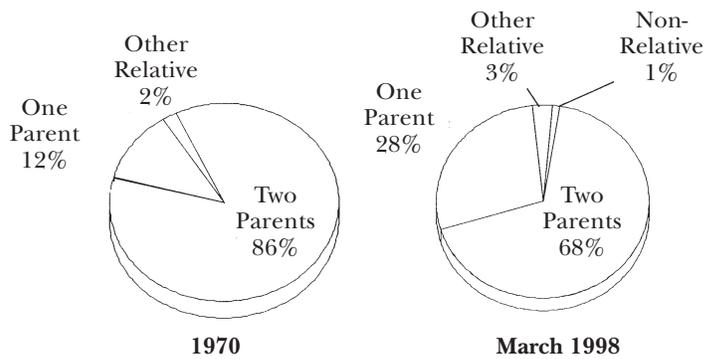
When the Baby Boomers were entering the labor force, they were managed by a simplistic theory called PAC/PAC. If the Depression generation manager acted like a parent, then the Baby Boomer would act like a child. If the manager acted like a child, then the Baby Boomer would act like a parent. The key was to have an adult-to-adult relationship based on respect and dignity. That is how to manage Baby Boomers. The baby bust generation wants to be treated like adults also; they want respect and dignity. But they also want something else—they want parents. They do not call them parents, they call them coaches, teachers, or mentors. They want a lot of communication, a lot of positive reinforcement, a lot of positive pats on the back. They do not want negative, in-your-face, authoritarian managers. Remember, they had “quality” time,

Figure 9. Married Mothers, With Children Under 6, in the Labor Force 1970–1996



Source: Catalyst, New York, NY.

Figure 10. Percent of Children by Number of Parents in Household, 1970 and March 1998



Source: U.S. Bureau of the Census.

not “quantity” time. They did not have very disciplinary parents. They do not react well to that kind of environment. But they do want somebody who can create a passion for them, who can inspire them, who can motivate them, and who can do a lot of one-on-one communication. This is really tough to do.

By the way, when we survey managers worldwide and ask them for the most important people issues out there, the number one issue is leadership, primarily because of this issue. Leading people, inspiring them, creating a passion. This is one of the biggest skills lacking in today’s environment. We think everybody wants to be managed the way that we were managed. They do not. They are very different today. So it becomes a huge issue. This leadership issue is extremely important to managing these new workers today.

The problem with the leadership issue is that we know what it is that they need: they need leaders, coaches, teachers, and mentors. But we do not measure, we do not reward, we do not develop those competencies today. We measure and reward people for getting the widgets out the door, not for how well they develop and manage people. There is a huge gap there. The leadership issue is going to continue to be one of the key workplace issues, even ten years from now.

Technology and the Information Explosion

Technology is a toy to the Baby Bust generation. They are going to get to level 13 if it kills them, and they are going to get there without the manual. If you do not have the latest technology in your company, you are considered a dinosaur. You are outdated and you are not an employer of choice. They want the latest bells and whistles sitting on their desks. And they want speed, speed, speed; they want Internet speed. That is what they are looking for. You have got to have the latest technology, the laptops, the cellular phones, the pagers, the personal digital assistants—they want all that stuff. Generation.com is going to want the latest technology even more.

Today about 9 percent of the U.S. economy is information technology. This whole revolution is just beginning. The bandwidth problem has not been solved yet, but it will be within the next five years.

Do you know that now there are biological chips—real cells that will reproduce themselves and that are so powerful that the supercomputer will be able to fit on the head of a match. These chips will be implantable—they will go through your bloodstream

and kill diseases. A computer chip can be implanted in you so if a new invention happens in Düsseldorf in which you are interested, it will automatically go through the bandwidth and be implanted in your brain. That is only a few years away. That is not science fiction. They are already working on this.

To give you an example of the extraordinary increases in technology usage during the Baby Bust maturing years, consider the following:

- Between 1983 and 1993, the U.S. work world has added 25 million computers.
- The number of cellular telephone subscribers jumped from zero in 1983 to 16 million by the end of 1993.
- Close to 19 million people carry pagers, and almost 12 billion messages were left in voice mailboxes in 1993.
- Between 1987 and 1993, homes and offices have added 10 million fax machines, while e-mail addresses have increased by more than 26 million.

