Workforce Challenges for the Twenty-First Century

Cornelia Gamlem, SPHR

Workplace Diversity Committee

As we prepare to enter the twenty-first century, we see increasing changes within the American workforce. During the past hundred years, the workforce moved from the farm to the factory as the industrial revolution dramatically changed the way people work. This change gave rise to a plethora of laws and regulations designed to address abuses in the labor market such as child labor, lack of protection against injury, layoff for old age and disability and systemic discrimination of groups of individuals that resulted in extreme poverty (Anthony, Perrewe, & Kacmar, 1999). As changes continue, and we move from the industrial to the information age, the challenges to Human Resource professionals increase.

During the early 1960s, the issue of employment discrimination emerged to the forefront. While policy makers were debating models to address discrimination in employment, racial unrest was giving rise to the Civil Rights Movement. Federal civil rights laws designed to eliminate discrimination resulted. In 1964, the Civil Rights Act was passed to provide protections in employment, desegregation of schools, and federal public jobs programs, all aimed at helping the poor. It was followed by Executive Order 11246 in 1965 that prohibited employment discrimination by federal government contractors.

More than thirty years after President Lyndon Johnson signed Executive Order 11246, affirmative action is still widely debated, particularly in the press. The recent debate has failed to accurately describe affirmative action in the employment context and often confuses it with diversity initiatives. At the same time, there is a growing trend by lawmakers and policy makers to effect social changes via legal and regulatory vehicles rather than by voluntary corporate efforts. For the Human Resource practitioner, it is important to understand the distinction between federally mandated programs such as affirmative action, and voluntary initiatives to address rapidly changing workforces. This paper will explain these distinctions and discuss social trends that will affect workplace diversity in the next ten years.

Affirmative action in employment primarily affects companies that receive contracts from the federal government. They are required to comply with the regulations governing three laws, namely Executive Order 11246, the Rehabilitation Act of 1973 and the Vietnam Era Veterans Readjustment Assistance Act of 1974. These laws prohibit discrimination and require contractors to exercise outreach efforts so that protected classes have the opportunity to be hired and advance in employment without regard to their race, color, religion, sex, national origin, disability or veteran status. Rather than providing employment preferences, affirmative action requires companies to actively recruit, interview and seriously consider a wider variety of candidates.

Affirmative action also requires companies to implement policies and programs to help minorities and women advance in employment in those areas of a company's workforce where those groups are not fully represented. Its intention is to remove barriers to employment opportunities and to provide equal employment opportunity for all individuals, not to establish hiring quotas for protected groups. In addition, courts can order companies to establish affirmative action programs to remedy the effects of past discrimination.

In 1987, the Hudson Institute published a study for the Department of Labor. Workforce 2000 reported on workforce changes projected from 1985 to 2000, and documented a shift in labor force demographics with growth in ethnic, racial, and gender groupings (Baytos, 1995). These changes would effect not only the workplace, but also external issues such as the changing face of consumers. Demographics were not the only changes affecting companies. Increased competition and entry into global markets were adding demands and pressures on corporations. Companies began using a variety of approaches to tap the talent and effectiveness of their work forces, such as high performance work teams. Important to the success of these teams is the ability of each member to make quality contributions. Companies realized that to be effective they had to manage the diversity of these teams without impeding productivity (Baytos, 1995). Driven by these changes, rather than the legal and regulatory requirements of affirmative action, companies began to implement initiatives that addressed the many dimensions of diversity within their organizations.

