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The Effects of the Manager's Behavior on the Retention of High Potential Employees for Different Generations

Kimberlee Rhule

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THE EFFECTS OF THE MANAGER'S BEHAVIOR ON THE RETENTION OF HIGH POTENTIAL EMPLOYEES FOR DIFFERENT GENERATIONS
Kimberlee J. Rhule
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Chair: Dr. James E. Henderson

The purpose of this study was to identify the behavior of the manager that affects the retention of high potential individuals within an organization. Research suggests that the reason why employees leave organizations is their manager. A high potential is defined as an individual who exhibits the capabilities of developing into a future leader of the organization. The study also investigated high potentials' perception as to how effectively their expectations of those managerial behaviors are being met. Managerial behavior is defined as the manner or conduct displayed toward employees by the manager. High potential individuals who participated in the study were identified as belonging to one of the two generational categories: Baby Boomers (born between 1943 and 1960) and Generation X (born between1961 and 1989) to determine if there were any generational differences within the high potentials and these managerial behaviors. Results of the study indicated that high potentials of the two generational categories are more alike than different. The results also indicate that there are four managerial behaviors that affect the intention of high potential individuals to remain with the organization. They are: utilizing their talents and strengths, providing challenging job assignments, providing opportunities to contribute and make a difference, and allocating appropriate salary increases based on their job performance. When managers develop and utilize these key behaviors with high potential individuals, they increase the overall likelihood for the high potential to remain with the organization.

THE EFFECTS OF THE MANAGER'S BEHAVIOR ON THE RETENTION OF HIGH POTENTIAL EMPLOYEES FROM DIFFERENT GENERATIONS

by

Kimberlee J. Rhule, M.S.

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Presented by:

Kimberlee J. Rhule
B.A./Thiel College, 1978
M.S./LaRoche College, 1995

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The Effects of the Manager's Behavior on the Retention of High Potential Employees from Different Generations

Approved by:

_________________________, Chair
James E. Henderson, Ed. D.
Professor, Duquesne University

_________________________, Member
Carol Parke, Ph. D.
Assistant Professor, Duquesne University

_________________________, Member
S. Jay Liebowitz, Ph. D.
Associate Professor, Duquesne University

Program Director
V. Robert Agostino, Ed. D.
Department of Instruction and Leadership in Education

Abstract

The purpose of this study was to identify the behavior of the manager that affects the retention of high potential individuals within an organization. Research suggests that the reason why employees leave organizations is their manager. A high potential is defined as an individual who exhibits the capabilities of developing into a future leader of the organization. The study also investigated high potentials' perception as to how effectively their expectations of those managerial behaviors are being met. Managerial behavior is defined as the manner or conduct displayed toward employees by the manager. High potential individuals who participated in the study were identified as belonging to one of the two generational categories: Baby Boomers (born between 1943 and 1960) and Generation X (born between1961 and 1989) to determine if there were any generational differences within the high potentials regarding these managerial behaviors. The survey consisted of 36 managerial behaviors that the high potential participant rated as important to their staying with the organization. The participant also rated how well their manager was doing in each of the 36 managerial behaviors.

Results of the study indicated that high potentials of the two generational categories are more alike than different. The results also indicate that there are four managerial behaviors that affect the intention of high potential individuals to remain with the organization. They are: utilizing their talents and strengths, providing challenging job assignments, providing opportunities to contribute and make a difference, and allocating appropriate salary increases based on their job performance. The managerial behavior that most affected the high potential's job satisfaction was for the manager to utilize their

talents and strengths. When managers develop and utilize these key behaviors with high potential individuals, they increase the overall likelihood for the high potential to remain with the organization.

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CHAPTER I

INTRODUCTION

The Problem

What makes an organization competitive today? Most retail stores, banks, insurance companies and many other organizations have the same types of products and services. What distinguishes one organization from another? What gives one organization the competitive advantage? It is their people. “In a global marketplace driven by ideas where information freely flows, brainpower remains the source of competitive advantage” (Kaye, Jordan-Evans & Career Systems International, 2002, p. 4).

Pfeffer (1998) says,

> Success comes from successfully implementing strategy, not just from having one. This implementation capability derives, in large measure, from the organization’s people, how they are treated, their skills and competencies, and their efforts on behalf of the organization. A people-centered strategy facilitates higher levels of customer service and enables firms to compete on the basis of knowledge, relationships, and service, not just price. (p. 17).

Rush (2002, p. 15) in an interview with Beverly Kaye, a world-leading expert on career development, mentoring, and talent retention, stated that, “Talent is always going to be the critical competitive discriminator among organizations.” In the past ten years, the studies of how human capital affects an organization’s profitability have increased.

Smart (1999) says,

> Proactively seeking out and employing the most talented people can have a multiplier effect on the creation of the competitive advantages. High performers, the A players, contribute more, innovate more, work smarter, earn more trust, display more resourcefulness, take more initiative, develop better business strategies, articulate their vision more passionately, implement change more effectively, deliver higher quality work, demonstrate greater teamwork, and find ways to get the job done in less time with less cost. (p. 12).

Research conducted by McKinsey and Company (2001) surveyed 6,900 managers in fifty-six large and mid-size companies and found that high performers increase productivity 40% in operational roles, increase profits 49% in general management roles, and increase revenue 67% in sales roles. McKinsey's research also found only 14% of managers surveyed in 2000 strongly agreed that their companies attract highly talented people, and only 3% strongly agree that their companies develop talent quickly and effectively.

In 1997, McKinsey and Company coined the term "war for talent." McKinsey's "War for Talent" 1997 survey was designed to identify what top performing companies did differently than average-performing companies when it comes to talent management. According to the survey, excellent talent management has become a crucial source of competitive advantage. "It is an inflection that says that talent is now a critical driver of corporate performance and that a company's ability to attract, develop, and retain talent will be a major competitive advantage far into the future" (Michaels, Handfield-Jones &

Axelrod, 2001, p. 2). Smart (1999) also says, "the single most important driver of organizational performance and individual managerial success is talent" (p. 1).

Reidy and Bhar (2000) in their research with top organizations found that the significance of high performers increases with job complexity. In low complexity jobs, such as machine operators and clerks, those in the top one percent produced three times more than those in the bottom one percent. In jobs of medium complexity, such as sales clerks and mechanics, a top performer produces 12 times more than those at the bottom. In the most complex jobs such as, insurance salespeople, lawyers, and doctors, top performers had 127 times more value than the average performers. And for those in high technology positions, the top one percent produced 1,272 times more than average performers. This research provides a strong case to all organizations that top performers and high potential individuals can have an incredible impact on the bottom line success and competitive advantage of an organization.

Several years ago, I read the book, *First Break All the Rules* by M. Buckingham and C. Coffman. This book reported the research that the Gallup Organization conducted over the last twenty-five years on what the most talented employees needed from their workplace. From that research, they discovered that talented employees need great managers. They also found that how long an employee stays with an organization is determined by his or her relationship with his or her immediate supervisor. "…People leave managers, not companies" (Buckingham & Coffman, 2000, p. 33). Other research also supports Gallup's findings such as, DDI (Development Dimensions International) of Pittsburgh (2001), McKinsey (a national consulting firm, 2001), and Beverly Kaye, (2000) a noted consultant of career development. This research is significant in that it provides organizations with the reason why talented employees leave organization, and the remedy being to ensure that their managers are developers of people.

Gallup's research suggests that the immediate manager is most important to the retention of the employee. Buckingham and Coffman (2000, p. 34) say that the manager has an effect on the employee. "She defines and pervades your work environment. If she sets clear expectations, knows you, then you can forgive the company for its lack of a profit-sharing program. But if your relationship with your manager is fractured, then no amount of in-chair massaging or company-sponsored dog walking will persuade you to stay and perform." An organization does not want to spend the time, resources and money to retain all of their employees. A high-performing organization wants to focus on the retention of their most talented employees, often referred to as high potentials.

Turnover is costly, particularly when organizations have spent time and money on identifying, developing, and promoting individuals who are viewed to be the future leaders of the organization. "A significant number of companies – especially large, older organizations - will see 40% to 50% of their executives leave in the next five years - and there are not enough people prepared to replace them" (Byham, 1999, p. 1). "The loss of high performers costs more than money. It tends to impair the organization's memory, dilutes the ability to perform, and compromises the will to win. In short, it saps the organization of its vitality" (Kepner-Tregnoe, 1999, p. 5).

Companies' costs of losing employees are expensive, but the costs can be even higher if the employee is a talented contributor in the organization. "What does it cost an organization when a talented employee defects to the competition? Some of the cost factors are obvious, such as productivity loss due to a vacant position. However, there are often unseen costs, like the reduced productivity from the *departing* employee who is inevitably distracted during his or her job search and therefore contributes less during this time period (sometimes called 'short-timer's disease'). Using conservative calculations, one technical company in California's Silicon Valley estimates that it costs them an average of $125,000 when just one employee leaves. Other companies calculate that attrition costs them annual productivity losses of 65-75% of one years pay in the position the employee departs" (Ware and Fern, 1997, p. 2). With the scarcity of talent, organizations face the predicament of not having or not being able to retain the right talent for current and future leadership positions.

And what impact do talented high potential employees from each of the generations have on an organization? For the first time in years, there is a combination of four generations in the workplace, which has different attitudes, work ethics, motivators, and values based on the shared set of events and worldview of their age group. The workplace used to have a system of the old being in charge and the young doing what they were told. This is no longer how the workplace has evolved (Stauffer, 2003). Younger workers are taking on more critical managerial roles in an organization, hierarchies are disappearing, and organizations are incorporating team-based structures that enable younger workers to have more of a say in decision-making, the work, etc. And, seniority has less influence in organizations than in the past. "The key implication of the mixed-generation workplace for you, the manager, is clear: The better you understand the unique combination of factors that motivates each generation, the better you can tap those motivators and gain the best combined effort from your entire team" (Stauffer, 2003, p. 3).

Supporting Stauffer (2003) is Frederick Herzberg's theory of employee motivation. "[He] constructed a two-dimensional paradigm of factors affecting people's attitudes about work. He concluded that such factors as company policy, supervision, interpersonal relations, working conditions, and *salary* are hygiene factors rather than motivators. According to the theory, the absence of hygiene factors can create job dissatisfaction, but their presence does not motivate or create satisfaction. In contrast, he determined from the data that the motivators were elements that enriched a person's job; he found *five factors* in particular that were strong *determiners of job satisfaction: achievement, recognition, the work itself, responsibility, and advancement.* These motivators (satisfiers) were associated with *long-term* positive effects in job performance while the hygiene factors (dissatisfiers) consistently produced only *short-term* changes in job attitudes and performance, which quickly fell back to its previous level" (Gawel, 1997, p. 1). This theory suggests that those motivators that create satisfaction for an employee are in the control of the manager (achievement, recognition, the work itself, responsibility, and advancement).

There is no one simple solution to retaining top talent. There are many factors that affect an employee's reasons for staying with an organization, as well as how important those factors are to employees from the different generations.

> Some prefer an employment relationship that allows them to try a number of different jobs as a way to gain experience and develop a broad skill set. Others want balance between work and commitments beyond work. Still others are looking for a fast track that offers challenging work, quick advancement and high rewards. Attitudes and expectations such as these determine, in turn, which

factors attract, retain and engage employees, adding a new spectrum of issues to the talent management challenge. (Towers Perrin, 2001, p. 3).

Because of this, organizations cannot expect one solution or program to retain their high potential leaders. Finding individual factors that affect each generational age group can provide managers with some guidance in having a greater influence in retaining their high potential individuals.

The Significance of the Problem

Because high potentials are the future leadership of the organization, it is essential for an organization to understand how to retain high potential individuals after investing large amounts of time, money, and resources into their development. By identifying the key managerial behaviors that are important to high potential individuals in each generational category that influence their decision to stay with an organization, the organization has a much greater chance of retaining their future leaders. Using these research findings in the field, once an organization identifies the key managerial behaviors, the organization can:

1. Develop new management and human resources policies, and utilize a more participative decision-making style to increase the probability of retaining high potential individuals from the different generational categories.

2. Provide retention programs that address the manager’s behavior to better meet the needs of high potential individuals from the different generations.

3. Identify high potentials early and devise retention strategies (Holt, 2001).

4. Coach and develop the organization's managers to recognize these specific factors in each high potential individual that they manage and develop behaviors and strategies which would better retain those individuals.

5. Develop an organizational culture, which encourages and facilitates greater dialog between its managers and employees.

In determining the effect of the manager's behavior on high potentials within each of the generational categories, Price's (2002) *Failure to Commit* research supports the axiom of different strokes for different folks. Assuming that others share the same motivational drivers may put your [employee retention] commitment plan at risk, waste resources or perhaps make the problem worse. Consider the 1999 study, "Factors Affecting the Organizational Commitment of Technical Knowledge Workers: Generation X, Baby Boomers, and Beyond" by the Center for Effective Organizations (CEO), assessed the commitment of technical workers based on career maturity levels. They found younger technical workers tend to thrive in environments where autonomy, innovation and technical development are the norms. Mid-career professionals tend to value work/life balance, advancement and technical development. Older workers tend to value job security and sharing in organizational wealth. Rather than assuming all employees are driven by the same factors, take time to understand employee differences before creating a plan" (p. 100).

> Everywhere employees are demanding more of their work. They want to be recognized as individuals. They want a chance to express themselves and to gain meaningful prestige for that expression. …At the same time, companies are searching for undiscovered reserves of value. Human nature is one of those last,

> reserves of value. If they are to increase their value, companies know they must tap these reserves. (Buckingham & Coffman, 1999, p. 242).

The manager is the catalyst in tapping those reserves of their high potentials.

Questions for Investigation

Because high potential individuals are the future leadership of the organization, it is essential for an organization to understand how to retain high potential individuals after investing large amounts of time, money, and resources in their development. By identifying the specific job-related factors that influence the high potentials' decision to stay, an organization has a much greater chance of retaining their future leaders. Research on the retention of employees is readily available. There also has been some research on what motivates the different generations. However, there is very little research on the specific factors that will retain high potential individuals in an organization.

In this study I will hope to identify those aspects of the manager's behavior, which are correlated most closely with the retention of high potentials. This survey will identify those aspects, which are very closely related to retention and also identify some attributes that don't really matter. I also hope to identify those aspects of the manager's behavior that are uniquely important to particular generations. It is quite likely that there will be more similarities than differences as to what high potentials in the different generations expect from their manager. This study was conducted using the aspects of the manager's behavior that are known to be factors in the retention of an organization's general employee population but will focus on the high potential employee segment and investigate in particular the specific behavioral factors pertinent to each of the two generations (Baby Boomers and Gen Xers).

The following research questions served to guide the direction of the present study:

1. What are the effects of the manager's perceived behavior on the intention of high potential individuals to remain with the organization?

2. What managerial behaviors do high potentials value as important to staying, by generational category?

3. What are high potential's perceptions of managerial behaviors versus the high potential's perceived value of importance of those behaviors? What are the effects of this difference on the high potential's intention to stay with the organization?

4. What are the effects of the high potential's perceived working relationship with his or her manager on the high potential's job satisfaction? Are there differences among the generations?

5. What are the effects of the high potential's perceived manager's relationship on the high potential's motivation to perform at a high level? Are there differences among the generations?

Limitations of the Study

There are different factors that attract and retain high potential individuals. This study only addressed the factors of the manager's behavior that pertain to the retention of high potentials. There are many other factors that effect retention. This study did not include any factors that *attract* high potentials to an organization, only the factors that retain them. Managers play a very crucial role in retention, though they do not control all the factors that affect the retention of high potential individuals.

Most organizations tend to identify high potentials early in their career as to be able to develop them for positions that the organization needs. Because of the current age of Baby Boomers (between 44 and 61) many of the Baby Boomers may have already been through high potential development and have moved into key manager and senior level positions, therefore are no longer considered high potentials. For this study it would mean that the population of Baby Boomers that have been identified as a high potential will be low. As for Generation Y, because they are just beginning to enter the workforce (age 22 and younger) , the number of Generation Y's that have been identified as high potentials may also be low in numbers. This means that Generation Xers make up the current population of most identified as high potential individuals.

Definition of Terms

The following terms are defined for the purpose of this study:

Baby Boomer – individuals born between 1943 and 1960. (Strauss & Howe, 1991).

Competencies – underlying characteristics of people that indicate ways of behaving or thinking, generalizing across situations, and enduring for a reasonably long period of time. (Guion, 1991).

Generation Xer – individuals born between 1961 and 1981. (Strauss & Howe, 1991).

Generation Y (Millenials/Nexters/Echo Boomers) – individuals born between 1982 - 1998. (Strauss & Howe, 1991).

High potential individual - an individual who exhibits the capabilities of developing into a future leader of the organization.

High performer - an individual who consistently exhibits high performance. (Branham, 2001).

Human capital – the intangible resources, abilities, skills, knowledge, values efforts and behaviors that workers bring to invest in their work. (Davenport, 1999).

Job-related factors - Variables, which may influence one's decision to remain in any place of employment. (Shaugnessy, 1996).

Manager - an individual who is a first-level supervisor, middle manager or executive in a private organization to whom a high potential individual reports.

Manager's behavior – is the manner or conduct displayed toward employees by the manager.

Organization - a privately held corporation.