About 40 percent of U.S. homes now have PCs. Still not everybody has a PC, but that's a lot of PCs. This is driving the "have" and "have not" of young kids, too. Those who have PCs in their homes seem to be very much in front of those who do not have PCs in their homes. They seem to enter school way ahead and stay way ahead. It has nothing to do with having PCs in the school systems; it means at *home*.

Today there are about 147 million Internet users. There are more people in developing countries that have access to the Internet today than have proper sanitation. This democratization of information is causing the democratization of people, the democratization of markets, and the blurring of boundaries. It is actually changing everything.

The United States and Canada still have the most Internet users, because they have the most hubs. But China will probably outdo us in just five years. This is causing an information revolution. We have had similar information explosions before in human history, and they have had huge impacts on society.

There has been more information produced in the past 30 years than in the previous 5,000 years. One weekday edition of the *New York Times* contains more information than the average person was likely to come across in his or her lifetime in seventeenth-century England. Do you think you are on information overload today? Do you have too much information e-mailed to you? Do you have time

to read any more? Well, it is going to double in just five years. And it is going to double again in just 2.5 years. We have an information explosion going on.

In the business environment, this explosion is causing change. It is causing change to occur faster and faster. This pace of change is going to continue for another 20 years. Ten years ago, change was very slow and very incremental. We could predict 10- and 15-year plans fairly well. Today change is fast and it is discontinuous. By discontinuous, I mean that the way we are living, working, and playing today is not how we lived, worked, and played 5 or 10 years ago. Nor is how we are living, working, and playing today a good indication of how we are going to live, work, and play in the future. As a futurist, that is the only thing that I will predict, that I know will come true. We will be living, working, and playing differently.

How it will be different, I do not know. But change will be here for another 20 years, and it will get faster and more unpredictable. It will get more complex, too. Information has a way of doing that. Some people do not even go on the Web because of the explosion of information when they do a search. In fact, the best search engine hits only about 17 percent of the sites today.

We will have more constraints upon us, too. Even as we have more freedom of information, the freedom of more information puts more constraints on us, because now much of the information is too much information. It will create more conflicts—not only more conflicts in the workplace, but more conflicts in society. It is going to feel like chaos sometimes. I tell companies that probably the best human resources strategy they can implement is to put Valium and Prozac in the water! We will all smile. We will be very happy. We will not be very productive, but we will get through all of this.

Information explosions have happened before in human history, and it is an important concept to understand. When Gutenberg invented the press, the amount of information just exploded upon society. Then there were about 100 years of war, pestilence, disease, and chaos. We went through the industrial revolution. We had the invention of the telephone, the telegraph, the radio, and the television. The amount of information exploded, and we had about 50 years of war, pestilence, disease, and chaos. We had WWI, WWII, depressions, communism, socialism, dictatorships. All that happened within a short period of time.

Today we are going through another information explosion. We will have about another 20 years of war, pestilence, disease, and

chaos. There are more wars today than during the Cold War. They are smaller, but they are all over the place. There are more diseases than ever before—AIDS and different viruses coming about all the time—and it is all going to feel a little chaotic at times. But we will look back 10 years from now and sigh and say, “Wow, what did we all go through? What just happened?”

Did you ever get a birthday card that sang “Happy Birthday” to you? And you just threw it out afterward because it was just a birthday card? Well, you threw away more computer power than existed in the entire world before 1950. The point here is that technology is an important concept for young people today. They are growing up with it. What you have is more cultural awareness. You have kids who need leadership, who need to have passion, and who need to be motivated. They also want the technology at the same time.

The problem that I see with most companies is this: By the time a company has a meeting and decides to buy technology, decides what vendor, decides what software, and decides who is going to put it in; by the time they put it in, debug it, and run it through the senior executives and they okay it—it is already six years out of date. It is remarkable how slowly corporations react. But today you have to act at the speed of the Internet. It has to be that fast today or you are going to be toast, because you are not going to get the best and the brightest.