Somewhere in the recent debate, the distinction between affirmative action and diversity became blurred and the terms were interchanged, leading to the notion that diversity initiatives are merely affirmative action efforts with a different name. However, if we observe the events along a continuum (see Figure 1), society has moved from the golden rule of equal employment opportunity (treating everyone as you want to be treated), to righting past wrongs that affirmative action is designed to address. Incorporated into Affirmative Action is EEO's golden rule and the principle of nondiscrimination. Moving along the continuum, initiatives have further evolved to emphasize the importance of valuing differences and the importance of including all employees in the workforce, namely workplace diversity. While encompassing the principles of EEO and Affirmative Action, diversity has a broader reach. Comparing and contrasting these approaches to workplace policies we see a number of similarities and differences. Equal employment opportunity (EEO) and affirmative action are constrained by the boundaries of laws and regulations and have a specific mandate, namely, the prohibition of discrimination against defined, protected classes. While EEO offers no guidelines to correcting past discriminatory practices, affirmative action mandates certain efforts to overcome the effects of past practices. Workplace diversity initiatives are not rooted in laws and regulations. They have no defined responsibilities and no constraints. Therefore, they can be broadly defined to address specific issues within a company. While EEO and affirmative action are rigid, workplace diversity is

flexible. The point, at which the three intersect, however, represents the common goal that they all share, namely respect (see Figure 2).

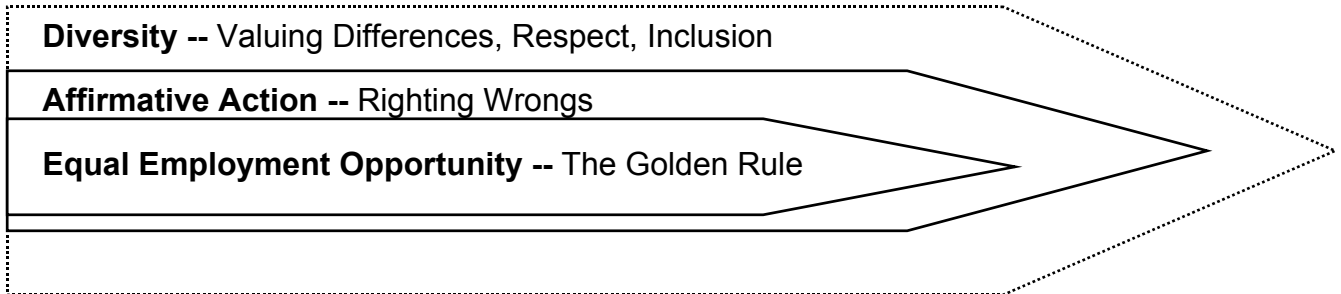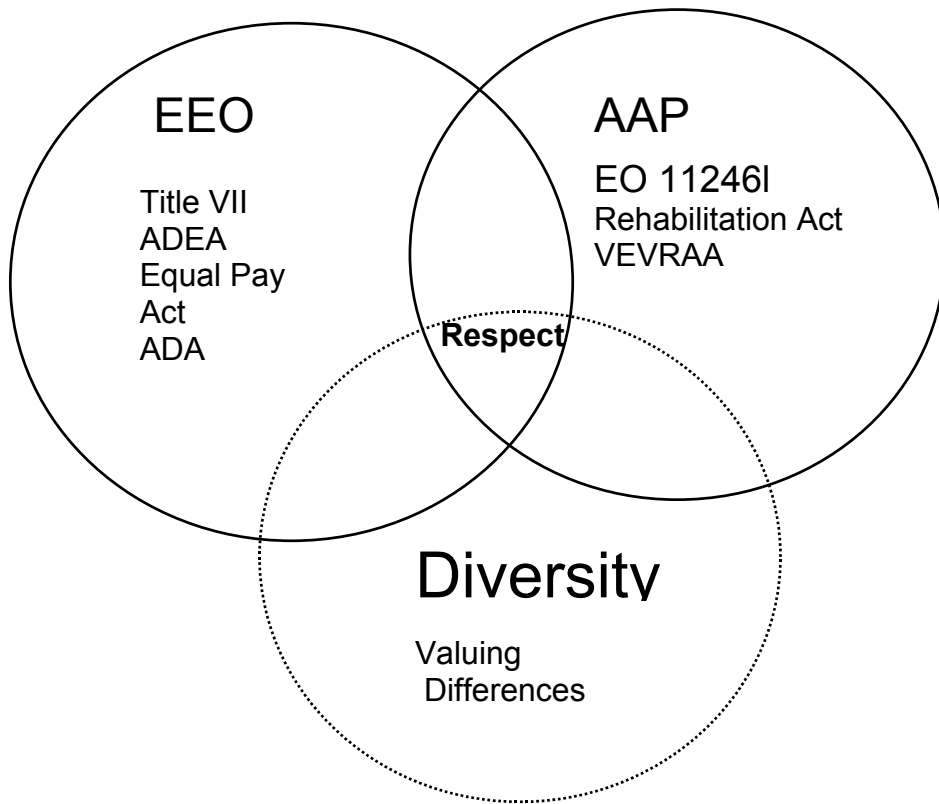**Figure 1 - Diversity Continuum**