Retention – a company's ability to maximize the value of intellectual property by keeping employees engaged for the long term. (Hvass, Sunnarborg, Fleming & Ebersol, 2000).

Talent – "the sum of a person's abilities - his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, character and drive. It also includes his or her ability to learn and grow." (Michaels, Handfield-Jones & Axelrod, 2001).

Veterans (Traditionalists, GI, Matures or Silent generation) - individuals born between 1901 and 1942. (Strauss and Howe, 1991).

CHAPTER II

REVIEW OF RELATED LITERATURE

Introduction

The purpose of this review of the literature is to present an overview of the relevant information on retention, high potential individuals, the effects of the changing workplace on retention, and the effect of the managerial relationship on the retention of high potential individuals within an organization. Research on generational categories (Baby Boomers, Generation X, and Generation Y) of high potential individuals has indicated that there are differences in terms of what is important and is valued at work and may lead to different factors in retaining each of the generations. Also addressed in this chapter are descriptions of each generation, their individual characteristics, and their impact on the workplace.

Employee Retention

Employee retention means something different based on who you ask. For some it can mean retaining the most talented employees, or preventing people from leaving the organization, or the way employees are compensated, or the extra benefits that employees are given such as stock options, day care, and flexible work hours. Employee retention is something that is specific to each individual organization. "The term employee retention began to be used in the business environment in the 1970s and early '80s. Prior to that, the majority of employees worked for the same organization for the length of their career" (McKeown, 2002, p. 4). In the 1970s there was a substantial increase in job mobility because of the availability of jobs in various parts of the United States. With this, the notion of working for just one organization began to deteriorate and employees began to make voluntary job changes. Employers found themselves dealing with a new issue – retention of employees.

According to Stuckberry (n.d.) of Ernst and Young, "Retention is about developing strategies that reduce the number of people who leave the organization for avoidable reasons. Organizations need to retain employees with the required balance of skills and experience to ensure that the business can be maintained" (p. 3). Hvass, Sunnarborg, Fleming & Ebersohl (2000) say that there's evidence that high retention efforts pay off. They report that the organizations that were chosen for "Fortune" magazine's 1998 list of '100 Best Companies to Work for in America', were selected because of their low turnover and high employee satisfactory rates. Evidence was also found in a Watson Wyatt Worldwide survey of 551 large firms that from 1996 to 1998, the average shareholder return for companies with high employee commitment was 112%, as compared with 76% for those with low commitment. "Today's businesses are more dependent than ever before on their top performers to innovate and provide services that differentiate a company from its fierce competitors. In other words, corporations are reliant upon their *human assets* to survive and thrive" (Ware & Fern, 1997, p. 1).

Michaels, Handfield-Jones, & Axelrod (2001) explain,

> In 1997, we at McKinsey & Company coined the term the *war for talent* and soon realized we had named a phenomenon that many people had been experiencing but had not fully articulated. The war for talent began in the late 1980's with the birth of the Information Age. With it, the importance of hard assets-machines, factories, and capital-declined relative to the importance of intangible assets such as proprietary networks, brands, intellectual capital, and

> talent. Companies' reliance on talent increased dramatically over the last century. (p. 1).

Tulgan (2001) adds,

> The talent wars are growing out of a fundamental paradigm shift in the employer-employee relationship: from the old slow-moving rigid, pay-your-dues-and-climb-the-ladder model, to the new fast-moving increasingly efficient free market for talent. This is the essence of the talent wars. In the new economy, every term of the employment - schedules, location, assignments, coworkers, pay, and more - will be open to negotiations, whether [organizations] like it or not. The most valuable talent will have the most negotiating power. In the new economy, the best people are the most likely to leave. If an employer has any hope of retaining the best people for the long term in the new economy, this retention will have to happen one person at a time, one day at a time, on the basis of an ongoing negotiation. (p. 10).

Kaye & Jordan-Evans, (2000) found that, "Retaining key employees is corporate America's number one problem. A solution means more profitable companies, happier, more productive employees, and more satisfied customers. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out" (p. 1). Organizations that understand employee retention and its causes, and acts upon it, will ultimately have a competitive advantage.

History of Retention

"Today's workplace is not the workplace of a generation ago. Fifty years ago, most workers fit into a similar mold: male, full-time, eight to five, blue collar, hourly wage workers who had learned most of the skills on the job. Then, for those lucky enough to find a niche in a large company, the expectation of continued employment and steady advancement made a homogeneous pattern of work an ideal arrangement" (American Workplace Report 2001, p. 34).

Drucker (1992) says, "All organizations now say routinely, 'People are our greatest asset.' Yet few practice what they preach, let alone truly believe it. Most still believe, though perhaps not consciously, what nineteenth-century employers believed: people need us more than we need them" (p. 100).

Landry (n.d., p. 46) said,

> During the past half-century, businesses have had to adopt the new realities of the Information Age-while being expected to follow old 'rules of the business game' set in the long-gone Industrial Age. The Industrial Age valued people as physical assets – bought and sold as extensions of machines. Only organizations that transcend that approach have become leaders in the Information Age. Organizations ill-equipped to manage change have had a tumultuous time in transitioning from one age to the next. Hallmarks of the change abound: (1) Two-thirds of the Fortune 500 companies that existed in the early 1950s are no longer on the list today, (2) During the past 20 years, the number of people employed by America's largest firms has dropped by one-third, (3) In the early 1950s, manufacturing in the US accounted for 34% of the gross national product (GNP) compared to 16% today, and (4) Over the last hundred years, farming has gone from 40% of the GNP to 1.4% today.

Booz-Allen & Hamilton (2001) state,

> In the 1970s and early 1980s, people still talked about 'lifetime employment' and a career within a company. Starting in the late 80s, however, the pendulum started swinging. The unspoken employer/employee contract was broken, as companies across industries restructured operations and reduced head count. People then started talking about 'owning their own careers' collecting experiences and skills in various jobs at various companies to enhance their ongoing employability. (p. 1).

According to Kinnie, Hutchinson & Purcell (1997), "Downsizing and its associated euphemism 'rightsizing' became part of the managerial lexicon in the 1980's and early 1990's…By the mid-1990's, however, doubts were emerging about whether downsizing was the route to success that it was first thought" (p. 296). "The downsizing environment in the 1980's and early 1990's further discouraged some companies from investing in succession management. As a result, many companies developed severe bench strength problems and are now facing a shortage in top management successions" (Holt, 2001, p. 1).

Michaels, Handfield-Jones & Axelrod, (2001, p. 2) say,

> In 1900, only 17% of all jobs required knowledge workers; now over 60% do. In addition to this broad demand for talent, the demand for high-caliber managerial talent is growing. The late 1990s through the year 2000 was a period of extraordinary economic growth as U.S. unemployment levels hovered near 30-year lows. Against a backdrop of sustained economic growth, new economy companies proliferated creating millions of new jobs, and rewriting the rules of

> recruiting and retention. New competitors vied daily with traditional companies for key skills-not only technological savvy but also more traditional marketing, finance, and partnership building expertise. Exacerbating this explosion in demand was a projected tightening of supply in key segments of the labor pool. The result: an employment market where demand far outweighed supply and where employers no longer 'held all the cards.'

Booz-Allen & Hamilton (2001) states, "By the year 2000, due to a growing imbalance between an expanding demand for talent and the limited supply, we reached the other extreme in the pendulum's swing. Employees became 'free agents', more concerned, some would argue, with their own employability and personal gain than with long-term job security - or their employer's success" (p. 1).

The makeup of the workforce has also changed over time. Management Development Core (2000, p. 2) article indicates,

> In each decade between 1950 and 1990, women increased their share of the labor force by about 4%. In 1950, women made up 29.6% of the labor force, in 1960 they made up 33.4%, in 1970 they were 38.1%, in 1980 they were 42.5%, and by 1990 women had become 45.3% of the civilian labor force. The percentage of the labor force went from 33.9% in 1950 to 51.5% in 1980 and very nearly 60% in 1990. Beginning in about 1963, and continuing until about 1986, there was a second phenomenon expanding the labor force, when the baby boomers came of age. In 1963, the first wave of this huge American population had turned 17, and began to enter the labor force. The number of annual live births in the U.S. from

1940-1945 averaged 2,858,667. From 1946-1951, it was 3,661,500 an increase of 28%.

The Hannigan Consulting Group has identified specific timeframes at which employees are at the greatest risk of leaving an organization. They found that the risk of leaving an organization is within the first year that an employee is hired because of the underwhelming assignments, the volume of work, or bad chemistry with the boss. The second period of risk is after two years where the employee is ready and eager for a promotion that may or may not be available. The third risk period is at five years when the promotions are fewer and farther between, and the employee begins to look elsewhere for opportunities (Branch, 1998).

State of The Workplace

To understand the importance of retention in today's world of the twenty-first century, it helps to look at the factors throughout the several decades that have led to the issue of retaining employees. This will help to explain how the problem evolved and the importance of retaining top talent for organizations.

The workplace, which had been so stable for years, was now quickly and dramatically changing.

Fields (2001) says,

> I often refer to the period starting in the late 1980s and continuing through the mid-1990s as "The Age of the Disposable Employee." Think about how organizations acted during that time period. They tried to become lean, mean machines by cutting their fat (by downsizing, reorganizing and ostracizing their employees). By the mid-1990s, America was back on top of the global

marketplace, and many organizations seemed to realize their goals; revenues increased, and so did the stock prices. What many managers didn't bargain for was how great a job they had done in rebuilding America, but how poor a job they had done in preparing our current and future workforce's skills for the challenges that came with improved technology - namely, more jobs that required higher technological skills than in the past. As the year 2000 approached, employers were suddenly in for an enormous Y2K, new millennium surprise. However, if they really thought about it, they would have seen it gaining momentum for a number of years. The end of the Age of the Disposable Employee had arrived. The ranks of workers with the right technological and managerial stuff to survive and thrive shrank and those 'with the goods' started to flex their workforce muscle and demand some heretofore unthinkable things if they were to be recruited and retained in an organization. In other words, the movement has switched from the Age of Disposable Employee to that of the Indispensable Employee. What American managers didn't plan for, however, was the impending labor shortage and the "skills gap" - that is, the difference between the technical proficiency necessary in the workforce, and the labor force's actual general lack of know-how and skills. Additionally, economic growth was expected to remain ahead of population growth. Simply put, there would be many more jobs available than qualified and technically proficient workers to fill them. (p. 20).

The idea of not only attracting but also retaining the right employees for an organization in order to stay competitive is new. Fields (2001) also says,

> As economic times improved by the late 1990s and as survivor's syndrome employees recovered from their condition, some extremely interesting dynamics took place in the workplace. As the old "supply and demand" tenet kicked in, skilled and talented employees slowly began to recognize their value and worth. Suddenly, working for the same company and being loyal to one employer for 10 or 20-plus years didn't matter as much. After all, the employer hadn't been loyal to them, their families, and/or their significant others when times were bad. The supply was short while their skills and talents were tall and in demand. Unfortunately, because of a strong economy, employers are having a more difficult time holding onto valuable talent, who are just not patient enough for a company to 'get its act together and back on its feet.' (p. 22).

> Retention cannot be solved in the usual sense.

Cappelli (1999) says,

> There will be no silver bullet program or set of programs that will bind employees to the organization in the presence of attractive opportunities elsewhere. Employers can and should work hard to eliminate problems in the workplace that might drive their valued employees into the arms of competitors. But, as noted earlier, most people who quit do so to take jobs elsewhere, and dissatisfaction with current jobs drives turnover only when other positions are available. The "pull" of alternatives is the major driver of turnover, not just as the "push" of problems in the current workplace. The growing need to find talent in the outside market will become the main driver of the retention problem, although employers exacerbate the problem by focusing employee attention on the labor

market and giving them more information on other jobs, increasing the likelihood that they will leave. (p. 188).

From this research there are nine workplace factors that I have identified as having a profound impact on the state of the workplace: (1) the labor shortage, (2) the aging workforce, (3) the changing demographics of the workforce, (4) downsizing and flattening of organizations, (5) the leadership gap, (6) the changing nature of work, (7) the impact of the differing generations, (8) the psychological contract between employees and their employer, and (9) the scarcity of talent. These factors will be explained in detail in the sections following.

Labor Shortage

The U.S. labor shortage is the result of demographic changes. “In 1960, there were just fewer than 70 million people in the civilian labor force in the U.S. By 1990, this figure had grown to 125 million, almost double the figure thirty years earlier” (Management Development Core, 2000, p. 2). Organizations need employees with higher levels of skills. They need good communication skills, be great team players as well as have the needed technical skills. The problem is that there are not enough potential employees who possess those skills. There are fewer people to fulfill more demanding jobs (Caudron, 1996, p. 66).

Korn-Ferry (2001) reported, “In the United States, there are roughly 44 million members of Generation X to replace the over 76 million Baby Boomers who are beginning to reach retirement age. Thanks to the recent economic expansion that has helped welfare reform to succeed and created new, more attractive career opportunities for women and minorities, the rate of labor force participation is already at 67%, an all-time high. This suggests that it will be difficult to make up for the drop in population by encouraging even more people to work" (p. 8). The American Workplace Report (2001) states,

> The projections indicate that the unemployment rate is likely to fall permanently below four percent by 2005 and that labor demand will exceed the labor force by 2013. Because frictional unemployment [temporary unemployment that comes from people moving between jobs, careers, and locations (economics.about.com)] is associated with labor force entry and job change is inevitable, the situation by 2013 will be critical. By 2021, the shortage of labor may reach 12.4 million annually. By 2031, the American workplace may be 27.9 million short of the 57.1 million new employees that it needs. (p. 5).

Aging Workforce

One of the strongest demographic trends affecting the United States today is the aging of its population (Barth, McNaught & Rizzi, 1993). According to projections from the U.S. Bureau of Census, almost 90% of the next decade's net increase in the working age population will occur in the 55 to 64 years age category (Robson, 2001). So, not only is the average age of workers within the usual group rising, but the importance of people ages 65 and up, as potential employees, will increase. Tighter labor markets and changing habits are already keeping more older workers in the workforce (Purcell, 2000).

The growing number of aging Baby Boomers in the population and a smaller number of younger people who are behind them are creating a crisis in the workplace. "According to the Bureau of Labor Statistics (BLS), workers age 25-44 will decline by 3 million, dropping from 51% of the labor force in 1998 to 44% in 2008, while, over the same period, workers age 45+ will increase from 33% to 40% of the workforce, an additional 17 million workers (Dohm, 2000).

Young's (2002) research indicates that, "If the trend continues the Employment Policy Foundation projects, the U.S. will face a labor shortage of 4.9 million workers. And, another factor affecting the labor shortage is that more than 61 million Americans will retire during the next 30 years" (p. 2). "The greatest turnover is expected to be in the executive, administrative and managerial occupations. Workers age 45 and older now make up 41% of this group and 42% of them are expected to retire by 2008" (Dohm, 2000, p. 4).

In the report, "Older Workers: Demographic Trends Pose Challenges for Employers and Workers", it states,

> Older workers are employed in a diverse group of occupations but are more likely than younger workers to be white-collar managers or professionals. The maturation of the baby boom generation (persons born between 1946 & 1964) has progressed to the point where boomers will soon begin moving from the traditional working ages to the ages when many people start to retire. The first wave of the baby boom generation will start to turn age 65 in 2011 and the last of the boomers will be 65 in 2029. This development will lead to significant changes in the ratio of the working age population (defined as ages 20-64) to the population age 65 or older. This ratio, called the 'age dependency ratio' because it provided an estimate of how many workers will be available to support each retiree, was 21% in 2000, or five working-age individuals for every person over age 65. As the baby boom generation ages, the age dependency ratio will rise.

> By 2030, it will reach 35%, meaning that there will be fewer than three persons of traditional working age for every person age 65 or over. (United States General Accounting Office, 2001, pp. 2-5).

Mirvis (1993) says, "The segment of the workforce that is age 50 and older will grow faster than any other age group in the 1990s, as the first wave of baby boomers mature. In addition, the life span of adults is expected to increase over the next decades meaning that, if current trends continue, more and more older workers will *want* to remain employed in their companies or else find another job. Furthermore, trends in real earnings, pensions, and health insurance coverage imply that older people will simply *need* to work longer" (p. 21).

"Until just recently, employers could afford to let older workers leave, because there have been plenty of baby boomers to take their place. In the coming decade, as baby boomers near retirement, there just won't be enough young talent available to fill their shoes. Employers will have to find a way to retain older workers longer and keep them productive" (Watson Wyatt, n.d., p. 2).

Changing Demographics

"The marketplace for talent is increasingly global and company workforces are therefore diverse in complex, new ways. Companies can no longer rely solely on local, regional or even national workforces to meet their business needs – due in part to the globalization of company operations and labor supply issues, and in part to company efforts to attract employees from different backgrounds who more closely reflect the diversity of their customer base" (Towers-Perrin, 2001, p. 2).

“The idyllic employment picture from 50 years ago also was misleading because it did not apply to everyone – women and minorities were not a large part of the picture. Only 31% of adult women were employed in 1950, and racial and ethnic minorities were often marginalized in low-paying jobs that offered little hope for advancement. In the last 20 years, women’s participation in the labor force has risen dramatically – over 58% of adult women today are working, almost double the employment rate for 1950” (American Workplace Report 2001, pp. 19 & 28).