Loyalty and Commitment

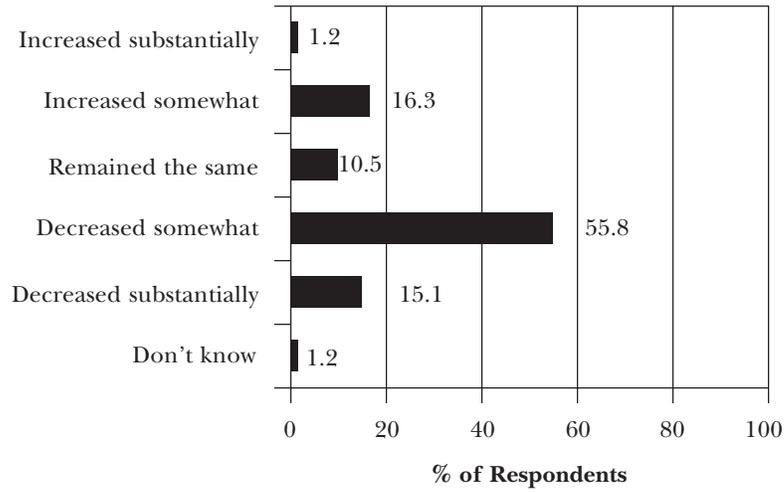
Every two years we survey employers about loyalty and commitment, and we have been seeing that the loyalty and commitment of employees to employers have been decreasing. The companies that say that loyalty and commitment are increasing are usually the small “dot com” companies.

The causes of the decrease, of course, have been the restructuring, downsizing, and reengineering of corporate America.

We know that change is going to occur. There are going to be another 20 years of this restructuring, downsizing, and reengineering. Companies have to stay competitive. They have to restructure their environments. They are going to downsize the areas that are not productive and upsize the ones that are. Companies must constantly reengineer to become more efficient.

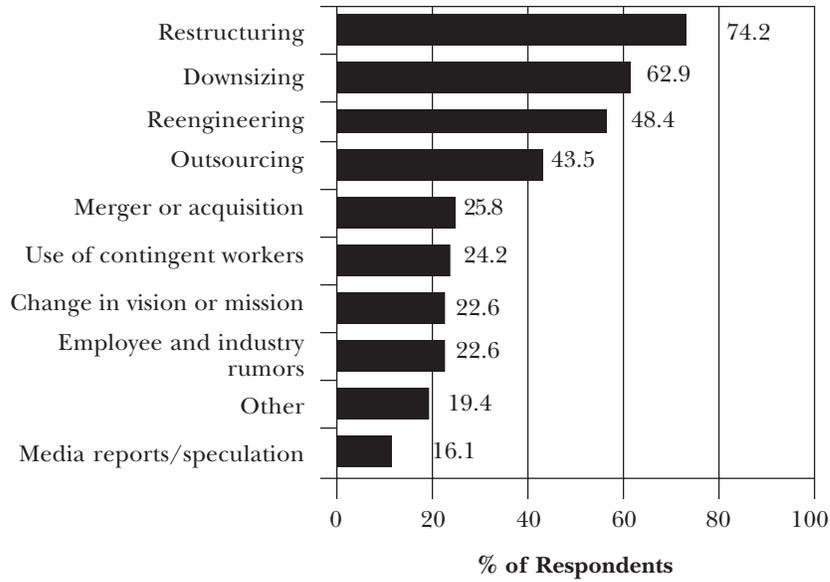
The percentage of the workforce affected by job elimination is relatively small. But why is this important?

Figure 11. Loyalty and Commitment Over the Past Five Years



Source: HRI Staffing Trends Survey.

Figure 12. Causes of Decrease in Loyalty and Commitment



Source: HRI Staffing Trends Survey.

Figure 13. Why Is Loyalty and Commitment Important?

Source: HRI Staffing Trends Survey.

One reason is enhancing customer service. The only thing that gives companies a competitive advantage today is creating customers for life—loyal, committed customers who will keep coming back. CEOs often ask me, “How can I have loyal, committed customers when I do not have loyal, committed employees?” In fact, most companies put their lowest paid, least loyal people in charge of customer service.

Improving quality. If you have ever read Studs Terkel on working, then you know how he says that people who are not loyal to their employer or their supervisor will sabotage the company’s purpose.² A lot of that happens today. Not only with products, but with computers. Increasing productivity: “Why should I care? Why should I give the extra mile to the company? The company does not care about me. Why should I put in the extra effort?” And growth: “Why should I care about whether the company grows or not? You might not even keep me, so I do not care if it grows five years from now.”