Diversity -- Valuing Differences, Respect, Inclusion

Affirmative Action -- Righting Wrongs

Equal Employment Opportunity -- The Golden Rule

Figure 2 - Respect: The Cornerstone

EEO

Title VII
ADEA
Equal Pay
Act
ADA

AAP

EO 11246l
Rehabilitation Act
VEVRAA

Respect

Diversity

Valuing
Differences

————————— Represents Constraints

.... Represents No Constraints

Corporate diversity initiatives address a wide variety of issues that affect the workplace and the marketplace. Work force diversity can include tenure with the company, the line of business an individual supports, functional specialty, geographic region, as well as personal aspects such as age, lifestyle, sexual orientation, education, race, and gender. Globalism, and the differences and similarities in terms of people, culture, politics, technology, priorities, and location, are often core issues within a diversity initiative. Acquisitions and mergers provide mixtures of entities that may be different or similar in the nature of the business, corporate culture, vision, mission, and technology. Cross-functional work teams can present a distinct set of diversity issues as companies manage the similarities and differences regarding tasks, goals, communication patterns, and time orientation (Thomas, 1996). In order to design effective diversity initiatives, it is important to understand the issues and challenges shaping the workforce and impacting the workplace.

Lawmakers and policymakers remain concerned about discrimination in employment practices. In fact, the trend appears to be moving towards more protections and entitlements, and to increasing the regulation and reporting requirements imposed on companies, thereby giving the government more oversight of, and impact on corporate employment practices.

The Veterans Employment Opportunities Act of 1998 expanded the class of veterans protected by VEVRAA. Additionally, the act amended the requirements for VETS-100 to include the expanded class of veterans and to report the minimum and maximum number of employees for the reporting year.

The Employment Nondiscrimination Act, which would extend Title VII protection on the basis of a person's sexual orientation was considered in 1996, but lost by one vote in the Senate. Legislators ignored it in 1998 and it was re-introduced in 1999. The Workplace Religious Freedom Act, introduced during 1998, which would amend Title VII to increase the obligation on the part of employers to accommodate the religious beliefs and practices of their employees, lost momentum after a number of employer groups raised concerns.

In April 1998, the Clinton administration announced the Equal Pay Initiative, designed to address perceived discrimination in corporate pay practices. One year later as part of that initiative, the EEOC and the OFCCP jointly published two Memoranda of Understanding designed to step up enforcement efforts in the area of equal pay. In early 1999, the Paycheck Fairness Act was introduced in both the House and the Senate. Designed to enhance enforcement of the Equal Pay Act, it imposes uncapped compensatory and punitive damages (in addition to back pay and liquidated damage remedies already available). It would also direct the Labor Department to collect and disseminate more information about wage disparities that would most likely impose new wage-data reporting requirements on employers. This information is intended to assist the Secretary of Labor develop guidelines to compare wage rates for different jobs with the goal of eliminating disparities in pay between man and women performing work that is different in content

but determined to have equivalent value (comparable worth). The bill is supported by the administration.