“The American Workplace Report” (2001) reported the growth of the Asian and Hispanic minorities is particularly remarkable. During the past 30 years, the Asian share of the population has increased nearly five-fold, and the Hispanic share has doubled. These trends have impacted employment. Increased racial and ethnic diversity is most apparent among employees under age 40. The majority of White non-Hispanic employees tend to be older than age 40. The largest share of minority employees is under 40. These differences point to greater shifts in the racial and ethnic minority shares of jobs in the years ahead. The impact of growing racial and ethnic diversity in the overall workforce is clearly apparent in the management and professional occupations. The proportions of Blacks in management and professional occupations have doubled, the proportion of Hispanics has nearly tripled and the proportion of Asians has increased by over four times (p. 28). For the first time, the Hispanic population in the U.S. has grown to be larger than the African-American population. In 2002, there were 37.4 million Latinos in the United States and there were 36.0 million Blacks (Ramierz & de la Cruz, 2003; McKinnon, 2003).

Mirvis (1993) says,

Increased minority participation raises a key issue for industry: Will companies hire more women and minorities into higher-paying, higher status jobs, or will they be content with the status quo? Over one-third of the new jobs created in the 1990s will go to American-born minorities. Yet, as things stand, a far larger proportion of minorities than whites, as a result of education and opportunity, are slotted into lesser paying service jobs. It is likely, as well, that minorities will constitute a disproportionate share of the nation's unemployed. Some 46% of the companies sampled in this study expect there to be a significant increase in the number of minority women they employ in the next five years, and 36% anticipate a significant increase in the number of minority men. But there are, as we will see, notable differences in the ways in which the sampled companies approach the issue raised by increased diversity. Another important change in the workforce is the steady increase in the number of working women. Women still constitute nearly three-fifths of the new entrants to the workforce in the 1990s and by 2000 will account for 47% of all employed Americans. This compares to 33% in 1960. Furthermore, women entering the workforce in the 1990s will be as well educated as men. While diversity programs address the needs of working women as well as minorities, questions about the significance of the *glass ceiling* and other barriers to the employment of women in traditionally male jobs remain of concern. Hence, these issues, and women's demands for equal work and equal pay, are likely to move up the corporate human resource agenda in this decade. (pp. 19-20).

Downsizing and Flatter Organizations

Marks (1993) describes the term downsizing.

> Downsizing is the catchall phrase for various approaches that companies use to reduce and manage headcount (the number of people they employ). In principle, downsizing enables an organization to improve its competitive cost position without impairing its ability to execute its strategy. In practice, however, it can exact a heavy toll on organizational effectiveness and employee well-being. Downsizing has occurred on a massive scale in American organizations. During the 1980s, 3.4 million jobs were eliminated from Fortune 500 companies. Many more positions were erased from the payrolls of medium and small firms. (p. 60).

Cappelli (1999) points out that, "The job security that used to exist in most companies was an implicit policy never written in employee handbooks, which makes it difficult to use changes in explicit policies as a measure of the change in job security. Downsizing, in contrast, refers to dismissing workers for reasons *other* than performance. While the term *layoffs* has traditionally referred to cutting workers in a business downturn (typically with the intention of hiring them back when business returned), *downsizing* has come to mean cutting workers to reduce costs and improve financial performance, not necessarily to respond to declines in business" (p. 115).

Pfeffer (1998) reports,

> The evidence indicates that downsizing is guaranteed to accomplish only one thing – it makes organizations smaller. But, downsizing is not a sure way of increasing the stock price over a medium-to long-term horizon, nor does it necessarily provide higher profits or create organizational efficiency or

> productivity. More than one-third of the plants that had cut employment experienced a *decrease* in productivity, while 52% of the plants that grew employment over the period *increased* productivity. Sometimes downsizing is successful, sometimes not, in about equal proportions. Moreover, when firms lay people off, they frequently lose an important reservoir of skill and wisdom. (p. 174).

"…Many organizations have instituted across-the-board reductions in employees with only limited considerations of whom they are losing. The combined effects from those two trends have been devastating to human resource development in many larger companies in the U.S.A. and abroad" (Hitt, Hoskisson, Harrison & Summers, 1994, p. 1).

Pfeffer (1998) says,

> A Louis Harris and Associates Survey in 1991 reported that 50% of the firms had laid off substantial numbers of people within the previous five years. A survey by Wyatt Company published in 1993 found that 72% of the respondents had layoffs in the past three years, and a national probability survey of employees conducted in 1993 discovered that some 42% reported that their employer had conducted layoffs in the preceding year. Layoffs seem to be increasing in frequency and are no longer linked to the business cycle. The American Management Association reported that the proportion of firms planning to downsize actually increased between 1993 and 1994. Between 1983 and 1993, the *Fortune* 500 firms reduced the total number of employees by 2.5 million, or by almost 18%. The labor market is more and more like a spot market, with

> fewer and fewer of the internalized employment arrangements that employees had come to take for granted. (p. 168).

Leadership Gap

The demand for quality leadership talent far surpasses the supply. The ideal leader will need a broader range of job experiences than were required in the past because the world of work is moving at a faster pace and is more challenging than before, particularly as the world is developing into a global economy. The past decades of organizational downsizing has reduced the possibilities of having an abundance of talent for leadership roles in the organization. As organizations were downsizing, they became flatter and there were less resources spent on the development of current and future leaders. In many organizations, succession planning systems were abandoned. And now there are fewer managers who are willing to make the sacrifices needed at the higher levels of management, and the Generation Xers have less organizational commitment and interest in leadership roles than the Baby Boomers (Byham, Smith & Pease, 2001).

> Both changes in the business - the growing competitive intensity, and the increasing complexity of firms-are important by themselves. Each is independently having a formidable impact today. The first has been increasing the need for leadership in more and more jobs. The second has been making the leadership challenge in those jobs more and more difficult to handle well. But, it is the cumulative effect of the two changes that is so powerful. Put them together, and the consequences of both adequate and inadequate leadership are taking on a whole new dimension today. (Kotter, 1988, p. 14).

Rothwell (1994) states,

The world faces a crisis of leadership. Citizens are losing faith in their elected officials to address problems at the national, regional, and local levels; many among the religious are losing faith in church leaders, because of those high-profile leaders who have been stricken with sensationalized scandals; and, consumers are losing faith in business leaders to act responsibly and ethically. A crisis of governance is also widespread inside organizations. Employees wonder whether they can hold on to their jobs when downsizing has become more the norm than the exception. Employee loyalty is an often cited casualty of this crisis. Employee morale, influenced by the perception that top managers cannot effectively cope with the external challenges confronting their organizations, has suffered. The middle management ranks have been slashed since the recession of 1990, intensifying concern among surviving middle managers about their futures, and among supervisors about their potential for promotion from within. Some managers experience a *squashed-tomato effect* in which they are crushed between threefold pressures: top management's desire to increase employee involvement and empowerment; their subordinates' desires to increase their autonomy; and competitive challenges to do more with less. In previous decades, labor in the United States was plentiful and easily taken for granted. Managers had the leisure to groom employees for advancement over long time spans and to overstaff as insurance against turnover in key positions. That was as true for management as for non-management employees. But times have changed. Few organizations have the luxury to overstaff in the face of fierce competition from abroad and economic restructuring efforts sweeping industries. Middle management, the traditional training grounds for top-level talent, has been dramatically eroded in absolute numbers and demoralized in attitude. The results of a survey conducted by consultants at the Hay Group revealed that “for the first time in the history of our surveys, fewer than half of the middle managers took a favorable view about their opportunities for advancement.” For these reasons, organizations must take proactive steps to plan for future talent needs at all levels and implement programs designed to ensure that the right leaders are available for the right jobs in the right places and at the right times to meet organizational requirements (p. xii).

Caudron (2002) states,

According to a *Workforce* online poll conducted in September, 83% of almost 700 respondents believe there is a leadership vacuum in their organizations. A nationwide survey by Watson Wyatt shows that less than half - a mere 45% - of employees have confidence in the job being done by senior management. And the seventh national United States@Work study by Aon Consulting indicates that employees are less trusting of corporate leadership now than at any point since the survey began in 1977. What happened? Where did all the leaders go? In actuality, the leaders didn’t really go anywhere. What happened is that the economy changed, markets shrank, competition increased, and the job of leadership became infinitely more challenging. It’s one thing to make money when there’s money to be made. It’s quite another to keep your profits when all around you are losing theirs. It takes a different set of skills to make lemonade out of today's lemons: says Hal Johnson, global managing partner, human resources, with Heidrick & Struggles, an executive search firm based in Chicago. "It takes different, quicker, and broader leaders today than it took previously, when no matter what you did, you made money." The coast-to-coast hue and cry for corporate leadership has grown so loud that executive search firms are being inundated with requests for people with leadership skills. "We used to not have requests for leaders," says Kaye Salikof, vice president, training, for MRI Worldwide in Cleveland. "When the economy was going well, the notion of leadership was not as important. But, today, *leadership* is a word that appears so often on search assignments, it's almost become a non-word. Every company wants leaders, but nobody defines it the same way. (p. 1).

Michaels, Handfield-Jones, & Axelrod (2001) say, "Companies are already feeling the shortage of great managerial talent. "Leadership is the biggest single constraint to growth at Johnson & Johnson, and it is the most critical business issue we face, " commented CEO Ralph Larsen, recently. Similarly, Jim Robbins, CEO of Cox Communications, said in early 2000, "Talent is the single factor for us in realizing our growth vision. Over the coming two decades, then, companies will be competing intensely for the limited supply of very capable managers" (p. 4).

Bennis (1989) says, "In the last two decades, there has been a high turnover, an appalling mortality-both occupational and actuarial-among leaders. In the last several decades, the shelf life of college presidents and CEOs has been markedly reduced. In the 1950s, the average tenure for college presidents was over eleven years; today, it's more like four years. In the same way, corporate chieftains' days at the top seem to be numbered from the moment they take office" (p. 59).

Bennis (1990) asks,

> Where have all the leaders gone? They're out there pleading, trotting, temporizing, putting out fires, and trying to avoid too much heat. They're peering at a landscape of bottom lines. They're moneychangers lost in a narrow orbit. They resign. They burn out. They decide not to run or serve. They're organizational Houdini's, surrounded by sharks or shackled in a water cage, always managing to escape, miraculously to make more money via their escape clauses than they made in several years of work. They motivate people through fear, by following trends or by posing as advocates of "reality", which they cynically make up as they go along. Thus, precisely at the time when the trust and credibility of our alleged leaders are at an all-time low and when potential leaders feel most inhibited in exercising their gifts, America most needs leaders - because, of course, as the quality of leaders declines, the quality of problems escalates. As a person cannot function without a brain, a society cannot function with out leaders. And so the decline goes on. (p. 66).

Generational Effects

"Today's American workforce is unique and singular. Never before has there been a workforce and workplace – so diverse in so many ways. The mix of race, gender, ethnicity, and generation in today's workplace is stunning. The workplace we inhabit today is awash with conflicting voices and views of the most age-and-value-diverse workforce this country has known since our great-great-grandparents abandoned field and farm for factory and office. At no previous time in our history have so many and such different generations with such diversity been asked to work together shoulder to shoulder, side by side, cubicle to cubicle" (Zemke, Raines & Filipczak, 2000, pp. 9-10).

Strauss and Howe, (1991) describe how individuals of the same generational ages are considered a cohort group.

> Unlike many group definitions (like neighborhood or career), cohort-group membership is *involuntary*. Then again, so is age. But unlike age, cohort-group membership is *permanent*. And unlike sex or race (also involuntary and permanent), it applies to a finite number of identifiable individuals. After its last birth year, a cohort-group can only shrink in size. Fixed in history, it must eventually disappear. What makes the cohort-group truly unique is that all its members-from birth on-always encounter the same national events, moods, and trends at similar ages. They retain, in other words, a *common age location in history* throughout their lives. Since history affects people very differently according to their age, common age location is what gives each cohort-group a distinct biography and a distinct lifecycle. We have no trouble appreciating age location when thinking of momentous historical events like war, depression, revolution, and spiritual prophecy. How these events affect people depends on their age at the time. The same cataclysm that a 10-year-old finds terrifying, a 30-year-old may find empowering, a 50-year-old calming, a 70-year-old inspiring. Once received, such impressions continue to shape the personality people take with them, as they grow older. (p. 48).

Strauss and Howe (1991) also say that,

> Age location also shapes cohort-groups through historical shifts in society-wide attitudes towards families, schooling, sex roles, religion, crime, careers, and personal risk. Qualitative research on cohorts is still a young science. The very term "birth cohort" was not coined until 1863 (by the French sociologist Emile Littre), and the concept attracted little attention over the next hundred years. Since the early 1960s, the interest has grown more serious-especially in America. Intrigued by lifecycle shifts, a few historians have begun to pore over town archives, gravestones, and census records to study cohort-groups in small communities. Social scientists have also begun to look more carefully at modern behavioral data from a birth year perspective. (p. 49).

Korn-Ferry, (2001) suggest,

> As employees age, they go through different life and career stages, valuing and responding to different aspects of the employment relationship. These life-stage differences, which have always been present in the workforce, may now be accentuated by generational differences – as new entrants to the workforce, who grew up on personal computers in an increasingly global economy, have undergone a very different set of formative experiences than their predecessors. (pp. 14-15).

Researchers name, define and date the four generations differently based on their research. Zemke, Raines & Filipczak (2000) categorize the generations as: Veterans, born 1922-1943 are those born prior to World War II, the Baby Boomers, born 1943-1960 are those born after World War II; Generation Xers born 1960-1980 are those born after the Baby Boomers; and Generation Nexters born 1980-1998 are those born of the Baby Boomers.

Kabacoff and Stoffey (2001) say,

> Each generation entering and working within organizations differs from the previous one in terms of education, values, aspirations, work attitudes, and world "view." The generation born between 1946 and 1964, the so-called "baby boomers" or "new values workers," present a radically different worker profile in comparison to the so called "matures or pre-boomers" born between 1909 and 1945. In terms of numbers, baby boomers dominate the nation's workforce (Mitchell, 1998). It is estimated that about half (48%) of today's workforce is comprised of baby boomers. Pre-boomers make up only 12% of the labor force…The "baby busters" or "Generation X'ers," as they are frequently described, are seen as less loyal and committed to organizations, highly "techno literate," independent and self-absorbed, attention seeking, and more diverse in terms of race than their baby boomer predecessors. They thrive upon a creative and competitive environment, embrace radical change, and are willing to take high risks for high rewards. (p. 1).

The late Baby Boomer generation members and particularly the entrance of the Generation Xers into the workforce have created an attitude towards organizations that has never existed in the United States. In *Building a Strategy to Keep Good People*," (1999) it is reported that, "…The 'psychological contract' between individual and organization is weaker than ever. Good performance isn't a guarantee for employment. Employees have less loyalty to an organization and are more likely to move from one organization to another" (p. 2). "It's well understood that Generation X, these estimated 46 million Americans born from 1961 to 1981, entered or are entering the labor market with different beliefs and values than previous generations. Many Gen Xers saw their parents laid off from long-held jobs and feel that security is tied more to a career than to a company. For them, jobs are often viewed as stepping stones to the next opportunity" (Taylor, 2002, p. 28).

"Since Gen Xers perceive many desirable alternatives, due in part to favorable economic conditions and a tight labor market, as well as a strong internal locus of control, they tend to change jobs frequently, about every 18 months on average. This tendency toward frequent job changes is believed to be a reactionary reversal of the workaholism of their parents, which they saw rewarded with downsizings, layoffs, forced turnover, mergers, and pension improprieties" (Jurkiewicz, 2000, p. 56). Zemke, et al (2000) indicates, "Here in an era when even the most profitable businesses are striving to run even leaner and meaner, there are three very distinct generations vying for position in a workplace of shrinking upward opportunity. They will soon be joined by a distinct and yet again different fourth generation [the Millennials]" (pp. 10-11).

Cates and Rahimi (2001) explain,

> Managers at all levels must understand the expectations of the generations and use their strengths. Whereas generations X and Y seek immediate recognition for successes, Boomers embrace the notion of 'paying one's dues'. Generations X and Y may appear ungrateful for opportunities, yet they cannot understand an organization's dedication to its 'dead wood' (overpaid executives who seem unable to get things done). Boomers may view younger generations as

> slackers, always looking for free time. There are benefits to the views of all generations, something that is not always easy to acknowledge. A company should identify how it can benefit from the expectations and values of each generation, and sell those benefits to others. (p. 2).

The New Psychological Contract

> Retaining top talent was less of an issue in the past, but the shifting tides of the unspoken employee/employer contract have created new currents in the workplace. The old contract asked employees to: work hard, be loyal, give their all. In return, they would have: a job for life, a home away from home, regular salary increases, and a good chance for a promotion. The new contract is substantially different. It states that employees must now work harder, doing not only their jobs, but also the jobs of their former co-workers who were "right-sized." In return, job security is extinct, promotions are scarce, salary increases are modest at best, and the constant uncertainty of change is almost guaranteed. Is it any wonder that employee loyalty is on the demise and talented individual contributors and managers feel less bonded to their organizations? (Ware & Fern, 1997, p. 2).
>
> Expectations and desires about the employment relationship (the deal) are also becoming more complex. Employees now define themselves and their expectations in terms that go beyond traditional gender, age, and ethnic categories – and these definitions can change over time. Some prefer an employment relationship that allows them to try a number of different jobs as a way to gain experience and develop a broad skill set. Others want balance between work and

commitments beyond work. Still others are looking for a fast track that offers challenging work, quick advancement and high rewards. (Towers Perrin, 2001, p. 3).