²Terkel, *Working: People Talk About What They Do All Day and How They Feel About What They Do* (Pantheon Books 1974).

In reality, however, loyalty is not dead. It has only shifted. Loyalty comes in three areas. The first area is the employer to the employee—that is dead and will not come back. The second area is the commitment to go to work and do a good job. Almost all of the young people today, the “slacker” generation, have a higher commitment to go to work and do a good job than their Japanese counterparts. What we find is that Baby Boomer supervisors usually beat that commitment out of them within the first year. The third area is where it is strongest today. They have a strong loyalty and commitment to their profession, to projects, and to a supervisor who is a good leader—the one who creates passion, who is a coach, a teacher, or a mentor. We are finding that loyalty and commitment have not died; they have only shifted.

Skill Crisis

Another important issue involves those youth who are not going to go to college. College has made this a “have” and “have not” generation, especially with Baby Bust and generation.com. This is a huge issue today. Everybody—mothers, fathers, teachers, counselors—is telling young people that they have to go to college to get the good jobs. If they are not going to college, they are being labeled “losers” really early, because what is happening in today’s environment is that all of the jobs for people without college degrees—and all of the job growth—are in the service sector today.

There is no job growth in the manufacturing sector. It is stable or flat or decreasing. So what is happening is that they do not know what they are going to do if they do not go to college—how will they earn enough money to support a family, have a mortgage, and buy a car? The Baby Boomers knew what they were going to do. They were going to go into the factories, they would do dirty work, but at least they would earn enough to support a family, have a mortgage, and be proper citizens in society. These kids today do not know. The jobs available to them will not provide that. Warren Bennis³ says that the factory of the future is going to have only two employees: a man and a dog. The man is going to be there to feed the dog, and the dog is going to be there to make sure that the man does not touch anything.

³Warren Bennis, Ph.D., University Professor and Distinguished Professor of Business Administration, University of Southern California.

It seems that the whole sector that created the middle class is disappearing. This will not happen, of course. But generation.com does not know what they are going to do. When I go to high schools, the lack of hope just hits me right between the eyes. About 25 to 50 percent of that population already knows in high school that they are not going to college, because of either academics or money.

If you look at the fastest growing jobs coming out of the Bureau of Labor Statistics, the fastest growing jobs are those that are growing the fastest percentage-wise. The top ten fastest growing jobs are creating good-paying jobs. But they represent only 4 percent of the total job growth, because of the small number of those jobs overall—that is why they are growing so fast. If you look at the top ten jobs producing the highest number of new jobs, what you get is retail sales workers, janitors, waitresses, maids, etc. You get some good-paying jobs, but the vast majority of them are low-paying, dead-end, pink collar jobs. Those latter top ten represent 27 percent of the job growth. So technology is up-scaling and de-scaling at the same time, and not creating a lot of middle class.

The workforce is growing more slowly. That does not mean that fewer people are coming into the workplace. It means that it is growing more slowly because of percentage growth. We are at the bottom of a tight labor market. We are going to start coming out of it. The latest unemployment figures just went up. We are going to come out of it even more when generation.com comes into the market.

Unfortunately, the tight labor market is not going to ease up for skilled employees. We are going to come out of the tight labor market in raw numbers but not in skills. We are seeing the skill level of the workforce fall further and further behind. One reason for this is that the amount of skills required of people because of technology is increasing so much faster than what the school systems can produce.

There has always been a gap between what is required in the workplace and what the school systems produce. That is why there are training programs—to fill that gap. Today that gap is becoming wider, and it seems that it is not going to narrow within a short period of time. Another problem is that because of technology, the half-life of skills is getting shorter and shorter. That is going to drive the skill crisis into the future.

We are predicting at least another 20 years of a tight labor market. This is the first time since the Depression that we really

have had a tight labor market. We have always had tight labor markets in specific occupations that were quickly filled. Then we went to another tight labor market with engineers and Ph.D.s. Now we have a tight labor market across the board.

For years we had lots of Baby Boomers coming into the workplace. We were flooded with skills, people assets were a dime a dozen. Today we are in a tight labor market, not only because of numbers, but because of skills. All of a sudden this is changing the employer-employee relationship, how it is looked at, and where the bargaining chips are today.