As we move into the twenty-first century, an understanding of workforce predictions is necessary in order to address the challenges they present. According to Hattiangadi (1998), skilled labor shortages are expected to continue into the future, placing an increased emphasis on recruitment. This will continue the trend of new employment opportunities for a broader, more diverse, group of job seekers, including women, older individuals, and those with limited skills and experience. Economic theory suggests that as labor markets tighten the economic costs of discrimination rise. Thus, entering the twenty-first century, with demand outpacing supply, employers are looking to recruit from untapped labor pools increasing employment opportunities for protected groups.

Additionally, Hattiangadi (1998) asserted that Hispanics are expected to be one of the fastest growing groups in the population. By 2010, this population may become the second largest ethnic/race group. Despite rapid growth, their labor force is predicted to grow to 14 percent of the U.S. workforce by 2020. The representation of African-Americans in the labor force is expected to remain constant at the current level of 11 percent into the year 2020. Asian/Pacific Islanders are predicted to represent 6 percent of the labor force by 2020.

The workforce of the twenty-first century will differ significantly in its share of older individuals because the age distribution of the population will shift as workers of the baby boom generation age. Demographers predict that by the year 2010, baby boomers will leave the workplace through retirement taking with them needed skills and experience. Since the next generation is smaller and fertility rates are declining, workers with the requisite skills and experience to replace these retirees will be scarce. Allowing this group of older workers, who will be healthier and more highly educated than the prior generation of retirees, to continue participating in the labor force will be critical (Kindelan, 1998).

The most significant change in the workforce over the past 30 years has been in gender composition. The number of women in the workforce has doubled since 1970, and by 2020 the female share of the labor force is predicted to be about 50 percent. While this change represents only an increase from 46 percent in 1998, there is still considerable room for women to increase their work effort. Women work more part-time jobs than men but average only 1,290 annual works hours compared to 1,900 for men (Hattiangadi, 1998).

While demographics predictions are significant, it is also important to look at the educational attainment of ethnic and racial groups as well as the role of immigration. Hispanics and African-Americans lag behind both whites and Asian/Pacific Islanders with respect to high school diplomas and higher education degrees. Among Hispanics, this is due in large part to strong immigration of relatively low-skill individuals from Mexico. Most immigrants admitted to the United States during 1996 were from North America, with native-born Mexicans composing

almost 50 percent, 34 percent from Asia and only 16 percent from Europe. With respect to educational attainment, today's immigration is a bipolar distribution consisting of those with college or advanced degrees and highly specialized skills (12 percent have graduate or advanced degrees) and those with little education or few skills (Hattiangadi, 1998).

The rise in immigration brings other notable changes to the workplace. For example, the number and diversity of languages spoken in the workplace today presents multiple opportunities for miscommunication and misunderstanding. The barriers are more than those of language, however. They encompass cultural, gender, economic class, ethnic, educational and religious differences. Success for managers often means feeling comfortable in a multi-cultural work environment and discovering new ways of communicating and managing conflicts. Managing these changes is the role of human resource professionals (Grimsley, 1999).

The Islamic religion is expected to surpass Judaism as the second-most commonly practiced religion in the United States. Since many of our country's social customs and mores are rooted in Christian-Judeo beliefs, significant social changes can expect to emerge and these changes will affect the workplace. Employers will have to accommodate practices such as daily prayers, washing, dietary requirements, holidays, clothing and grooming (Minehan, 1998). Human Resource professionals face the challenge of educating themselves and their employees about different religions and their impact on the workplace.

This essay began discussing affirmative action as a social program designed to address civil unrest three decades ago. Affirmative action was originally designed to remove barriers in employment for blacks. Issues related to race still confront the nation as was reported by the Advisory Board of President Clinton's Initiative on Race (White House Initiative, 1998). Attitudes and behaviors, both organization and individual, continue to cause barriers and give unfair advantages. In addition, other barriers to employment exist as we enter the twenty-first century. Poor language skills and lack of education are limiting employment opportunities for some workers. External pressures such as competition, skilled labor shortages, globalization, and immigration are driving the need for companies to attract, manage and retain a continually changing work force. Human Resource professionals should lead the effort within their organizations to respond to these challenges for workers and employers alike. They need to recognize that EEO and affirmative action are still viable tools for overcoming barriers that should be incorporated into diversity initiatives.