The new access-oriented employment environment will necessitate changes in the value proposition offered to employees. For those skills that are much in demand, the terms of employment are likely to be driven more and more by the individual employee, based on what he/she demands and is motivated to offer. The result is likely to be a series of much more tailored value propositions that balance the needs and expectations of the company with those of individual employees. While not everyone will command a truly personalized arrangement with their employer, we anticipate a much more customized approach to recruiting and retaining key talent. (Booz, Allen & Hamilton, 2001, p. 7).

A decade ago, corporations told workers that the era of lifetime employment was over and that people should expect to work for multiple employers during their careers. In short, they no longer have a strong sense of loyalty to their employers, and as a consequence, they're prepared to move on when the time is right-for them. A lengthy stay with one employer once was a sign of character or stability. Not anymore. Sixty percent of our U.S. respondents say there is currently no minimum ideal tenure. Furthermore, the tenure issue is not a lifetime test for generational values. Our research indicates that older workers, 55 and up, attach less importance to length of tenure than younger ones. (Towers Perrin, 2001, p. 5).

The research indicated that there is no longer minimum ideal tenure. That employee's attitude, across all generations, has changed regarding the proper amount of time to stay with one organization.

> While the 'new employment deal' of the 1980s created change, greater accountability, and high levels of uncertainty for employees, we are now seeing the genesis of what can be called a *better workforce deal*. This better deal focuses on creating a workplace where both the company and its employees gain from successful adaptation to necessary change. It encompasses the entire work experience-the culture, work environment, leadership, learning, career development opportunity, work/life balance, and the work itself-as well as rewards. (Zingheim & Schuster, 1999, p. 36).

Hvass, Sunnarborg, Fleming & Ebersohl, (2000) say, "In the aftermath of the last decade's corporate reengineering, a new work contract has emerged, in which both employers and workers recognize that workers have a choice whether to invest discretionary energy in their career or elsewhere. The old contract was built on the premise of lifelong employment. Today, an American worker holds an average of 8.6 jobs between the ages of 18 and 32, most of them before the age of 27" (p .6).

Pfeffer (1998) says,

> No longer do firms, particularly in the U.S., offer the prospect of long-term employment in return for good performance and effort. No longer do firms think it wise to provide a 'career' inside the company with all that implies, such as a sequence of positions and training and development opportunities. The word today is 'employability', organizations promise challenging jobs and interesting

assignments that will help people build their skills but that offer no long-term promises of a career. Instead, the only promise is that the work and the skills acquired on the job will help to make the people more employable if and when they have to leave. Meanwhile, the implication emerges that since the organization won't look out for your interests anymore, you should look after them yourself, taking individual responsibility for your career. (p. 176).

Cappelli (1999) indicates that,

What ended the traditional employment relationship is a variety of new management practices, driven by a changing environment, that essentially brings the market - both the market for a company's products and the labor market for its employees - directly inside the firm. Compensation is widely accepted as being the most important mechanism for managing and motivating employees, especially in the United States. These changes in the employment relationship turn most existing compensation principles on their head. Traditional compensation policies, based on job evaluation, were designed to promote internal equity between employees in different jobs. Those concerns have gone out the window. Instead, wages are set based on prevailing levels in the labor market; if not, people holding skills that are in demand walk for better offers, and it becomes impossible to bring in skills from the outside. But complaints about equity skyrocket; typically as junior people with "hot" skills end up making much more than their senior colleagues. The widespread use of contractors, consultants, and temps, each with different pay rates, sets up another group of invidious comparisons. (p. 7).

Cappelli (1999) also says,

> While employers have quite clearly broken the old deal and its long-term commitments, they do not control the new deal, which is fundamentally an agreement negotiated between employer and employee. It is an open-ended relationship that is continually being redrafted. Which side gains and loses depends on bargaining power, which in turn stems from the state of the labor market. Job security for all workers has declined and become much more contingent on performance. Middle management in particular has gone from one of the most secure occupations to one of the least as organizations continue to downsize their ranks. Employers routinely tell workers that their only real source of security is 'employability', their ability to find a job elsewhere. Companies worry less about developing skills and rely instead on hiring from the outside market to meet their skill needs. For jobs that require general skills, some employers rely on part time temporary workers with no real attachment to the firm. Others maintain a pool of workers that they hire on a short-term basis to fit in with changes in product demand. (p. 17).

Dibble (1999) explains that,

> The old employee contract was built on a sense of obligation. The employee's perspective: If I do a decent job I can keep my position. It's okay here and I am not looking around for another job. The employer's perspective: Employees like to work here and are not eager to go elsewhere. As long as I treat them okay I do not have to worry about retention. It takes care of itself. That mutual obligation disappeared with downsizing, mergers, outsourcing, and all of

the other events that have shaken the trust underpinning that relationship. The *new employment contract* says: Employee perspective: I cannot count on this company for my future employment, and even if I could I do not want to. I will stay if it is worthwhile, but I still keep my eye on the market and be receptive to other opportunities. Employer perspective: I need to attract and keep the people who will help me be successful. I cannot afford employees who do not contribute, especially the employees with the old 'entitlement' perspective. (p. viii).

Dibble (1999) says,

The twenty-first century employment contract is the result. There has been a paradigm shift in the employee-employer relationship. The old contract was one of mutual obligation but an unequal power balance: It paired an employee's 'doing a good job' with the employer's 'I'll take care of you.' The new contract is an exchange relationship in which each side has a degree of freedom. The employee says: "I'll do my best as long as I can get what I need from you." In response, the employer says: "You'll have a job if you can contribute what I need as we go along." The shift is not a temporary phenomenon. It is a result of long-term economic, political, and technological processes that have shifted power in the direction of the employee. The movement of power to the employee will continue over a long time, despite fluctuations associated with the economic cycle and specific labor markets. That is why retention is so important today and why we will continue to find it difficult to retain the employees we want to keep. (p. 5).

Dibble (1999) describes the old contract as,

> … the model that some of us remember from the 1950s, had its roots in the Middle Ages. Lords swore loyalty to their king in exchange for his protection, and the serfs did the same to the lords. The person in the higher rank protected the person in the lower rank. The latter was expected to follow orders in exchange for protection from the uncertainties of life. When we look at the 1950's employment relationship we see how this earlier idea appeared in the form of two words: loyalty and entitlement. The industrial revolution led to a breakdown in those relationships. The history of the seventeenth through twentieth centuries is full of examples of employers having no obligation to workers: bad working conditions, use of child labor, cheating employees out of their pay, exploitation of women, and exclusion of minorities. Employees, now on their own, began to form unions to redress the loss of a mutual relationship. Unions sought contracts that coupled their members' obligation to provide labor, with the employers' obligation to provide decent pay, benefits, and working conditions. Unions and others concerned about the breakdown in the old order worked to enact legislation to protect workers. (p. 9).

Dibble (1999) states,

> New forces began to emerge in the 1960s to push us further along in the direction of contractual bases for the employer-employee relationship and away from the moral ones. Those forces changed the competitive climate for organizations and forced them to reconsider the role of employees in their ability to achieve success. Two of the most prominent were: Technology-changing the

pace of what we do and when and where we do it; and globalization-bringing new competitors for markets and resources. At the same time, the composition of the workforce was changing." (p. 10).

Changing Nature of Work

Martel (2002) says,

> Throughout the preindustrial and industrial eras of history, most work centered on the manipulation of physical things and the products derived from them. These were tangible, their priorities were known, and their responses under different conditions were generally predictable. Labor - aided by energy-fueled machines in the industrial era - altered and combined these tangible things. The result was a finished product, or a finished part for that product, with a fixed, known value. In the current postindustrial era, in all developed countries, most work is very different. It deals less with the physical and more with the intellectual, especially with information, which is representational and intangible. In preindustrial and industrial work, labor constructs: things with things; however, in postindustrial work labor constructs: information with information, funds with funds, people with people, and each with the other. In postindustrial work, often what is done is incomplete, left to be reworked by others in ways bearing little resemblance to the intentions of those whose work it once was, and almost always work's value is not fixed but variable. These changes in the nature of work mean equally sweeping changes in the role of workers. The changes put a premium on worker innovation and creativity, flexibility and adaptability. They make it essential to see new connections that will increase value and maximize results - for customers, investors, and fellow employees. Above

> all, they underline how important it is for workers from the CEO to the plant foreman, line worker, and customer service representative to gather, understand, present, and share information and to develop knowledge of how best to use information. (p. 8).

The work environment has also changed within the past fifteen years according to the author of *"Building a Strategy to Keep Good People"* (1999). They have changed in these influential ways: (1) an increased emphasis on cognitive rather than manual skills, (2) more complex organizational systems, (3) the lack of boundaries across jobs and departments, (4) increased competition and environmental uncertainty, (5) the diversity of the workforce, and (6) global interdependence.

> These factors have created a work environment and culture where a different type of worker is needed, one that is professional and highly skilled with specific talents. This combination of factors has created the need for highly skilled, professional workers that bring specialized abilities to an increasingly technical workplace where problem resolution is complex or unknown at the outset. As work situations turn increasingly non-routine, it becomes more important for organizations to focus on the retention of employees who match organizational needs and who are able to adapt to these ambiguous and changing circumstances. (p.1).

Jurkiewicz (2000) also says that, "A noticeable shift in attitudes toward work occurred in the mid-70's when adults were increasingly concerned with personal growth and happiness and less concerned with defining themselves by their organizational affiliation. This shift of emphasis from work to self has continued to increase (p. 56).

"There is no doubt that the digital revolution is dramatically powering America's transition from the Old Economy to the New Economy. Technology spurs changes in how we learn, work, and go about our daily lives. American jobs are being, and will continue to be, radically changed by information technology (IT). New jobs will be created, and old jobs will either be eliminated or significantly transformed" (21st Century Workforce Commission, 2000, p. 5). In "Building a Strategy to Keep Good People", it states, "The marketplace is more competitive and turbulent, characterized by increased attention to customer demands, shorter product life cycles and faster time-to-market. At the same time, organizations are eliminating layers of management and encouraging new forms of work, such as team-based operating. Technological innovation - computers, telecommuting, and other information technology advancements – has impacted not only how work gets done, but also the organization's staffing and training needs" (RHR International Executive Insight, 1999, p. 1).

Aldisert (2002) says,

> We are living in an unprecedented moment in the history of work. The beginning of the 21st century marks the first time that four generations are concurrently employed. These generations are bound largely by their values and mind-sets. Each generation has a distinctive view of what employment means to it. While a generation is based on the years in which its members were born, generations are connected through life experiences shared as their members grow up. They share popular culture, current news events, music, heroes, and a work ethic. (p. 24).

> By understanding generational dynamics, people are more attuned to other's perspectives when working together.

Scarcity of Talent

"Challenges Facing the American Workplace: The American Workplace Report 2002" indicates,

> The continuing growth of demand for skilled workers is the predominant issue in the American workplace in the 21st century. This reality has become even more apparent in the past year. The recession resulted in job loss for thousands, but jobs for employees with specific and demonstrated skills continued to grow. Despite the strong demand for skills, our educational system is producing too few graduates to fill the demand. Within 10 years, a 33% short-fall in graduates with four-year or higher degrees is expected. The American workplace will be 6 million short of the 18 million new graduates needed to fill new jobs and replace retirees. (p. 43).

"Consistent with employee perspectives, managers in our study confirm that despite the current economic climate, talent remains a scarce resource. Indeed, the vast majority of our manager respondents (88% in the U.S. and 91% in Canada) believe that, compared with more favorable economic times less than a year ago, it is now just as difficult or more difficult to attract and retain talented employees. When the kind of organizational capabilities that are deemed critical to success in the future are considered, the people gap becomes even more significant" (Towers Perrin, 2001, p. 8).

"A New Greater Minneapolis Chamber of Commerce study says 70% of today's business leaders want to hire more skilled workers but can't find them. The problem is not the *number* of people, it's the inability to unleash the *potential* of people. We need to focus more on making full use of those we do employ" (Sexton, n.d., p. 1).

(TRM Competing Through Talent, 2002) says, "The bigger issue isn't quantity; it's quality – a situation compounded by a growing and increasingly critical skills gap. The half-life of skills is contracting, particularly in technology. The U.S. Bureau of Labor Statistics (BLS) says through 2006, jobs requiring advanced degrees will grow at double the rate for all employment. A more complex economy is generating demand for more sophisticated talent at all levels" (p. 34).

What must organizations do in order to contend with the issue of the talent shortage? Organizations will need to take a strategic approach, and there is little time to waste, to search for the most talented leaders within the organization, the ones that have high potential. As McKinsey (2001), Reidy and Bhar (2000), and Smart (1999) have indicated, the high potentials have a direct impact on the success and the competitive advantage of the organization.

> How companies respond to these challenges will affect their ability to deliver on immediate strategic goals. For the long term, organization performance in these areas will influence the organization's ongoing strength, its ability to attract high-quality workers and cultivate a next generation of leadership, and thus determine the growth outlook for shareholders. (Towers Perrin, 2001, p. 18).

The Generations

How the Generations Differ

Zemke, Raines & Filipczak (2000) say,

> In addition to the coincidence of birth, a generation is also defined by common tastes, attitudes, and experiences; a generational cohort is a product of its time and tastes. Those times encompass a myriad of circumstances – economic, social, sociological, and, of course, demographic. Particularly telling are a generation's defining moments; events that capture the attention and emotion of thousands-if not millions – of individuals at a formative stage in their lives. And because generations share a place in history – in time – and have events, images, and experiences in common, they develop their own unique personalities. (pp. 16-17).

Smith (2001) explains that,

> What turns someone on varies from person to person and generation to generation. What satisfies a 20-year-old worker may not satisfy a 60-year-old worker. Most adults realize that money is important, but at some point in their life priorities shift. Once financial and physical needs are met, they start looking for a more meaningful life. Managers who are serious about retention and productivity will take the time to discover how their employees define *meaning.* (p. 37).

Baby Boomers.

Aldisert (2002) indicates that,

More than 71 million baby boomers were born between 1946 and 1964. It is significant that more births occurred between 1948 and 1953 than in the prior 30 years combined. This huge population concentration was the beginning of a boom that has been consequential on many levels. For example, in the 1960s, more people went to college than ever before. The older boomers, in particular, were strongly influenced by events of the sixties. Boomers were shaped by their parents' strong middle-class aspirations and the postwar economic prosperity that began in the 1950s. Often characterized as the 'me' generation, they embrace products and services that make their lives easier and less complicated. Boomers have become the most stressed-out generation, largely as a result of their focus on work and consequent overload of decisions and responsibilities. (p. 25).

Zemke, & et al (2000) describe the Baby Boomers born 1943-1960.

This is the cohort group that invented "Thank God, it's Monday!" and the sixty-hour workweek. Boomers are passionately concerned about participation and spirit in the workplace, about bringing heart and humanity to the office, and about creating a fair and level playing field for all. They are, after all, the civil rights, empowerment, and diversity generation. Their energy and enthusiasm, and their ability to become engrossed in cause occupations, have made the business of business the most dramatic story of the last quarter of the twentieth century. (p. 21).

The Baby Boomer Generation (born 1946-64) "applied their competitive nature and industrious work ethic to building their careers. Their willingness and ability to sustain hard work through mid-career is the topic of much research. Today, as they face increasing responsibilities for the care of aging parents and growing children, they are re-examining their careers and looking for ways to bring new balance to their lives. Many are looking forward to more freedom, but a recent AARP poll found that 80% plan to work at least part time in their retirement years" (CareerSystems International and the Learning Café, n.d., p. 2).

Halliman (1998) reports that,

> Prior studies of Baby Boomers have identified values and behaviors that tend to be common to the generation. Baby Boomers are less authoritarian and prefer a participatory management style and environment. They are reward-oriented and want compensation tied to productivity rather than seniority. They are short-term oriented, less loyal or committed to the organization, less willing to let work dominate their lives, more socially conscious, and more humanistic and moralistic, valuing a more humane and caring work environment. (p. 69).

McKeown (2002) says,

> Boomer's relationships with their managers tend as a result to be somewhat 'easier' (in the social sense) less prickly or confrontational than relationships between Gen-Xers and their managers. On the other hand, Boomers (as we've already seen) expect leadership, guidance, and authority from their managers. They typically deem it important that their managers act as a role model; even when top performers have moved beyond the need for role modeling

from their managers, they will expect it from them as [part] of the corporate culture. (p. 70).

Generation Xers.

Aldisert (2002) says Gen Xers,

… consist of some 46 million people born between 1965 and 1979. Gen Xers came of age as the economic prosperity of the prior three decades retracted in the 1980s. The oldest Gen Xers entered the workforce at a time of full employment in the economy. In effect, the younger boomers soaked up much of the inventory of good jobs, leaving Gen Xers with career challenges. Many college graduates entered the workforce by taking administrative or clerical jobs, because those were the only ones available to them. Gen Xers grew up suspicious of the values of the boomers and often question anything that smacks of the status quo. Gen Xers accept alternative lifestyles and are more comfortable with diversity than are boomers and matures. They concurrently embrace and distrust technology. They work hard yet strive for a balanced life. (p. 27).