The percent distribution of jobs by education in 2005 is as follows: only 23 percent of jobs will require a four-year degree or more. The vast majority of jobs—about 60 percent—will require high school education and some training afterward. When you look at that in the labor force today, what you have is about 24 percent with four-year college degrees or more.

That is where the big skill crisis is today—those who are graduating from high school and getting some training afterward. When you look at the fastest growing parts of our population today, almost one-half of this Hispanic population is dropping out of high school because of a lack of hope. About a quarter of the African American population is dropping out of high school. No one is telling these young people where the jobs are going to be. Remember, we have generation.com coming through the school system who are going to have a big impact on society in 2010 through 2020.

Almost one million American students leave school prior to graduation. Hundreds of thousands of high school graduates can barely read their diplomas today. Only 6 percent graduate with a twelfth-grade education. The United States continues to finish at or near the bottom in international science and math scores. In fact, fourth and eighth graders have been improving in these tests, but twelfth graders continue to be at the bottom.

Approximately 20 million Americans are functionally illiterate. It means that they cannot read or write to the sixth-grade level. Another 43 million are marginally illiterate. It means they cannot read or write to the eighth-grade level, and that has been increasing. That means that they cannot read a sign that says “In case of emergency, pull lever.” Virtually all U.S. businesses are having trouble hiring people with proper skills. Once they settle into jobs, only one in ten workers receives any new training. So we are not doing very well in this environment, especially in this tight labor market.

In all types of schools, both urban and suburban, there are problems of students with vulgar language and disrespect for authority. The students want to “dis” you. They want to shock you. What is happening with them today? Drug use is down for society. But it is up for almost all of those young kids at a younger age, with crack, methamphetamine, angel dust, marijuana, alcohol, and cigarettes. Violence is down for society, but it is up for all those young people today. Violence is a big problem. Every day about 6,250 teachers are threatened and 260 are attacked. Every day about 1,400 young people are attacked on school property and another 160,000 miss school because of a threat of violence. Every day about 140,000 children take a gun to school. Not a very comfortable place to get an education. I used to worry about kids beating me up for my lunch money, not killing me over my sneakers. When you look at the SAT scores today of those who major in education, they are the lowest 10 percent of SAT scores. You can major in just about anything else and get more money with less stress.

It is really difficult to get a proper education today. Some of the environments are full of risk, and that is our future environment. The students’ parents’ standard of living is unachievable. About 50 percent still believe this. If they come from an upper middle class background, then they feel this way. If they are not going to go to college, then they feel this way. But if they come from a lower class background and they are going to go to college, then they feel like they are going to get ahead.

Current research on brain development shows that it is important for kids to have a good environment from ages 0 to 3 and 3 to 6. People usually have children when they are between 18 and 32 years of age. Fifteen percent of the population lives at the poverty level, which is about \$16,000 for a family of four. Another 20 percent earn less than what is termed “livable wages”—\$20,000. In 1964, we declared war on poverty. We sort of won the war on people older than age 65, but when you look at the younger than age 18 group, poverty is right up to where it was. We are not investing in kids. The Baby Boomers are going to start retiring and the “me” generation is going to want their share pretty soon, causing more problems in society.

Thirty-four percent of children who live in poverty live in suburbia. The primary reason is that half of all marriages end in divorce. Who gets the children after divorce? Ninety-eight percent

of the time it is the woman. What happens to the woman's standard of living in that case? It goes right through the floor. The man's goes up, and the woman's goes right down. Nowhere in society are we investing in kids. Look at child care, the quality of child care. If you can find good child care for young kids, it is good for them. If you cannot, it is not. They are just being warehoused. Even in good child care facilities, the highest paid teacher makes only \$16,000. So children ages 0 to 6 are in an environment with low-paid, low-skilled, high turnover adults. And children in K-12? Low pay, low-skill, high turnover. Generation.com is being raised in this kind of environment, and we do not know what the implications of the environment are yet.

