

## HR Challenges for Millennial Generation

Dr. Shweta Lalwani

Assistant Professor, School of Management  
Sir Padampat Singhanian University, Udaipur (Raj.)

Prof. Sushil.J.Lalwani

Dean, School of Management,  
Sir Padampat Singhanian University, Udaipur

### Introduction

The generational composition of the workforce is changing rapidly. The workforce comprises of Baby Boomers, Generation X and Generation Y employees. While the Baby Boomers are beginning to retire and Generation X is moving into Leadership positions, the proportion of Generation Y in the workforce is increasing rapidly.(D'Netto, 2012) As stated by Ron Alsop, writer and editor, The Wall Street Journal - The millennial generation may expect so much because they were never denied much. From the nursery onward, millennials were indulged and made to feel special by parents (Trophy Kids) coaches, and teachers. Currently, employers are facing the monumental challenge of integrating the millennial into the workplace with three other generations – Generation Xers, Baby Boomers, and Traditionalists – who have very different attitudes and behaviors. (Alsop, The Trophy Kids Grow Up:How the Millennial Generation, 2008)

### A Bird's Eye View on Generations:

The Silent Generation, also known as the Lucky Few, was born from approximately 1925 until 1945. (Strauss, 1991) It includes some who fought in World War II. The Baby boomers are the generation that was born following World War II, generally from 1946 to 1964, (Brandson, November 2015).

Generation X, commonly named as Gen X, and casually referred to as the "forgotten generation" is the generation born after the Western Post-World War II baby boom.

Millennials, also known as the Millennial Generation (Horovitz, 2012)or Generation Y, are the demographic cohort following Generation X. By April 2016, the Millennial generation grew more than the Boomer generation in size in the USA, with 76 million Boomers and 77 million Millennials. ("Pew Research Center, 2016).

Generation Z, also known as the "Founders" or Post-Millennials the iGeneration, or Homeland Generation, is the cohort of people born after the Millennials. (TimeMagazine, 2016).

As remarked by Hurd, CEO, Oracle "Your increasingly demanding and socially powered customers – extending across the globe – will care nothing about what your company has done in the past and will judge you solely on what you can do for them today and tomorrow." (Hurd, 2014). The Fortune 500 is viewed as a benchmark for corporate size, success, and stability. Looking the Fortune 500 from the year 2000—just 14 years ago—more than half of the companies on that year's list have disappeared. The point to ponder is that in spite of their proud histories, their successful products, their good track records of revenue and profit growth, their industry leadership, their stock performance, more than half of the Fortune 500 from the year 2000 do not exist. That's a striking indicator of how profoundly different the business world that next generation will work in and lead is from today's. With this Gen. Y progressing into leadership positions and taking on more responsibility, today's pace of change will only increase. The several challenges might be, unexpected entry of new competitors, Highly empowered and knowledgeable customers, Recruiting, retaining world-class talent and such Challenges would be manifold. The paper covers such challenges for the next generation in the area of HR.

### HR challenges

Generation Y tend to be wildly optimistic, holding a tribal sense of community, most educated, smart and active of all generations and are the most connected generation ever thanks to cell phones, pagers and their own technical savvy (Eisner, 2005; Martin, 2005).

Former GE CEO Jack Welch once said: "Generation Y is the most exciting group in the world. They want to do their own thing; they want to change the world. Technology's changed so fast. The internet's come; they can do it."There are three characteristics that are shared by the tech-savvy leaders (Gen. Y) of tomorrow:Being the collaborative decision-makers, and are flexible, able to connect on a personal level, they are prepared to challenge the status quo/equilibrium and can act as change agents.Gen Y do not adapt their style to that of the previous Baby Boomer generation in order to conform to the management group they have joined. Gen Y influence is growing and businesses will be benefitted

greatly from this extrovert, diverse, flexible, and transformational future leaders. Hence, the HR management challenges for these generations are manifold. As the business world changes, the role of HR professionals also does. The rapidly transforming business landscape means that there are currently many human resource management challenges which will continue to evolve for years to come. Tom Marsden, Director of Professional Services at

Alexander Mann Solutions said that HR departments really need to be adding real business value to their organizations. (Bisk, 2016). In 2005 the Survey of Global HR Challenges: Yesterday, Today and Tomorrow, conducted by PricewaterhouseCoopers on behalf of the World Federation of Personnel Management Associations (WFPMA), Challenges for human resource management were revealed. (Price water house coopers LLP, 2005)