As Zemke, et al (2000) describe Generation Xers, "Their need for feedback and flexibility, coupled with their hatred of close supervision, is but one of the many conundrums they present to employers. At the same time, they are personally adept and comfortable with change; after all, they've changed cities, homes, and parents all their lives. They are, indeed, the new change masters. And they work to live, not live to work" (p. 21). Generation Xers went to work in a chaotic, no guarantees work world. For many, their independent childhoods led them to seek autonomy and independence in the workplace. Today they are seeking opportunities to make a visible difference and use their creative abilities. They value diverse experiences and are comfortable with job "hopping." They are also committed to work-life-balance and see it as a priority" (pp. 2-3).

In regards to managing Generation Xers, McKeown (2002) say that,

> The socially independent, more mobile Gen-Xer has less need than the Boomer to feel that his or her manager is a "buddy." Yet there's a higher demand from Gen-Xers for mentoring and coaching as a managerial skill than at any time previously. The reason for this stems from two of the factors already mentioned above - a belief that personal and career growth should be a given, not an earned bonus; and a desire for their views and opinions to be heard and taken into account. Gen-Xers look to their manager for both – and top performers, in particular, will not be satisfied with less. Conversely, Gen-Xers do *not* react well to being micro-managed by their bosses. (pp. 76-77).

Generation Y/Nexters/Millennials.

Aldisert (2002) explains,

> Finally, members of Generation Y, or Gen Yers, (also known as the Echo Boomers or Next Generation, or Millennials) were born from 1979 to the late 1990s and currently total around 80 million. They are primarily children of the Baby Boomers and have more in common with their parents' generation than with their Gen X predecessors. Gen Y teenagers are very savvy consumers. Boomers may have been the first generation to grow up in front of the television, but Gen Y is the first generation to grow up as a specific market segment. Advertising targeted directly to this group exceeds $2 billion, 20 times more than the amount

> spent a decade ago. Many have been exposed to computers since birth and to the Internet during their formative years. Many Gen Yers use cell phones and pagers, resulting in unprecedented connections with their parents. There is anecdotal evidence that Gen Yers may be more interested in community affairs than any generation since the matures, and may be a more generous, practical and civic-minded group, and thus are fostering strong relationships with their grandparents. (pp. 27-28).

WorkLife Benefits (n.d.) recommends that to manage Generation Y effectively is to, "Provide challenging work that truly matters. Eighty-five percent of Gen Yers define themselves as loyal and hardworking when they see value in what they are doing. Generation Y is used to making and spending money. Paying them well is important. [They] have grown up under the pressure to succeed in academics and sports, and that attitude is likely to continue into their working lives. They expect constant feedback, lofty goals, and significant rewards. A pat on the back and good performance appraisals won't do it" (pp. 1-2).

The Generation Y or Millennial Generation is seeking stable jobs and corporations. "Their group-orientation and civic-mindedness are likely to continue in the corporate environment. Millennials think in terms of their personal fulfillment, asking: Is the job interesting and satisfying? Is the work meaningful and important? Researchers predict that Millennials will be loyal, committed employees as long as their organizations provide them with variety and opportunity" (CareerSystems International and the Learning Café, 2002, p. 3).

Generation Cusps.

Lancaster & Stillman (2002) have identified generational cusps, those individuals who have values, influences, etc. of two generations.

> Traditionalists/Baby Boomers (born 1940-1945), these are Cuspers who are old enough to relate to the values and work ethic of the Traditionalists, yet young enough to have gotten excited about challenging the status quo along with the Boomers. These Cuspers were too young to fight the Traditionalist wars, World War II and Korea, yet many were on the leading edge of America's internal struggles, spearheading numerous protest and human rights movements. Many women on the cusp entered a male-dominated work world before the women's movement even existed and blazed a trail for the generations of women who followed. Older Cuspers may remember gathering around the radio to listen to the *Shadow* but also have fond memories of swinging their hips with Elvis as the jailhouse rocked. About the time their Boomer cohorts aspired to the pastel fashion statements of *Miami Vice*, they were already ensconced in the Traditionalist's dark suit and narrow tie made fashionable by *Dragnet*. And sadly (or luckily, depending on your perspective), "Saturday Night Fever" probably meant staying up half the night with a sick infant for these Cuspers, rather than an invitation to "do the hustle." (p. 37).
>
> Baby Boomer/Generation Xer, another group of Cuspers (born 1960-1965) are the men and women who were too young for the protest movements of the 1960s and the disillusionment of the 1970s, but old enough to have seen *Bewitched* when it wasn't a repeat. They may remember the defining Boomer

events like Watergate, but as something they saw on the news, not something that changed their lives. Many were still in school in the 1980s and managed to get through school without ever using a computer. And while they were deeply impressed by Gordon Gecko's immortal line from the movie *Wall Street*, "Greed is good," by the time they graduated from college, recession had hit and the greed was gone. They were the ones who had to truly scratch for opportunities in a down economy and the shadow of the millions of Boomers who got there before them. Many in this group recall their closets filled with John Molloy's "dress for success" clothes, which came in an exciting and colorful array of browns, navies, and grays. At the same time, they remember donning their pink and green polo shirts for leisure wear (collars up, of course) as dictated by the *Preppy Handbook*. These Cuspers can reminisce with the Boomers about nights spent playing Twister, Monopoly, or Risk, but they also pioneered the video game revolution as they led the Xers in mastering Space Invaders and Donkey Kong. (Lancaster & Stillman, 2002, p. 37).

Lancaster & Stillman (2002) say that the Generation Xer/Millennial, the next group of Cuspers (born approximately 1975-1980),

> Are definitely prime candidates for a bipolar generational personality. On the one hand, they absorbed some of the cautiousness of the skeptical Xers who entered the workforce when jobs were almost impossible to get and were always told they would be the first to do worse than their parents. The younger Cuspers may never have attended a rave, dyed their hair purple, or gotten even a single tattoo, and they resent having been stereotyped with all the negative images

> heaped upon Generation X. At the same time, they have been imbued with the optimism of the Millennial generation, whose career confidence has been fueled by an unprecedented economic and technological boom. However, while Cuspers may struggle personally, our experience shows that they fill incredibly important roles and may be one of the most precious assets corporate America has access to today. (p. 38).

What the Generations Want

The research varies from study to study in regards to what the generations want from their manager, their work, and the organization. Lancaster and Stillman (2002) explain, "Where Traditionalists seek to build *lifetime* careers, Boomers to build *stellar* careers, and Xers to build *parallel* careers. Millennials' programmed lives have made them true multitaskers" (p. 65). CareerSystems International and the Jordan-Evans Group (2002) have conducted research on the factors that drive retention. The study included participants from all age groups of 21-60 plus, equal representations of women and men and they were from all industries and job levels. " 'Exciting work and challenge' and 'career growth, learning and development' were cited as reasons why people stay in an organization. About twenty percent of the participants cited 'supportive management/great boss' among their top reasons for staying with an organization. The research also found that pay and benefits were the most important retention drivers for 21-30 year olds, but for the other groups, pay and benefits were further down the list" (p. 1).

Korn-Ferry's (2001) research found that what was common, regardless of age or gender, was a small set of factors that have a similar impact on commitment and retention. Korn-Ferry defines retention as, “the desire of the workers to remain with the company and their willingness to change jobs.” Commitment is defined as, “Does the employee have an emotional commitment to the company and its success? This concept is measure by asking the questions such as would you agree that “this organization really inspires the very best in me the way of job performance” and “I am proud to tell others that I am part of this organization” (p. 10). Those factors are: satisfaction with work/life balance, identification with the company when it has a viable and well-communicated strategy for success, and an organization that has pay-for organizational performance. “When we turn from what employees say is important to analyzing what factors actually influence their attitudes and behaviors, the study reveals a surprising gap between popular perceptions (what employees rate as important) and reality what does indeed drive retention and commitment)” (Korn-Ferry, 2001, p. 14).

Lancaster & Stillman (2002) indicate,

> Our survey findings are telling us that a larger number of employees are thinking about taking a walk than you might think. When asked to fill in the statement “For me to stay another two years in my job…” about one-third of all Baby Boomers and Gen Xers chose either “hell would have to freeze over” or “there would have to be a major change made in my job or in the company.” That’s not good news for organizations hoping the employees they’ve hired are going to be around for a while. When you ask managers about their troubles with retention, the finger immediately gets pointed at the employees…Too often the excuse is, ‘Nobody’s loyal these days,’ or, ‘Everybody thinks they can get rich

quick somewhere else', or, 'Nobody wants to work at a traditional company anymore.'(p. 239).

Lancaster and Stillman (2002) say,

Money makes the world go around, but not necessarily the door. When you ask about retention, employers tend to focus on compensation as the key, convinced that if they could wave more dollars at their employees, they wouldn't be waving good-bye. But in study after study, it's not the money that persuades generations of employees to stay; it's creating the right mix of financial, personal, and cultural factors that produce a sense of fit, loyalty, and opportunity…. As part of our BridgeWorks Survey, we asked the generations whether or not they knew that they could make more money elsewhere if they left their current job. We then asked those who said 'Yes' why they stayed. The answers were intriguing from a generation perspective… Boomers' number one reason for staying was 'making a difference', which we equate to their idealism and their strong desire to put their own stamp on things. Boomers selected all the other choices equally, leading us to believe that it's incredibly important to talk with Boomers about which parts of your value proposition are keeping them around and to pay attention when things start to slip. Among Xers, the overwhelming number one reason to stay was 'autonomy'. Among Xers' reason to stay at a job, second place went to 'good schedule' and in third place was 'time off'. Clearly, Xers value freedom and control over their schedules above all other things. Xers also scored high on 'making a difference'. We think that has an impact, as opposed to just paying dues. When we asked Xers the question, "Besides myself, my strongest loyalty at work is to…" Co-workers' came first, followed by their boss or their projects (which were tied for second place). Xers overwhelmingly put 'my company' in last place. (pp. 245-247).

In Korn-Ferry's (2001) research for employees aged 30 and under,

> Job security does not have a positive effect on either retention or commitment for the group; in fact, job security may actually be considered a drawback, as it probably means the company has kept a more senior workforce and thus new hires have fewer opportunities for challenging work and rapid advancement. Not surprisingly, career advancement is indeed very significant to the retention of this group. Their ability to influence the organization, and their satisfaction with their professional work environment, also help build their commitment to the company. Being part of an innovative organization is important both to retention and commitment. These young employees are also heavily influenced by financial rewards – both pay-for-individual performance and pay-for-organizational performance have a positive effect on their retention. (p. 15).

From the 2002 "SHRM/USAToday.com Job Satisfaction Poll", the question was asked – how does age influence perceptions of job satisfaction? This study divided age into three categories: 35 and under, 36-55, and 56 and above.

> Communication between employees and management appeared in the top five for all age groups; it was just a question of priority in terms of where it fell in the list. It rated first for employees 35 and under (66%), fourth for employees 36-55 (61%), and third for employees 56 and above (56%). It is a sign of the

> economic times that job security also appeared in the top five for all age groups; however, it is interesting that it was in the first and second position for employees 36-55 (71%) and 56 and above (56%), respectively, and in the fourth position for employees 35 and under (59%). Interestingly, the percentages of the other age groups are much lower than the 36-55 year olds. It makes sense that these employees, in the prime of their careers, might perceive the loss of a job as having a more devastating effect on their current and future career prospects. Younger employees, on the other hand, may be more resilient to fluctuations in job security and job opportunities in general because they do not expect to stay at the same job for a long period of time. Not surprisingly, benefits rated first for those employees 56 and above (74%), second for those employees aged 36-55 (67%), and did not even appear in the top five list of employees 35 and under who are probably not yet pressed to think about pension and retirement. (p. 29).

In a study by Jurkiewicz (2002), she suggests that Generation Xers and Baby Boomers differ on some work-related factors. Her sample consisted of 241 employees from five municipalities of a medium-sized city that included public works, fire, police, and administration departments. Each respondent ranked fifteen work-related factors in terms of what they wanted from their jobs. Her results suggest that Generation Xers and Baby Boomers are more alike than different. Only three factors were found to be significantly different between the two groups. Baby Boomers ranked ‘Chance to Learn New Things’ and ‘Freedom from Pressures to Conform Both On and Off the Job’ significantly higher than do Generation Xers (pp. 1 & 5). Generations Xers ranked ‘Freedom from Supervision’ significantly higher than Baby Boomers (pp. 1 & 63).

Baby Boomers.

Lancaster & Stillman (2002, pp. 83-84) suggest that,

Idealistic Boomers have also been motivated by what they can accomplish at work. They wanted to rise far and fast, but they also wanted to do great things. The opportunity to work on exciting projects that might change society or alter the future of the company is a very important reward to Boomers. Increasingly, time may become more valuable to Boomers than even money. Companies hoping to retain and challenge Boomers are looking to time as a valuable component of the rewards equation." Organizations who provide on-site day care, dry cleaning or postal services that can be utilized during the day saves the employee time after work hours from running errands and has more time to spend with family.

Korn-Ferry (2001) found, "Employees in the 31 to 50 age group are busy establishing themselves in leadership roles…. Neither adequate development opportunities or for pay-for-individual performance have a large impact on their retention and commitment. Commitment to the company does increase, however, if they are able to manage their own careers and professional satisfaction results in greater retention for this age group than for their younger or older colleagues" (p. 15).

Generation X.

Lancaster & Stillman (2002) say that,

For this generation, who saw their parents trapped in the web of corporate America, *freedom* is the ultimate reward. Consequently, we have a generation that is simply not willing to pay the same price for success that they saw their parents' pay. This doesn't mean Xers aren't ambitious or willing to work hard. They are both. But Gen X is a generation that's already focused on balance and freedom at any age when the Boomers wouldn't have given it a thought. Because Xers see the work world as one that is filled with uncertainty, they are interested in rewards that make them feel safe *now.* That is why so many companies are rewarding Xers by helping fund higher education. Rewarding a generation with freedom can be quite the challenge, considering that "freedom" is not an easy word to define. Portable savings, investment and retirement plans, continuous training, flexible leave policies, paid time off, accelerated career pathing, even things liked relaxed dress codes and open office designs have helped foster a more "free" and flexible sense of corporate environment, thus making Xers all the more committed. (pp. 84-86).

"Xers want to know how they're doing *now*. In fact, when asked in our survey how frequently they would like to receive feedback after completing a project, 90% of Xers said they want feedback immediately or within a few days" (Lancaster & Stillman (2002, p. 257).

> Sixty-six percent of employees 35 and under indicated the flexibility to balance work and life issues as "very important" placing this aspect in a tie for first place with communication in contributing to their overall employee job satisfaction. Employees in this age range are probably more apt to be concerned about this issue for several reasons. First, employees 35 and under are likely to have young children, making a flexible workplace crucial in managing their personal and work schedules. In addition, younger employees fall into the

category of Generation Y and X workers, who have brought different sets of values to their work environment and who may expect less rigidity in their work environment and their lives in general. Work/life balance was rated third by those 36-55 (62%) in terms of being 'very important' to their overall job satisfaction. This aspect may be important due to issues such as caring for older parents. It should be noted that work/life balance did not make the top five list of employees 56 and older who are 'empty nesters' and/or nearing retirement. (2002 SHRM/USAToday.com Job Satisfaction Poll, p. 30).

Michaels, Handfield-Jones, & Axelrod (2001) found that Generation Xers,

…are looking for leaders who inspire and challenge them. They want their immediate bosses, in addition to the CEO, to be good leaders. Great leadership is even more important to members of Generation X than it is to older executives. In our survey, Gen-Xers rated "good relationship with my boss" third in their list of elements that drive their career decisions, just behind interesting work and being able to meet their family and personal commitments. In their relationships with their bosses, Gen-Xers want a high degree of autonomy, and they want to be coached. (p. 52).

Generation Y/Millennials.

Lancaster and Stillman (2002) found in their research on Millennials,

This generation is motivated by rewards that are both tangible and intangible. Taking their youthfulness into account, it's no surprise that they get turned on by tangible rewards that help them foot the bill for their busy lives. The good news is that these are *very* easy for companies to hand out. Many

> companies that employ teens are using gift certificates, discounts at retail stores, free meals, or tickets to events as rewards…Rewarding Millennials requires a lot more work when it comes to intangibles. These include a fun environment, the ability to work in teams with peers, having bosses they can relate to, and being allowed to participate in work decisions. Milliennials also value 'resume-building', since they've been coached since preschool by their 'having been there and had to do that' Boomer parents to create a portfolio that will outshine their seventy-six million cohorts to get into the best schools or land the best jobs. If you can make a case to Millennials that the job you offer can add a skill or experience to a crowded resume, it will be seen as an excellent reward. Finally, when it comes to Millennials, there is one crucial reward that no industry or place of employment will be able to ignore: making Millennials feel as though they are engaged in work that has meaning. They want to know their work is making a difference. (pp. 84-85).

According to the "SHRM Workplace Forecast for 2002-2003", Generation Y employees in particular, the younger of the 35 and under age group, assume that they will change jobs frequently in their careers. This may lead to less tolerance of workplace environments that do not meet their expectations and a lack of loyalty to employers. Of course, it is also likely that younger employees struggle more to define a place for themselves in the workplace" (pp. 3-4).