A tight labor market has made recruiting high-skilled workers a business priority. Creative sourcing of candidates results in innovative outreach programs, the very heart of affirmative action. When the demand for workers outpaces the supply, moving beyond outreach becomes necessary. Affirmative action requires programs that allow employees to advance in employment. Emphasizing programs for training individuals lacking skills is one example.

Education as an enhancement to employment advancement will likely result in the growth of partnerships between educational institutions and corporations.

Many social and corporate policies in existence today were designed for workplaces that no longer exist. These rigid policies are a barrier to employment in workplaces that need to be flexible to compete.   A number of social issues currently being debated today, while not traditionally thought of as components of affirmative action programs, do address barriers. For example, social security reform will impact the role that the older worker will play in the workforce of the future.   Employers will want to keep valued older workers on the job by offering alternative working arrangements such as consulting assignments and phased retirement programs (Kindelan, 1998). The contingent workforce will continue to grow by choice, providing greater flexibility in the workforce. A 1999 study by the Bureau of Labor Statistics confirms that a large margin of contingent workers prefer their status to traditional, full-time employment (Bureau of Labor Statistics, 1998). The greater flexibility that contingent working arrangements provide will be attractive to the older worker.   Companies are introducing policies supporting flexible hours and work spaces, and these programs can assist with the retention of working parents, especially mothers, who need help balancing work and family responsibilities. By retaining females within a company's workforce, affirmative action is also supported.   The range of work/family issues continues to grow and companies are challenged to address their employees' work-life balance needs and lifestyle differences.

Human Resources professional can be on the cutting edge of social and organizational change. They can influence the challenges discussed in this chapter by raising organizational awareness about the myths and misrepresentations of affirmative action and educating managers that EEO and affirmative action are components of diversity initiatives. Shifting beyond affirmative action to workplace diversity initiatives, organizations can build inclusive workplaces and change cultures to reflect the current social trends. In doing so, organizations through their diversity initiatives, can address workplace changes before social changes become imposed through legislation.

In order for diversity initiatives to be successful, they must be built on the cornerstones of inclusion and respect.   Inclusive workplaces promote respect by encouraging effective communication, setting a climate for learning, and removing barriers to employment and to external factors such as customer and investor interests. Fostering respect increases productivity and builds a competitive advantage for the organization.   Diversity initiatives must also be integrated into the organization's overall business strategy and not be limited to human resources and people management strategies.   Diversity must be woven into all of the organization's components, such as marketing, public relations and investor relations.   A well-integrated, skillfully crafted workplace diversity initiative will position organizations to respond to social changes, create richer corporate environments, and meet organizational goals and objectives.

Recommended Action Items:

- Build your diversity initiative on the cornerstone of inclusion and respect.

- Recognize that your workplace diversity initiative is a process and not an event.

- Ensure that your workplace diversity initiative supports your organization's business goal and is integrated throughout the organization.

- Understand the change nature of the workforce, and develop programs, strategies and processes that reflect these changes into your workplace diversity initiative.

- Recognize that the changing nature of the marketplace affects your customers and clients and address these changes in your workplace diversity initiative.

- Monitor and understand changing legal and regulatory constraints and audit these changes against your workplace diversity initiative to assure compliance is maintained.

- Challenge impending government changes that will increase burden and limit your flexibility to respond to changing workforce and market trends.

- Recognize that equal employment opportunity and affirmative action continue to exist and that they can complement your diversity efforts.

- Partner with schools and outreach agencies to narrow the skills gap and address language barriers.

- Assess the diversity issues within your organization with respect to societal issues such as race, gender, and socio-economic status as well as with respect to organizational issues such as line of business, geographic region or functional specialty.

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