**Table 1 Challenges for human Resource Management**

Challenges	% of Companies
1. Change management	28%
2. Leadership development	33%
3. HR effectiveness measurement	17%
4. Organizational effectiveness	39%
5. Compensation	15%
6. Staffing: Recruitment and availability of skilled local labor	24%
7. Succession planning	21%
8. Learning and development	19%
9. Staffing: Retention	23%
10. Benefits costs: Health & welfare	13%

Source: (<http://www.wfpma.com/sites/wfpma.com/files/PDFs/hrglobalchallenges.pdf>)

**Creation of virtual Teams: Aligning technology best practices to global management strategy (EIU, 2014) :** In the last 20 years, new communication technology, such as email, mobile phones and web and videoconferencing has not only facilitated closer contact with clients in distant lands, it has allowed multinational companies to form cross-border teams (virtual teams), where colleagues can communicate with each other constantly, despite not being located in the same place. In short, technology has enabled

the international expansion that companies seek and Gen Y being the active workforce in it. Business travel and relocation costs for individual workers have been other major benefits of creation of these teams. Virtual teams also significantly enlarge the pool of available knowledge. This diversity improves the firm's performance. Culturally diverse virtual teams also contributes to innovation and creativity. The primary challenges of managing a virtual team as per EIU report are: (Table: 2)

**Table 2 Challenges of Managing a Virtual Team**



Another Economist Intelligence Unit survey, this time from 2012, found that one-half of companies admit that communication misunderstandings have stood in the way of a major cross-border transaction, incurring significant losses for their company. (Competing across borders, 2012.)

**Mergers and Acquisitions:** As mergers and acquisitions (M&A) have enhanced around the world, HR will also have to be equipped with the right business intelligence to assess cultural compatibility and potential problems. Firms that acquire companies across Asia, Latin America and other parts of the developing world need to take this caution. As the alliance is formed the HR's roles commences as to select the key executives and to develop teamwork amongst the new workforce. They will also have to design new performance measures and incentives for motivating across cultures. Which means that future HR leaders will need to expand their knowledge base and shift from being nationally focused to a more global perspective.

**Effective Hiring and the Retention of Talent:** Hiring costs is a major issue in getting the employees to the organization as they tend to leave for a better opportunity. Then getting a right person at the right job is another challenge as it is said "It is cost effective to hire a squirrel than to train a Turkey to climb up the tree". Retention of talent will prove challenging, as employees feel that exceptionally good performances are not being rewarded appropriately especially the Gen Y. While their employers still have higher work expectations, employees' efforts are not being rewarded with the compensation they deem to be justified. Thus creating a challenge for HR, as turnover rates increase. HR will have to continue work on retention strategies and benefits models that focus on factors beyond financial compensation as job satisfaction etc. Companies may prefer to have flexible arrangements i.e hiring non-traditional workers as part-time, temporary and freelance workers rather than employees and avoid costly employee benefits. Making them feel associated with the company and ensuring the rigour level of recruitment process irrespective of the nature of their contract, may all form part of upcoming challenges. Focusing on work-life balance strategies will have to done for retention.

**People Migration: war for talent** - People migration, across borders and adds another layer of complexity to the labor market. Role of Governments in determining and controlling that flow of labor is vast. As more global organizations continue to expand across borders and face skills shortages locally, also require a more mobile workforce involving more of Gen Y which is active and enthusiast. These migration patterns have changed the composition of the labor market and also educational and skill set requirements. Countries with looser migration policies, can create a larger workforce pool. Integrating different cultures and nationalities into their workforce and

the challenge for HR next generation will have to ensure knowledge on migration legislations. To incentivize employees to work as expatriates, HR needs to redefine mobility strategies and make the transition more smooth and lucrative for such employees may be by providing access to schooling, relocation costs, medical facilities, and comparable standards of living. Research shows that the inability of an expat's family to adapt to a new environment is the most frequent cause of Repatriation. With more dual career couples companies will need to provide job support to spouses, if they are serious about global mobility. As businesses grow to countries with more politically unstable environments or with higher levels of risk of living, businesses may find it difficult to find employees who are willing to move to these locations and thus provisions as Hardship allowances may be provided.

**Managing Change:** Today change has become permanent. Successful companies, as Harvard Business School Professor Rosabeth Moss Kanter told develop "a culture that just keeps moving all the time." (John, 2004). So today it is not an option for the organizations to stay still and be reactive to environment they need to be proactive instead. Thus by HR the change –management strategies may be: linking change to the organizational strategy, creating a positive workforce, providing effective change leadership, continuously communicating clearly and personally and to keep the employees engaged in this transition. With respect to change initiatives leadership development needs to be a critical strategic initiative.