What Millennials expect from their managers is feedback.

> If that's true for Xers, imagine what we can expect from the Millennial generation. With bandwidth widening the lanes of the information superhighway,

> this generation will be kicking into overdrive while most of us are still back at the wayside rest. Think Xers are agitating for the most up-to-date feedback? Well, Millennials will want it up-to-the minute! It's no wonder that when it comes to expectations about feedback, the generations have four very different notions of the word *timely!* (Lancaster & Stillman, 2002, p. 257).

The Effects of the Manager's Behavior on Employees

The Manager and Retention

"In a study of 500 business professionals, conducted by Master Works, 95% said the main factor in deciding to stay or leave their job was whether they had a trusting relationship with their manager" (Barbian, 2002, p. 52). Buckingham & Coffman (1999, p. 34) say,

> It's just that your immediate manager is *more* important. She defines and pervades your work environment. If she sets clear expectations, knows you, trusts you, and invests in you, then you can forgive the company for its lack of a profit-sharing program. But if your relationship with your manager is fractured, then no amount of in-chair massaging or company-sponsored dog walking will persuade you to stay and perform. It is better to work for a great manager in an old-fashioned company than for a terrible manager in a company offering an enlightened, employee-focused culture.

McKeown (2002) says, "The key relationship in retention is the relationship between the employee and his or her manager. Get it right, and acceptable retention is almost assured. Get it wrong and everything else will count for naught" (p. 152).

"Our research consistently validated the reality that the manager plays a significant role in influencing the employee's commitment level and retention. There are a significant number of manager retention practices, which will increase the probability that an employee will remain committed to an organization over time. These retention practices represent the manager's actual behaviors on the job. Good retention practices focus not only on what the employee is contributing to the organization, but also focus on how the manager can create a climate so that the employee is retained and committed on a long-term basis. Though managers play a crucial role in retention, they do not control all of the factors that can affect attrition" (Rehm & Ware, 2001, p. 3).

In Gallup's data that has been collected over the past twenty-five years from employees, they began to look for those questions that "engaged employees," answered positively. Out of it came 12 questions that represent the strength of a workplace. Five of the questions dealt with retention. They are:

(1) Do I know what is expected of me at work?

(2) Do I have the materials and equipment I need to do my work right?

(3) Do I have the opportunity to do what I do best every day?

(4) Does my supervisor, or someone at work, seem to care about me as a person?

5) At work, do my opinions seem to count?

> Most people would instinctively agree with the generalization 'engaged employees will stay longer.' But our research suggests that the link between employee opinion and employee retention is subtler and more specific than this kind of generalization has allowed. …The employee's immediate manager most directly influences these five questions. What does this tell us? It tells us that

> people leave managers, not companies. So much money has been thrown at the challenge of keeping good people – in the form of better pay, better perks, and better training - when, in the end, turnover is mostly a manager issue. If you have a turnover problem, look first to your managers. (Buckingham & Coffman, 1999, p. 33).

Martel (2002) found, "At the best companies there is strong and unanimous agreement that supervisors and midlevel managers play a critical role in employee performance and the retention of high performing employees. Ron Watson of Compuware states the performance view unequivocally: "Managers are the ones that touch the employees. We really believe that managers are the key to their performance" (p. 44).

Taylor (2003) explains,

> What attracts people to an organization is often quite different from what causes them to stay or leave, according to the findings. Organization issues, followed closely by job issues, were most often cited as the reason people joined their present employer. Leader issues were a distant third. That makes sense, given that we usually know less about our supervisors or managers when we begin a new job than the pay and benefits. The latter are actively marketed and communicated to job candidates and well understood. But the issues recess after as little as three months on the job. Leader issues then become the most powerful contributor as to why employees report they stay, and also become the primary driver that might make them leave. (p. 36).

Taylor (2003) states,

In the Saratoga study, the key to retaining talent points towards leaders. In evaluating the reasons for controllable turnover, “Poor management still tops the list as the number one reason for leaving a job," says Davison. Number two is better pay and benefits, but Davison believes that may be a smokescreen for the real reason - ineffective leaders. With leaders as a key driver of the employees’ decision to stay or leave, what should supervisors, managers, and other leaders do to improve the employees’ decision to stay? In another study by TalentKeepers, conducted early in 2003, 1,380 U.S. workers, who were new to their jobs and therefore unbiased by the current leader’s behavior, were asked to rank several leader characteristics. In order of importance, new employees say they most want a leader who:

(1) Creates a sense of trust with team members (is a trust builder),

(2) Practices two-way communication by sharing and asking for information (is a communicator),

(3) Believes in the importance of employee retention and has the expertise to retain team members (practices retention skills), and

(4) Recognizes and takes into account the needs and views of each team member (is flexible).

Those findings substantiate that employees want leaders who they can trust, who communicate with them and know what it takes to keep them, and who are flexible in how they work with employee.” (pp. 36-38).

The Manager's Role in Retention

Jordan-Evans and Kaye (n.d., p. 197) state, "Those who manage others have phenomenal influence over their decisions to stay or go. Customize your retention strategies to individual needs and wants – and pass the message and method on to anyone who manages others in the organization. The success or failure of many organizations is increasingly determined by this single issue."

Booz-Allen & Hamilton (2001, p. 15) say,

> Supervisors and managers are on the front line in the battle to retain talented people. Our client work and employee survey results at many companies repeatedly bear out the truth of this statement. One of the top reasons cited for staying or leaving is the respondent's manager. Leaders at all levels need to focus their efforts on creating interesting work opportunities, delivering good feedback, providing sound guidance, and modeling the right behaviors. But, while that may sound easy, it requires an extraordinary effort, especially when you consider that leaders also have to deliver business results. Often times, people practices and policies take a back seat to day-to-day business concerns, and consequently, good people are lost. And, truth be told, some leaders are naturally more adept at managing human resources than others.
>
> For great managers, the core of their role is the catalyst role: turning talent into performance. So when they spend time with an employee, they are not fixing or correcting or instructing. Instead they are racking their brains, trying to figure out better and better ways to unleash that employee's distinct talents: (1) they strive to carve out a unique set of expectations that will stretch and focus

each particular individual, (2) they try to highlight and perfect each person's unique style, (3) and they plot how they, the manager, can run interference for each employee, so that each can exercise his or her talents even more freely. The time you spend with your best is, quite simply, your most productive time. (Buckingham & Coffman, 1999, p. 153).

Effects on Talented Employees

The impact of the [managerial] relationship on employee retention is even more important for top performers than for other employees, because of the changing nature of the relationship itself. For a top performer, the manager is much more than just a supervisor doling out tasks and appraising performance. The top performer will see the manager as much more of a mentor and a coach than a supervisor, helping him or her with personal and career growth as well as managing his or her job responsibilities. (McKeown, 2002, p. 66).

Talented employees need great managers. The talented employee may join a company because of its charismatic leaders, its generous benefits, and its world-class training programs, but how long that employee stays and how productive he is while he is there is determined by his relationship with his immediate supervisor. (Buckingham & Coffman, 1999, pp. 11-12).

Tulgan (2001) interviewed John Madigan, a vice president for information technology at the Hartford Insurance Company.

Says Mr. Madigan, "I've had lots of high potentials working for me and they can be a real pain in the neck. They are smart, challenging, always have a better way to do something, and often challenge the status quo openly. To old-

> fashioned types, this seems like a lack of control on the manager's part. Channeling talented people in the right direction can be extremely rewarding but can also be tiring, like having a gifted child who keeps you as a parent, hopping." To cope with that challenge, Mr. Madigan coaches people throughout his organization every single day in one-on-one meetings and also by seizing the moment when it presents itself. (pp. 112-113).

Managers Are Blaming Other Factors for Turnover

Managers tend to look at factors other than themselves for the reasons why employees leave organizations. Rehm & Ware (2001) found that,

> Most managers interviewed as part of our research in retention lamented the loss of talented contributors. However, when asked to diagnose the reasons for an employee's departure, the average manager: points to a variety of external organizational factors as the causes of attrition; fails to take any personal responsibility for the situation; does not acknowledge any factors within his/her control that contributed to the employee's departure; and often attributes attrition problems to compensation. Certain factors that are the responsibility of "the organization" can aggravate attrition if they are not in order, such as inequitable pay scales. However, we discovered that a large number of factors contributing to employee retention are within the manager's sphere of influence" (p. 2).

> "Because talented workers have more attractive job choices than ever, many leaders are tempted to blame the tight labor market for their inability to retain qualified employees. (Hvass, Sunnarborg, Fleming, & Ebersohl, 2000, p. 1).

Ware and Fern (1997) found that,

> The only time the average manager thinks about retention is when she or he receives a resignation from an employee. Most managers attempt to talk departing employees out of leaving, and in the infrequent situation where the manager is successful, the employee often leaves within six to nine months anyway. When managers view retention as an "HR issue," it often falls to the bottom of a manager's priority list. Clearly, the solution lies in tying retention to critical business activities so that managers do not think about retention *after* the fact, when it is too late, but rather see it as integral to business success and survival. Treating retention as an *on-going priority* enables the manager to focus on proactive measures to sustain long term employee commitment, rather than on reactive attempts to reverse surprise resignations. (pp. 3-4).

What Retention Managers Do to Retain Employees

Kaye and Jordan-Evans (2000) found,

> Retention managers have several characteristics in common: a selection and development mindset; a management style that breeds loyalty; and a tendency to create a work environment that people love. Each capability is a powerful retention strategy. When combined, they're a force that goes the distance. Managers who are successful at building strong teams always start by doing a great job of selecting people who fit well into the organization in terms of technical skills, leadership competencies, personal traits, and values. Getting the right person in the job in the first place dramatically increases the odds of keeping him or her. Once the right people are hired, retention managers link arm and arm with employees to

look constantly for ways to support their growth and to enrich and enliven the work. Retention managers link their talented people to mentors or feedback providers, leaders up the ladder, and colleagues in other departments. Retention managers help employees recognize multiple options for career steps other than up, and they serve as mentors in the strongest sense of the word. They model the behaviors they want to see, they encourage and nurture daily, and they teach the real story about the organization. Their employees are more likely to stay and succeed because of the mindset and strong beliefs their managers have about people development. (pp. 31-32).

Research from the Saratoga Institute shows that 50% of work-life satisfaction is determined by the relationship a worker has with his or her boss. It stands to reason that a manager's style affects retention in a big way. Retention managers are truth tellers and feedback providers, in such a way that's honest and yet respectful. Preserving the dignity of others matters greatly to these managers. They also respect differences and value diversity on their teams. They tend to be great listeners. They ask probing questions and work hard to find out what might be troubling an employee or to help talented people find a solution. Retention managers hand the spotlight to talented people without a second thought, and they look for innovative, customized ways to reward and recognize them. Retention managers create an environment in their own function or department or team that's nurturing and enjoyable. They create or at least support fun in the workplace. People know they'll have some laughs and camaraderie when they show up. Retention managers do something else quite well; they customize their retention remedies to each employee. How? They remember to ask, '"What will keep you here? What might entice you away? What matters most to you? What can I do to hang on to you?"' (Kaye & Jordan-Evans, 2000, p. 3).

Tulgan (2001) says,

Our research shows that the best coaching-style managers consistently do the following things: (1) they customize their approach with every person because every person is different. This is what I call tuning in to each person's unique frequency, (2) they choose their words carefully to make sure they get the facts right, balance criticism with praise, and try hard to strike an appropriate tone. This is what I call *accuracy*, (3) they set concrete goals with clear parameters and deadlines every step of the way. This feature tells you exactly how *specific* your feedback must be, and (4) they make time regularly to give feedback. Effective feedback is *timely.* (p. 124).

Buckingham and Coffman (1999) say,

Great managers excel at 'holding up the mirror.' They excel at giving performance feedback. Don't confuse this with the once-a-year performance appraisal chore, with its labyrinthine form-filling and remedial focus; or with the empty, arbitrary employee-of-the-month feedback. The feedback given by most managers is quite different. Although each manager employed his or her own approach to feedback, in the study of great managers, Gallup found that their approaches did share three characteristics. First, their feedback was constant. They varied the frequency according to the preferences or the needs of the individual employee. Second, each session began with a brief review of past performance.

> Third, great managers made a point of giving their feedback in private, one on one. The purpose of the feedback is to help each individual to understand and build upon his natural strengths. …The answer to the manager's age-old question "'Should you build close personal relationships with your employees, or does familiarity breed contempt?'" The most effective managers say yes, you should build personal relationships with your people, and familiarity does not breed contempt. This does not mean that you should necessarily become best friends with those who report to you – although if that is your style, and if you keep them focused on performance outcomes, there is nothing wrong with doing so. …A great manager must get to know his employees. And "getting to know someone" extends beyond a detailed understanding of an employee's talents and nontalents. It extends all the way to the practicalities and dramas of his/her personal life. The great manager does not necessarily have to intervene in the employee's life- although some do-but she does have to know about it. And she does have to care about it. (pp. 200-203).

As Kaye and Jordan-Evans (2003) say, "Managers who successfully retain and engage talented people have woven retention and engagement deeply into the fabric of their organizations. They don't treat retention as another event to focus on when time permits, nor do they stamp it onto an already message-laden culture. Instead, they strive to make retention and engagement an ongoing expectation of their management teams" (p. 42).

High Potentials

"When you ask CEOs and senior executives around the world what their most pressing business issue is today, you will hear a common refrain: attracting and retaining good people" (Booz-Allen & Hamilton, 2001, p. 1). Good people are those individuals who have talent. What is talent? Talent, defined by Michaels, Handfield-Jones and Axelrod (2001) is, "the sum of a person's abilities - his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, character and drive. It also includes his or her ability to learn and grow" (p. xii). Buckingham and Coffman's (2000, p. 71) definition of talent is, "a recurring pattern of thought, feeling, or behavior that can be productively applied…Talent is the multiplier. The more energy and attention you invest in it, the greater the yield. The time you spend with your best is, quite simply, your most productive time."

Definitions of High Potentials

Talented employees are also referred to as high potentials (HIPO's), A-players, high performers, peak performers, star performers, fast-trackers or high-flyers. Lombardo and Eichinger, (2000) say, "In our view, learning from experience is how a person demonstrates what is termed *high potential*. The word *potential* according to Webster's means "existing in possibility; capability of developing into actuality," so it cannot be fully detected from what a person can already demonstrate. It requires the person do something new or different. In our definition, potential involves learning new skills (or honoring current ones) in order to perform in first time situations" (p. 322).

In their study of thirty-three Fortune 100 organizations, Derr, Jones and Toomey, (1988) found that the definition of high potentials depends on the stage of employee development. Most organizations had three stages which were defined as: (1) New – an employee who was capable of handling a position two-four levels above his or her current position, (2) A manager viewed as a corporate-wide resource, and (3) the highest level where the individual has the potential to be part of the senior level of management. Potential was defined by these organizations as the ability to move up into the specific managerial positions to which the organization attaches value.

Traveler's Express defines the A-players in their organization as, "Always exceeds established goals and objectives with an unusually high degree of initiative and success" (Smart, 1999, p. 109). Someone with excellent people skills who is capable of advancing two levels in five years, is a definition used by Executive KnowledgeWorks (1987). Their research in ten industries found that the various skills and characteristics valued in employees by organizations are the following and in this order: (1) People skills – such as communication skills and the ability to manage people, (2) Attitude/temperament traits – such as results orientation and ability to handle adversity, (3) Management skills – such as decision making and conceptual skills, and (4) Background/knowledge – an understanding of the business, technical knowledge and a diversity of experience. Burke, (1997) defines a high potential employee as "someone who is characterized by a fast rate of lateral movement through various roles in the firm, a carefully monitored career, and an elite but usually secretive status" (p. 18).

Garfield's (1986) research from an eighteen-year study of high achievers found that the peak performers' ability to function effectively is neither a singular talent nor even a collection of behaviors, but an overall pattern of attributes. Possessing these attributes, high performers may: (1) be motivated toward achieving results by a personal mission, (2) possess both self-management and team mastery, and (3) have the ability to manage change. Garfield also found six attributes that high achievers share: (1) a mission that motivates – an image of a desired state of affairs that inspires action, (2) achieve results in real time – create measurable goals within time frames long and short, which move them closer to completing their mission, (3) self-management through self-mastery – the capacity for self-observation and orchestrating and developing one's capabilities, (4) team-building/team-playing – the compliment to self-management and empowering others to produce, (5) course correction – that even when things don't go perfectly they are headed in the right direction, (6) change management – anticipating and adapting momentum and balance within change while maintaining momentum and balance within an overall game plan. These are not the only factors, but the ones that are stressed repeatedly by peak performers themselves (pp. 31-33).

A study at Bell Labs (Kelley & Caplan, 1993) found that, "star performers" were not differentiated by ability or personality; it was their work strategies. Work strategies are the way top performers do their job, such as by taking initiative and networking. They wrote that there is a potential "eight to one difference between the productivity of stars and average performers." McCall, Lombardo, and Morrison (1988) found that the common element in defining 'potential' was the ability to move up into senior management positions. Other characteristics of high potentials included: "(1) they advance and change roles faster than their peers; (2) their careers are carefully monitored and managed (especially during the later stages of development) by senior line executives, human resource professionals and management review committees; (3) they are an elite group because of such close scrutiny and career management; (4) they are on a confidential list, which can be altered according to the list keeper's judgment, and (5) they are healthy and the company can count on their stamina and their willingness to make the necessary personal sacrifices to continue in their fast-paced career paths" (p. 157). The definition of a high potential varies considerably throughout organizations.