Perceptions

The perception of quality of life over time means it is just perception, but this perception has changed markedly from one generation to the next. This is the Baby Boomers' view. When Baby Boomers were graduating from college, the world was going to be their oyster. They were the eternal optimists. Everything was open to them. They were going to get out of school and then get into management, usually with the big companies, because that is where the security and good pay was. It is not that way anymore, but that is what they wanted to do. Then they were going to get into international opportunities, get into middle or senior management, make big bucks, and take time off. Remember, they were going to delegate. Then they were going to retire. But it did not happen this way. The vast majority of Baby Boomers will not retire. But this was their perception of what life would be for them.

The Baby Bust perception is the exact opposite. Whereas the Baby Boomers were the eternal optimists, the Baby Busters are the eternal pessimists. They do not see the glass as half empty, though, so they are not really pessimists. I call them the eternal realists. So they are going to get out of school, then they are going to have free time. (I just got rid of one with free time. He is living with his sister in Massachusetts, not with me.) Then they are going to go to graduate school, because an undergraduate degree today is like a high school degree in the Baby Boom generation. Then they are going to have a great number of jobs, a great number of employers, some even say a great number of careers. Then they are going to get laid off and then they are going to die. Not a very optimistic

view, but a very realistic view. It does not mean that this is what they are going to do or what will really happen, but this is their perception.

What Are Baby Bust Generation Workers Looking For?

The first thing that young workers are looking for is a challenging work experience. They want valuable work experience. They want to be challenged. They want to be paid for their contribution. They do not care about pay for performance because you are not going to give it to them a year from now. They want spot bonuses, they want to walk away with it today, they even want pats on the back, but they want them instantaneously. Instant gratification. They want to share in the firm's success. Stock options. Outstanding training and education. They want employability today, because they know they are not going to work for one company for life. They want to make sure that they have enough skills and knowledge that they can be employed somewhere else.

What we see is that the more training and education you give them continuously, the more you retain them. The more you train them for other occupations other than their employer's, the more you retain them. They tend to leave when the training ends. Now this is not "techies"—techies tend to leave anyway—but almost everybody else.

The Baby Bust generation wants increased marketable skills. They want training, training, and more training so that they can be marketable. The Baby Boom generation wanted job security, or some type of external security in life—the employer, the family, the community, maybe even the government—but something external. Those external institutions do not provide any security for young people today, not anymore. They cannot rely on them. So the thing they *can* rely on now is the amount of skills and knowledge they have. That is where the job security is—it is how well they are marketable. Then employers will retain them because they will give them job security.

The Baby Bust generation desires to contribute valuable work. In a lot of cases this is why big employers are not the employers of choice, because the Baby Busters feel that they will have to spend years in the company before they are able to contribute in a meaningful way. The small companies are the employers of choice, because the Baby Busters feel that they are going to get their hands dirty right away and contribute in a meaningful way.

I ask young people at college career fairs, “If that is what you believe, that the small companies are the employers of choice, then why are you here interviewing with all of these big companies?” They usually give me one of two answers: “I’m practicing,” or “Well, I’m only going to spend a year with that company, and then I’m going to find myself a good job.” It is a hard perception to overcome.

The Baby Bust generation requires task variety to avoid boredom. They are the MTV generation. They are a little flippant. You have got to be careful about this. If the half-life for their skills is very short, for example, Ph.D.s, computer engineers, and lawyers, then they do not want task variety. They want training within a narrow field to keep up with their peers. If the half-life is wider, they want a lot of task variety, because then they can put more skills on their résumé.

Job descriptions drive this generation crazy. Do away with them. Why do you need them? Of course—laws. You ought to challenge those assumptions. I know companies that have done away with job descriptions and now use job categories. They have done away with 5,000 job descriptions and have gone to five job categories. Their employee retention rate is unbelievably high.

Quality of co-workers is also very important to the Baby Bust generation. They value intellectual stimulation. They like to go to meetings like this one. They love spot training. They love leaders who are coaches, teachers, or mentors. They want to be around co-workers who will stimulate them. This is a very big thing with them because they are on a lifetime learning curve. They anticipate a team environment. But here again you have got to be careful. This generation is all over the place in how they feel about a team environment and whether they are ready for it or not.

Techies do not want to be in these soft, cuddly things called “teams.” They want to be left alone to do their work. So companies that have to have team projects create “virtual” teams. They use the Internet. The team meets in person once at the beginning to “bond.” They meet once in person at the end to celebrate. But they have all the meetings in between online. So the team is structured differently.