**HR Effectiveness Measurement:** Improvements can only happen with the use of the right tools to measure HR effectiveness. Implementing HR analytics to determine effectiveness has made a shift in HR's role of a staff function to a strategic nature. It represents movement to measuring ROI (Return on Investment) employees on a long-term basis. Going beyond measuring turnover, this new approach considers 'bad' turnover and 'good' turnover along with the overall cost of replacement hires." (Bisk, 2016)

Looking into the trends and changes, the challenges before HR are manifold.

To meet these challenges the next generation HR will have to adopt strategies to adapt themselves to the turbulent changing environment. Some of the tactics may be:

- Implement strategic change management for increased quality, productivity and employee satisfaction
- Construct an effective training program
- Design a compensation system based on principle of equity that motivates employees
- Performance linked reward systems should be implemented

- Strategies for leadership development and retention
- Use of business analytics to make rational decisions
- Recruitment of talented employees
- Creating an ethical business environment

### Conclusion & Recommendations

The next generation leaders will need to make unprecedented advances in data-driven analytics and decision-making, surpassing previous generations of CEOs not in innate intelligence but in access to, and expertise with, insights into external market forces and trends that shape internal strategies and operations. In various vistas as:

- Talent: Next generation need to understand it, value it, and nurture it in ways never done before.
- Human/Technology Interactions: Next generation need to be relentless in analyzing and anticipating the business upheavals caused by the rapidly evolving interfaces between human beings and the technology we so eagerly embrace.
- Respect History but Embrace the Future: Next generation will have to frequently reshape their team and its mission to keep pace with the tumultuous consumer-driven global economy that's already undermining decades or even centuries of business traditions and behavior.
- Fast pace banking procedures: Next Gen. bankworkforce needs to constantly evaluate and improve their operations in order to keep up with the fast pace of change in the banking and financial industry today.
- Truly Customer-Centric Business: Next generation will have to find a way to weave that talent, those insights, and that flexible team into a highly focused execution machine dedicated to delighting customers.

Therefore, the next generation management would be an utmost crucial task for the economy and the nation as well but one should look at the bigger and positive picture which will definitely fetch better outcome in the long term.

### Bibliography

"Pew Research Center, f. S. (2016). "Pew Research Center, from Statistics Provided by US Dept. He Millennials overtake Baby Boomers as America's largest generation. Pew Research Center, from Statistics Provided by US Dept. Health and Human Services.

- (2014). Retrieved from <http://futurehrtrends.eiu.com/report-2014/challenges-human-resource-management/#hiring>
- Alsop, R. (2008). *The Trophy Kids Grow Up: How the Millennial Generation*.
- Alsop, R. (2008). *The Trophy Kids: How the Millennial Generation is Shaking Up the Workplace*. New York: Jossey-Bass.
- Bisk, E. (2016). Retrieved from <https://www.villanovau.com/resources/hr/human-resource-management-challenges/#.WEUAMBLHnK8>
- Brandson, E. (November 2015). *The Youngest Baby Boomers Turn 50*. US News & World Report.
- (2012. ). *Competing across borders*. (<http://www.economistinsights.com/search/node/competing%20across%20borders>).
- D'Netto, B. (2012). *Generation Y: Human Resource Management Implications*. *Journal of Business and Policy Research*, 1-9.
- EIU. (2014). Retrieved from <http://futurehrtrends.eiu.com/report-2014/challenges-human-resource-management/#hiring>
- Horovitz. (2012, May). [https://en.wikipedia.org/wiki/Generation#cite\\_note-Horovitz-33](https://en.wikipedia.org/wiki/Generation#cite_note-Horovitz-33). Retrieved from [https://en.wikipedia.org/wiki/Generation#cite\\_note-Horovitz-33](https://en.wikipedia.org/wiki/Generation#cite_note-Horovitz-33)
- Hurd, M. V. (2014, December). Retrieved from LinkedIn: <https://www.linkedin.com/pulse/open-letter-next-generation-mark-v.-hurd>
- John, e. (2004). *10 Principles of change Management*. New York: Booz Allen Hamilton.
- PricewaterhousecoopersLLP. (2005). *Survey of Global HR Challenges: Yesterday, today and tomorrow*. N.Y.
- Strauss, W. (1991). *Generations: the History of Americas Future, 1584 to 2069* p. 279. New York: NY: Harper Perrenial.
- TimeMagazine. (2016). *Founders Generation*. Retrieved from <http://time.com/4130679/millennials-mtv-generation/>
- (2014). *Values-based diversity: what it means and why it matters*. The Economist Intelligence Unit.