High Potentials' Impact on an Organization

"Top performers always exceed the performance of average workers by at least 25%. It is not unusual in some industries to find that the performance differential between average and top performers is 10 – that's 1,000%! If you invest in an asset (whether that asset is an employee or any other financial investment) that costs 25% more but produces 10 times more in output or revenue, you have a net gain – and an outstanding one at that" (Sullivan, 2002, p. 1).

McKinsey's "War for Talent" 1997 survey was designed to identify what top performing companies did differently from average-performing companies when it came to talent management. According to the survey, excellent talent management has become a crucial source of competitive advantage. "It is an inflection that says that talent is now a critical driver of corporate performance and that a company's ability to attract, develop, and retain talent will be a major competitive advantage far into the future" (Michaels, et.al, p. 2). Smart (1999) also said the, "the single most important driver of organizational performance and individual managerial success is talent" (p. 1).

Identifying High Potentials

The identification of high potentials is not as clear or simple as one would like to think. Employees are more diverse, organizations more complex and the challenges that businesses encounter are more difficult today. Organizations also have the fear that if they identify, develop, and make them more marketable, their high potentials will leave or be enticed away. Organizations use informal methods of identifying high potentials by having the individual's manager nominate them or having a committee select them from a list of the organization's employees. They also use more formal assessments such as standardized tests, 360-degree feedback tools, and assessment centers (The Identification and Development of High Potential Managers, 1987).

Outstanding job performance is the critical factor for identifying high potentials because it is less political than using attributes or evaluating future potential, according to Derr, Jones, and Toomey (1988) in their study of 33 Fortune 100 organizations.

Sloan (2001) states that organizations should create a plan that establishes a common framework for defining high potentials and assessing individual capabilities, and an effective plan for the development of these individuals. He says that before defining high potentials, the organization needs to answer the questions:

- "High potential for what?"
- "What ultimate roles and at what level in the organization will these individuals be expected to perform?"
- "What particular business challenges will they be expected to tackle?"
- "What is the time frame they will be given to get up to speed?"

Sloan says that often organizations evaluate people either on a set of criteria that is too generic or on competencies that are too specific and assume that the individuals have already acquired those skills. If this happens, often high potentials can be overlooked or missed.

Sloan (2001) has a model that includes both performance and potential as criteria for the identification of high potentials. His checklist includes their: performance/achievement record; career motivation/appetite for responsibility; professional/business competence; core values and behaviors; leadership capability, intellectual capability, interpersonal effectiveness; organizational abilities; and self-development/continuous learning. Then, there are four decisions that need to be made:

- Who has the greatest potential to develop?
- What are their most important development needs?
- Who is ready in the near future?
- Who is the best candidate for a particular position?

Derr, Jones and Toomey (1988) asked thirty-three Fortune 100 organizations what attributes and skills define a high potential. All organizations said that continued outstanding performance was the top criteria. Other important characteristics that were important, in rank order, were (p. 282):

Good interpersonal skills	49%
Excellent oral and written communication	49%
Leadership ability	46%
High intelligence	43%
Knowledge of the company's products, markets, and policies	39%
Ability to organize, plan and set agendas	30%
Strategic ability	30%
Technical competence	26%
Team building	22%
Ability to deal with stress and ambiguity	22%
Drive and perseverance	22%
Ability to select and develop staff	22%
General management skills	19%

Kelley and Caplan (1993) in their research on star performers in the engineering field at Bell Labs, found that work strategies is what differentiates high potentials from middle performers. They identified nine work strategies and had the high potentials rank them. They are the following, in ranked order: (1) taking initiative, (2) networking, (3) self-management, (4) teamwork effectiveness, (5) leadership, (6) followership, (7) perspective (8) show-and-tell, and (9) organizational savvy. They found that, with the nine work strategies, high potentials defined and ranked them in a different order than did average performers.

Rothwell (1997) cautions that assessing potential should not be confused with appraising performance. Performance appraisal is linked to present job performance; potential assessment is linked to future advancement possibilities. Individual potential assessment is a systematic process of examining the individual's possibilities for job change or movement. It is usually associated with determining whether individuals "have what it takes" to advance to positions of greater management responsibility or greater technical expertise. Individuals who are high potentials are almost always exemplary performers, who exceed job expectations. Exceptional performance in the current job is usually a necessary prerequisite to advancement. However, not all exemplary performers are high potentials because advancement potential is based on different criteria from present performance.

There are several approaches to assessing individual potential according to Rothwell (1997). The first is global assessment where senior executives provide names of individuals that they perceive having potential. This method is easier to use in a smaller organization where the senior managers know the employees. The drawbacks to this method are that senior managers' perceptions of employees can also lead to favoritism and discrimination.

The second approach is called success factor analysis. This involves discovering traits or other characteristics that high potentials possess that are perceived to lead to organization success. Hay/McBer, a research firm, studied star performers from 286 organizations. They found that 8% of the time, what set superior from average performers apart were not cognitive abilities like analytical skills, and technical expertise, but emotional intelligence. Other factors were influence, self-confidence, the drive to achieve, adaptability, and big picture thinking (Benjamin, 2001). Emotional intelligence is defined by Mayer and Salovey (1997) as, "the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth" (p. 5).

In "The Identification and Development of High Potential Managers" (1987) article, the authors found that immediate managers provided recommendations to a committee, and the committee identified the high potentials in 92% of the companies surveyed. Specific identification criteria are used in about one-third of the companies, more so in private companies than in public companies. They also found that only one-third of the respondents reported using assessment centers or instruments that identify high potentials.

Lombardo and Eichinger (2000) found that successful executives were different in that they, "(1) sought and got more feedback (from self or others) on how they came across to others and what they needed to do to perform better, (2) they had roughly twice the variety in the “on the job” leadership challenges they faced, and (3) they responded to this newness and adversity by learning new skills and additional ways of thinking. Lombardo and Eichinger believe that the skills a high potential currently has are important in the selection of high potentials, but more so in their ‘willingness and ability to learn new competencies in order to perform under first-time, tough, or different conditions’, which they call being ‘learning agile’” (p. 323).

Lombardo and Eichinger also identified four factors that a learning agile individual possesses: (1) People agility – those who know themselves well, learn from experience, treat others constructively and are cool and resilient under the pressures of change, (2) Results agility – people who get results under tough conditions, inspire others to perform beyond normal, and exhibit the sort of presence that builds confidence in others, (3) Mental agility – people who think through problems from a fresh point of view and are comfortable with complexity, ambiguity, and explaining their thinking to others, and (4) change agility – people who are curious, have a passion for ideas, like to experience with test cases, and engage in skill-building activities. From their research study of 55 managers in six companies, they found characteristics that others would see in a high potential: (1) being eager to learn about self, others, and ideas, (2) showing a genuine willingness to learn from feedback and experience, and change their behavior and viewpoints as a result, (3) being interested in helping people think and experiment, (4) being resilient and philosophical about what happens to people who push change, and (5) being uncompromising – while remaining wide open to diversity, multiple sources and a range of views.

There are other methods that use more objective means of identifying high potentials. The Leadership Architect Suite is a tool from Lominger Limited, Inc. (a company formed by Lombardo and Eichinger) that Verizon Communications, Inc., used to identify high potentials. Senior managers assessed each candidate on the competencies determined in the corporate leadership profile using a comparative scale ranging from 'exceptional' and 'better than normal' to 'same as', 'not as good as', 'don't know', and 'not tested'. They then used the Choices Architect Talent Management tool to assess each candidate using the five characteristics (based on Lombardo and Eichinger, 2000) Learning/Mental agility, Personal agility, Change agility, and Communication agility. The results were displayed on a Performance Potential Grid so that it was clear as to which candidates were high potentials.

Rothwell (1994) suggests that 360-degree feedback assessment be used to gather information regarding individuals. Information is obtained from the individual's peers, direct reports, manager and even customers. Using a 360-degree feedback assessment provides a multitude of perceptions, which help in eliminating biases. Organizations that want to identify high potential individuals must take into consideration the complexity of the issue in order to identify those who are truly high potentials.

What High Potentials Want

Hall (2001) attended a Human Resources symposium where delegates from organizations all over the world were asked what was the biggest issue worrying them. They answered, "Identifying and developing high potential leaders." Hall (2001) says this is a growing problem because: (1) the job market for high potentials is getting tighter, and at the same time the supply is drying up, (2) the rise of "Generation X" to maturity, and (3) the rapid change in which business is done. The following questions emerged from the symposium delegates regarding high potentials:

- How do you handle the brightest people in your business?
- How do you spot them in the first place?
- How do you develop them?
- How do you make sure they stay with you and become the exceptional leaders that the business requires for the future?"

According to the author of "Maintaining the Passion of High Performers" (2001, pp. 1-3),

> Retaining your high-performing talent requires that you know what really drives them. The motives often weave in and out throughout the career life of high performers. It is not difficult to imagine that the financial stability money can bring is, in general, more important earlier in a career, whereas a drive for recognition may take precedence as one's career nears its end. Preventing the loss of high achievers depends in part on a company's ability to understand the motivational profile of key performers and to ensure that what naturally motivates them is prevalent. This process is complicated by the fact that, in most cases, multiple motivators are operating. It is useful, however, to review the motivators normally present in the high performer and understand the management challenges they bring.

Chambers (2001) says that in order to retain high potentials, a culture of retention must be created and maintained. He identified several factors that contribute to a culture of retention for peak performers. They are: training, utilizing their strengths, providing ways for them to make contributions, involving them in decision-making, and allowing them to develop others. The author of "Maintaining the Passion of High Performers" (2001) says that it is important for the organization to understand the high potentials' motivations to retain them. In and of itself that may be difficult because there are multiple motivators. These motivators might include: (1) money, (2) power, (3) achievement, (4) excitement of the effort, and (5) leaving a legacy, a mark in the world. Knowing what drives your high potentials is the key to retaining them. Since each person's motivations may be different, determining his or her motivators can be found in a discussion with the employee about his or her career goals and what their dreams and passions are.

According to Smart (1999) high potentials want: (1) a winning, high-performance organization culture, (2) the fun and excitement of working with dream teams of A-players, (3) the opportunity to grow, to meet challenges, to rise in stature and title, and (4) competitive pay and stock options. According to Byham, Smith and Pease, "Most [high potentials] want more experience, exposure, and the compensation commensurate with job success. They want to know the organization is interested in their long-term retention. If people know they are high potential, they actually are more likely to stay in the organization. Too often, high potential people leave because they don't realize the extent of their opportunities in their present organization" (2001, p. 5).

According to Towers Perrin's "Cost and Value: A Delicate Balancing Act for HR" study (2002), "It has a lot to do with the non-monetary aspects of the work environment, including the quality of management, career advancement, challenging work and so on. Unfortunately, these are precisely the areas that typically get short shrift in a down business cycle. At such times, it requires discipline and dedication from both HR and senior leadership to commit to building the kind of culture that engages talent and makes top performers feel they're treated differently from others."

Prewitt (1999) says, try a little tenderness. A Hay Group survey of half a million employees at 300 companies compared the reactions of "committed" employees (those who said they would stay with their organization for more than five years) with the reactions of employees who planned to leave within a year and found, the single most important retention factor is the opportunity to learn new skills. Another top factor was coaching and feedback from supervisors. In fact, high performers were the employees most interested in hearing feedback."

Lorsch and Tierney (2002) say high-performers may tolerate less-than-satisfying work assignments for a while. But over time, if they're just not having any fun they'll leave (or 'quit' on the job and under perform). That's why putting the right person in the right job at the right time enhances an organization's ability to retain, motivate, and develop high potentials throughout their careers. Putting high potentials in the right job involves matching what's right for the organization and what's right for the high potential. The decisions have to work for both *and* the high potentials need to feel that their needs come first.

Of course, compensation is one of the motivators of high potentials and is a factor in their retention. High potentials want to be paid for their talent. Reidy and Bahr (2000) found that top companies use a holistic compensation strategy. They include competitive salaries and benefits but also enhanced career opportunities, learning and development opportunities, work challenges and a "best place to work" culture. Over one-third of the top companies give their best employees raises that are two to three times the average. They provide incentive programs for employees based on performance and are more likely to give stock options to the best employees. Tomlinson (2002) reports that General Electric employees are ranked every year based on exceeding performance expectations, and the top 20% get much larger increases. By comparison, a survey of 75 organizations by the Hay Group (2002) suggests, that there is a narrow difference (1.97%) separating the pay of high performers from low performers.

George (2000) says that the key to keeping your high potentials is to have pay differentials between high potentials and employees with average performance. A pay differential is additional compensation over and above the employee’s regular pay. The American Speech-Language-Hearing Association had a problem with high turnover in the organization even though they had a reputation for good pay and benefits. They tried total quality management (TQM) and reorganization, but those were a failure. They realized that they were rewarding process and results, but weren’t rewarding the doing of work in a way that is helpful to the organization. They implemented a value system, with one of those values being diversity, and the creation of teams to organize work. There has been an increase in education and training and creating a welcoming environment for employees. Performance goals based on the individual’s abilities and job functionalities are set, and 360-degree feedback practices are utilized. At the end of the year, salaries and merit increases are then based on those results.

Poerio (2003, p. 1), says that, “Talent tends to flee from companies that provide incentive compensation at insignificant levels, or without regard to performance. In each case, there is little reward for exceptional contributions. The natural consequence is a reduced motivation to press beyond minimum job requirements."

Lavelle and Conlin (2001, p. 45) in an interview with Jack Welch, formerly of GE said, "In bad economic times, you have to take care of your best…Give them a raise while you're laying other people off." Also interviewed was Randy Ramierez of Buick Consultants who says, "Never be afraid to overpay your over performers and underpay your worst performers." According to Wyatt Watson's survey report, "Playing to Win: Strategic Rewards in the War for Talent" (1999) they identified top performing employees for selected groups secretarial/clerical/production, professional/technical, and managers/directors/senior managers) and had them rank their opinions about the effectiveness of various organizational reward programs. Among workers under 30, the five highest scoring reward items were: (1) opportunity to develop skills, (2) opportunity for promotion, (3) compensation, (4) vacation/paid time off, and (5) the type of people/culture. In the article, "More Employers Emphasizing Non-Monetary Rewards to Attract and Retain Talent", the author states, "Not surprisingly, people in different demographic groups have different preferences. But, having the opportunity to develop skills was rated as a top-five factor across the board, sending a clear message to employers that they need to place greater emphasis on non-monetary rewards" (p. 1).

According to Summerfield and Langolis' (n.d.) consulting work at Egon Zehnder International,

> The new generation of high potential employees seems to care more about genuine self-development and intrinsic job satisfaction than about social status and fine-sounding titles. They want to enjoy professional and private life now, and are

> not prepared to wait and accept sacrifices today in the interests of their future success. So while they may be passionate about their work, they also expect their employer to take due account of the fact that they have a family or other outside interests. The new generation of high potentials want to be proud of the company they work for, so the business ethics of their employer play a critical part in attracting and retaining top talent. These people are not about to close their eyes to unacceptable behavior for the sake of future promotions or financial benefits" (p. 1). "There is an ongoing need to appraise high potentials and identify the key areas for their professional development and future growth. For, if employers fail to provide the challenge of continuous development and neglect to move their high potentials around within the company accordingly, their best up-and-coming people will vote with their feet and leave! (p. 2).

The Ministry of Manpower in Singapore wrote in an article, "Retention of Valued Employees In Knowledge Intensive Companies" says, "Recent employee surveys show that the worker's priorities are changing. More and more workers want jobs that allow them to balance the demands of work and family." A study by Aon Consulting, entitled *America @ Work* shows that a good employee benefits program is crucial in attracting and retaining employees and in driving employee commitment. According to the Aon survey, the most significant driver of employee commitment is management's recognition of an employee's personal and family life. Seventy-four percent of the employees surveyed indicated that benefits were an "important" to "critical" factor in keeping them from looking for another job. Pay and employee benefits were consistently ranked as the two most important factors considered in a job offer. A 1999 study by

Economist Intelligence Unit (EIU) and Anderson Consulting titled, "Knowledge Workers Revealed: New Challenges for Asia," found that, "Knowledge workers, like front-line service and sales staff, ranked pay, nature of work and promotion prospects as the top three factors that would lead to job satisfaction. Two other factors that contribute to the knowledge worker's job satisfaction were involvement in decision making and relationships with/between colleagues" (p. 4).

Retention of High Potentials

> As turnover rates soar to historic highs, more companies are facing harder-to-resolve staffing problems and the increased danger of losing their "high performers" – those employees who are vital to their success and whose departure can have serious business consequences. If the lost employees were high performers, turnover costs can rise dramatically. According to the Saratoga Institute, which specializes in quantitative HR measurement systems, the average company loses about $1 million with every 10 professional employees who leave. Since these employees typically comprise the core managerial and technical talent within a company and are the leaders of mission-critical activities, their departure can have significant business consequences. (Drake Beam Morin, 2000, p. 3).

Cappelli (2000) says that companies can't expect to retain all their valued employees; instead they should focus their retention efforts on particular employees or groups who are essential to the company's long-range objectives.