There is a whole other group in the Baby Bust generation that was involved in the team environment in high school and college. I am not talking sports; that is not teams. I am talking about team projects. These people are ready for teams, they want to be on

teams, and if you do not put them in teams you are going to lose them. They want to contribute; they are ready.

There is yet another group of Baby Busters that has not had the team experience; they are not ready for teams and they do not know how to work on teams. These people grew up with something called “self-esteem,” where they were the center of the universe. So they need training in group dynamics, what it means to work in a team, and how to come up the learning curve. Just be aware here that there are more than just three categories. They are all over the place with this team stuff. You have to understand each individual.

Salary is not the biggest issue with the Baby Busters. You hear all the stories about the techies coming out of MIT with Ph.D.s having agents who will negotiate football-size contracts. Yes, they are out there. For the vast majority, however, that is not the case. You have to *satisfy* with pay. That does not mean that you have to be the highest payer. You have to be able to manage their expectations.

I have a nonprofit research institute. I hire people with advanced degrees out of college. You have to have a vow of poverty to work with me, because we are nonprofit. I have zero turnover, but I manage expectations about pay every day. They get other things instead of pay. They can work anywhere—they do not have to come to the office to work. They can wear shorts and flip-flops. There are no job descriptions and no performance appraisals. I try different things. I was giving my computer technician a master’s degree and a Ph.D., and I was paying him \$18,000. He developed my Internet site and practically lived in the office for two weeks to make sure that it was going to work. I never gave him a bonus—I think he makes a little bit more now—but he stays with me. Just remember, salary to them is not the biggest thing, but you have to manage that expectation very carefully.

The Baby Bust generation does not believe in paying dues. They want to be CEO next month. Twenty-somethings are impatient with career growth. There is no difference with any generation in that category. What is different about this generation is that they have heard this at the kitchen table: “I’ve given 25 years of devotion to that blah, blah company, and what did I get in return? This crummy watch and this crummy severance package.” That and all kinds of four-letter words thrown in between.

This generation does not trust you. If you say that they have to wait a year for a bonus, and then a better job offer comes along, they will say good-bye. A year, two years, for a promotion—good-bye. Because they do not trust you. There is a huge trust gap

out there. They want instant gratification. They want transferability of experience. They want to know that whatever they learn in your company is transferable. So you have to be spin-doctors as well as good leaders.

The main philosophy of this generation is that work is work and life is life and never the twain shall meet. Their philosophy is “I am going to have a life. My parents did not. They gave everything to the corporation. They got downsized. I am going to have a life and you are not going to tell me how to live my life.” They refuse to be workaholics like their parents. They are called the “slacker” generation because of this philosophy. This is what they *say*, but not what they *do*. In corporations that can manage expectations about pay—create the leadership where they can develop a passion; really inspire, teach, mentor, and coach—then the Baby Busters work *harder* than their parents.

They will stay if you know how to manage the individual. It is not a one-size-fits-all world. They work to live, not live to work. Life is life, family is family, and work is work. They say, “I’m going to have my life and I’m going to have my family and I’m going to do good by them.” But again this what they say, not what they do. It is almost blurring, not separating. Because technology to them is a toy. They have their laptops, their cellular phones, their pagers, and they will take work home.

Last year there was a *Fortune* magazine cover story about how members of the Baby Bust generation bring their parrots and dogs to work. This is true—they are raising cats in one of my offices! They have a family of squirrels that they feed, dead birds that they try to bring back to life! There are kids all over the place with their squirt guns—it is one big child care center. My Depression generation partner will open his office door every once in a while and then close it real fast and never leave. I can stand it for about only half a day. But it is remarkable how productive they are and how much work gets done. The quality and quantity of our research has increased every year. I have zero turnover.

Of course, it is a research institute. You cannot do that at U.S. Steel, because you have to make steel. But it is just realizing that the attitudes and behaviors are changing and for the first time there is a tight labor market where employees actually can demand certain perks and get away with them. You have to conform to that. The Baby Boom generation wanted many of these things, but they were a dime a dozen. They could not demand it and get away with it. Today’s generations can. And that is where the nature of work and people is headed.