According to Ettore, (1997, p. 4), "… keeping high potential workers because they have a direct impact on a company's future is a relatively new consideration for American business. Three to five years ago, you wouldn't find corporations concerned with or talking about retention," says Maury Hanigan, president of the Hanigan Consulting Group, an advisor on long-term staffing issues. "There is tremendous concern as to how organizations manage and measure retention. It is no longer [just] an HR issue. It's a business issue."

Kaye and Jordan-Evans (2003, p. 46), in their article suggest,

> Keeping high potentials is vital to competiveness. Many employees are frustrated to see their high fliers become willing victims of talent theft. One talent leader's experience was that managers often talk *about* high potentials but rarely talk *to* them about their potential. Instead of mapping out such employees' development plans, managers are likely to pile on the work and raise expectations without telling the employees why. Then the obvious happens: Uninformed high potentials feel they're carrying the weight of lower performers and are being taken advantage of. Frustrated talent, unfilled at work, will listen (and talk) to recruiters. When managers focus on retaining and engaging the vital talent pool, those high potentials are less likely to take calls from headhunters.

More than three quarters of both the managers and workers who responded to the Kepner-Tregoe survey (1999) believed that in their organization the loss of high-performing employees had caused a loss of experience and knowledge. Over 60% of each group said the loss of high performers has made it difficult to meet goals. Losing high performers had caused a loss of competitive edge. A decline in quality and customer service was reported by more than half of each group. 47% of managers and 38 % of employees said the organization had suffered a financial loss as a result of the departure of high performers. And, it is becoming more difficult to replace these individuals.

According to Watson Wyatt's survey report, "Playing to Win: Strategic Rewards in the War for Talent" (1999) they reported that the top three non-compensation related programs for high performers for attracting and retaining are: (1) opportunities for advancement, (2) job redesign, and (3) learning new skills in the current job.

Hewitt Associates (2002) conducted a study to identify the companies that successfully attract, develop and retain leaders. They selected the top 20 companies from 240 major public and private companies from a survey of 348 human resource executives and CEOs representing the 240 companies. They found that the top 20 companies more frequently identify high potentials, better differentiate compensation, provide the right kinds of development opportunities, and closely monitor their turnover. "All of the Top 20 companies link compensation to an employee's individual performance. What's more, 100% of the Top 20 companies differentiate the pay between high potentials and average performers in the same role. Seventy-seven percent of the Top 20 companies track turnover of high potential leaders who are involved in leadership development programs, compared to only 46% at the other companies" (p. 5).

"How bad will things have to get before companies wake up? By 2010 the population of workers age 35-44 is expected to decrease by 15%. Companies are using the word "retention" to signal that they're getting serious about talent management, says Dave Ulrich, a professor at the University of Michigan's Graduate School of Business. How will they reward and appraise employees?" (Branch, 1998, p. 248).

"No company can become an employer of choice unless it sustains a stable and talented workforce, and effective rewards are basic to building an effective human resource capability" (Zingeim & Schuster, 1999, p. 37). In McKinsey & Company's study called "Performance Ethic: Out-executing the Competition", they found that, "without exception, leading companies visibly recognize and reward top performers and move swiftly on underperformers, creating a tight link between business results and consequences" (McKinsey & Company, 2001, p. 8).

In Drake Beam Morin's (2000) study of 600 U.S. companies (Holding Onto High Performers), only one-third have developed strategies for retaining employees. Some organizations are implementing retention programs such as Microsoft and Ernst and Young.

> Other organizations believe that high turnover is normal for today and in certain industries, and that little can be done. Even so, losing high potentials is always costly. So what can organizations do to retain their high potentials? If organizations create a strategy that includes careful selection and new employee orientation, training and development, succession planning and career management and performance management, motivation and compensation, they will have an impact on retention. (Drake Beam Morin, 2000).

Summary of Review of the Literature

The majority of the research on high potentials, retention, and the generations has been conducted in the corporate and consulting arena. The research conducted on retention and the generations has been primarily on all levels of employees or high performers within an organization. Retention of employees is relatively new to organizations because: employees worked for the same organization for the length of their career (McKeown, 2002), they began to change jobs frequently in the 70s, and there are fewer people with the right talent to fulfill the more demanding jobs of today (Caudron, 1996).

The four generations (Veterans, Baby Boomers, Generation X and Y) that are a part of the workforce today create diversity within the organization because of their differing views, values, and expectations. Researchers are in not in agreement of what age groups are included in each generation. The studies conducted indicate various retention factors and importance of those factors across the generations. Because of this, I tend to agree with Jurkiewicz (2000), who found in her study what Generation X and Baby Boomers want from their job, and from those results believe that the two generations are more similar than different.

There is a trend throughout the literature that indicates that the retention of high potentials is essential to the success and competitiveness of the organization. The literature stated the positive impact that high potentials have on an organization and the importance of retaining them. High potential employees are the organization's future. They possess various characteristics that set them apart from average performers and have the ability to move up into key managerial positions within the organization (Kelley & Caplan, 1993, McCall, Lombardo & Morrison, 1988; and Garfield, 1986).

There has been a large amount of research on high potentials in regard to defining, identifying, and the overall factors of what they want and bring them satisfaction in the job. There has not been a study specifically targeting high potential employees and the retention factors within the manager's control; such as coaching, opportunities to develop, and providing feedback on performance. The value of my research study will provide organizations with specific information for managers to retain their most valuable assets, their high potentials.

CHAPTER III

METHODOLOGY

The primary objective of this research is to identify the factors present in the behavior of the manager towards the high potential individual, which affects the retention of the high potential individual. The study investigates the high potential's perception as to how effectively his or her expectations of the manager's behaviors are being met. Also investigated was if there are any differences between generations in the importance of and perception of managerial behaviors, job satisfaction, working relationship with the manager, motivation to perform and the intention to stay with the organization. The survey design was selected since it would effectively address the problem statement and the five research questions. This method allows honest and anonymous feedback about the subject's manager.

Subjects

The subjects for this study include high-potential individuals over 18 years of age from a Pittsburgh financial institution and a global telecommunications organization. The sample selection for the high potential subjects was determined by meeting with human resource representatives from each of the organizations to determine who was to be included in the study. Selection of the high potential subjects was based on each organization's various identification methods used to select their employees as high potentials.

There are a total of 69 high potential individuals identified in the two organizations. The population of 69 high potentials is made up of 49 males and 20 females. There are 18 Baby Boomers, 51 Generation Xers, and 0 Generation Yers.

Instrument

There are many surveys found in the literature regarding employee retention. None of them exclusively focused on the behaviors of the manager towards his or her employees or specifically on surveying high potential individuals. Since no survey instrument was found that was appropriate for this research, the survey discussed in this section was developed by the author using the literature review and the rewording of some questions from existing retention and employee satisfaction surveys (2002 Public Service Employee Survey and Partnership for Workforce Development, Inc. 2000).

Most of the statements in the survey were developed around the following themes of managerial behaviors: 1) Provides developmental opportunities (Statements 1, 2, 3, 4, 8 and 10); 2) Allocation of recognition and rewards (Statements 2, 7, 28, and 29); 3) Sets goals and objectives (Statements 18, 19 and 20); 4) Trust and respect (Statements, 34 and 32); and 5) Communication (Statements 5, 6, 7, 14, 15 and 26). Some of the statements were included from original surveys because they reflected specific behavior of the manager that may have an impact on the high potential remaining with the organization. The statements were also discussed with an expert review panel and were added. The researchers that support the content of the survey statements are listed in Table 1.

Table 1

Survey Items Supported by Researchers

	Survey Item	Researcher(s)
1.	Supports me in attending training to develop new skills.	Chambers, 2001; Lancaster & Stillman, 2002; Wyatt Watson, 1999; Summerfield & Langolis, n.d.; CareerSystems Intl, 2002; Jurkiewicz, 2002.
2.	Provides me with opportunities to develop and apply the skills I need to enhance my career.	Wyatt Watson, 1999; Summerfield & Langolis, n.d.; CareerSystems Intl, 2002; Jurkiewicz, 2002.
3.	Helps me to create a clearly defined career path.	Towers-Perrin, 2002; McKeown, 2002; CareerSystems Intl, 2002; Jurkiewicz, 2002: Korn-Ferry, 2001; Prewitt, 1999; Wyatt Watson, 1999.
4.	Provides on-the-job coaching to help improve my performances.	McKeown, 2002.
5.	Keeps me informed about the issues affecting my work.	SHRM/USA Today, 2002; TalentKeepers, 2003.
6.	Really listens to me.	*
7.	Can be disagreed with on work-related issues without fear of reprisal.	*
8.	Provides challenging job assignments for me.	Smart, 1999; Towers-Perrin, 2002; Prewitt, 1999; WorkLife Benefits, n.d.; CareerSystems Intl., 2002.
9.	Utilizes my strengths and talents.	Chambers, 2001; Buckingham & Coffman, 1999.

	Survey Item	Researcher(s)
10.	Provides opportunities for me to contribute and make a difference.	Chambers, 2001; Lancaster & Stillman, 2002; Zemke, et. al., 2000; CareerSystems Intl., 2002; Korn-Ferry, 2001.
11.	Encourages me to be innovative or to take initiative in my work.	Jurkiewicz, 2002; Lancaster & Stillman, 2002; Zemke, et. al; Michaels, Handfield & Jones,
12.	Gives me the freedom to work in my own creative way.	*
13.	Gives me the authority and freedom to perform my job.	Zemke, et. al, 2000; Lancaster & Stillman, 2002; Michaels, Handfield-Jones & Axelrod, 2001; Korn-Ferry, 2001; Jurkiewicz, 2002.
14.	Includes me in decisions and actions that have an impact on my work.	EIU/Anderson Consulting, 1999; Buckingham & Coffman, 1999; Lancaster & Stillman, 2002.
15.	Takes my suggestions seriously to improve things.	McKeown, 2002.
16.	Removes barriers that get in the way of high performance.	*
17.	Ensures that I have the materials and equipment I need to do my work.	Buckingham & Coffman, 1999.
18.	Sets clear cut goals for me.	WorkLife Benefits, n.d.
19.	Discusses the results I am expected to achieve.	Buckingham & Coffman, 1999.
20.	Assesses my work against identified goals and objectives.	*

	Survey Item	Researcher(s)
21.	Promotes my participation in 'high visibility' activities.	Byham, Smith & Pease, 2001; Lancaster & Stillman, 2002; Zemke, et. al, 2000.
22.	Represents my interests and concerns to higher management.	*
23.	Creates a comfortable and caring work environment.	*
24.	Develops ways to make work and the workplace more enjoyable and fulfilling.	Smart, 1999; Lancaster & Stillman, 2002.
25.	Allows me to balance work priorities with my personal life so that neither is neglected.	Ministry of Manpower, 2001; Halliman, 1998; Lancaster & Stillman, 2002; Aldisert, 2002; Zemke, et. al., 2000; Halliman, 1998; SHRM/USA Today, 2002; Michaels, Handfield –Jones & Axelrod, 2001; Summerfield & Langolis, n.d.; Korn-Ferry, 2001.
26.	Provides useful feedback on my job performance.	Zemke, et. al., 2000; Lancaster & Stillman, 2002; WorkLife Benefits, n.d.
27.	Recognizes or rewards me for the value that I add.	Byham, Smith & Pease, 2001; Lancaster & Stillman, 2002; Halliman, 1998: Maintaining Passion of High Performers, 2001.
28.	Uses innovative and personalized ways to reward and recognize me.	Maintaining Passion of High Performers, 2001; Halliman, 1998.
29.	Allocates appropriate salary increases based on my job performance.	Byham, Smith, & Pease, 2001; Lancaster & Stillman, 2002; Halliman, 1998; Korn-Ferry, 2001.

	Survey Item	Researcher(s)
30.	Encourages opportunities to work in teams.	Lancaster & Stillman, 2002.
31.	Understands and appreciates diverse styles.	TalentKeepers, 2003.
32.	Can be counted on to keep his or her promises.	*
33.	Respects me as a professional.	*
34.	Creates an open, trusting and respectful relationship with me.	Barbian, 2002; Buckingham & Coffman, 1999; TalentKeepers, 2003.
35.	Hires employees with the skills needed to help the team succeed.	*
36.	Removes poor performers.	*

Note: * For these statements there was no specific research which guided the development of the statement.

The instrument was developed to answer the five research questions:

1) What are the effects of the manager's perceived behavior on the intention of high potential individuals to remain with the organization?

2) What managerial behaviors do high potentials value as important to staying, by generational category?

3) What are the high potential's perceptions of the managerial behaviors versus the high potential's perceived value of the importance of those behaviors? What are the effects of this difference on the high potential's intention to stay with the organization?

4) What are the effects of the high potential's perceived working relationship with his or her manager on the high potential's job satisfaction? Are there differences among the generations?

5) What are the effects of the high potential's perceived manager's relationship on the high potential's motivation to perform at a high level? Are there differences among the generations?

The original survey (See Appendix A) contained 50 statements and questions to gather the desired information on the importance and effectiveness of the manager's behavior to the high potentials. The final survey (See Appendix B) contains 43 statements and questions. A more detailed explanation of the discussion on how the items in the survey were modified and/or deleted can be found in the Pilot Study and Expert Reviewers and Survey Changes section of this chapter.

The survey was located on a website and made available to all eligible participants. One organization requested this method because of their 'paperless' environment. The survey results were returned to the researcher via email. The questionnaire was five pages in length. The first section of the survey was used to collect demographic information about the high potential individual. Included in this section were questions identifying the high potential by gender, age, length of service with the organization, the length of time working for the current manager, and the highest level of education completed. Age is an important demographic in this study as to determine the generational categories of the subjects. Asking for the gender of the high potential's manager was also included.

The second section contains 36 managerial behavior statements, which asked the individual to first rate the importance of the behavioral statement to them in staying with the organization, and then secondly to rate how well the individual's current manager is performing on that behavioral item. In order to determine those retention factors, the survey uses a five-point Likert scale. A section for general questions was added to obtain quantitative feedback from the high potential individuals. The questions in this section asked the high potential to rate the overall working relationship with his or her manager, satisfaction with the job, motivation to perform at a high level, and the high potential's intention to stay with the organization. Added to the survey after the pilot survey results were compiled was a ranking of five managerial behaviors that the researcher believes may be most important to all high potentials. The final section contained several open-ended questions asking the individual what the manager could do to retain him or her, as well as any comments that the individual may want to add.

Study Design

The population sample is from two organizations that have formally identified employees as their high potentials. The sample was broken into three age groups corresponding to the generational categories: Baby Boomers (born between 1943 and 1960), Generation X (born between 1961 and 1981), and Generation Y (ages born between 1982 - 1998). The literature indicates fundamental differences among these generations within the workforce (Zemke, Raines & Filipczak, 2000). The study was designed to capture all four generations including Generation Y, but they were not included because no Generation Y's had been identified as high potentials within the two organizations. All high potentials in each organization received the same survey. In order for each organization's high potential population to complete and return the survey, the study extended over a total period of three weeks. A follow-up email was sent to all individuals to remind them to complete the survey by the designated date.

Pilot Study

The survey was developed by the researcher and tested during a pilot study in the Fall of 2003. The researcher recruited fifteen high potential subjects from a small organization to complete the survey. All surveys with the exception of two were returned. Two of the individuals were Baby Boomers; nine were Generation Xers, and two were Generation Yers. The high potential individuals were asked to complete the survey and then answer four questions regarding the survey questions: "Are there any items that were:

1. Confusing to you? Which ones?
2. Unclear to you? Which ones?
3. Should be included, but weren't?
4. Are there any other observations about the survey that you can share with me that will help improve it in anyway?"

The surveys were returned completed, with no feedback regarding the four questions about the survey statements. The approximate length of time to complete the survey was estimated by two subjects to be approximately fifteen minutes. As a group, the high potentials rated the following managerial behaviors. The following items are presented in the order of rated importance to staying, with 1 being the most important: (1) "allocates appropriate salary according to performance;" (2) "gives the authority and freedom to perform my job;" "includes me in decisions and activities that have an impact on my work;" and "trusts me;" (3) "provides me with opportunities to develop and apply skills I need to enhance my career;" "creates an open, trusting and respectful relationship with me;" "utilizes my strengths and talents;" and "respects me as a professional;" (4) "provides opportunities for me to contribute and make a difference" and "uses a two-way communication style." The three least important to staying managerial behaviors were: "takes an interest in me personally (without prying);" "creates a nurturing work environment," and "uses innovative and personalized ways to reward and recognize."

Regarding the importance of the managerial behaviors to each of the generations, Baby Boomers rated as extremely important topics such as: learning and development needs; opportunities to contribute and to make a difference; being included and informed about decisions that affect my work; and obtaining appropriate salary increases. The least important behaviors for Baby Boomers were topics of: career development and career paths; creating a nurturing work environment; and having the materials to do the job.

Generation Xers rated these four managerial behaviors as extremely important: "allocates appropriate salary increases based on job performance;" "creates an open, trusting and respectful relationship with me;" "provides immediate feedback;" and "respects me as a professional." The managerial behaviors that were least important to Generation Xers were: "creates a nurturing, enjoyable and fulfilling work environment;" "takes an interest in me personally (without prying);" "uses innovative and personalized ways to reward and recognize;" and "encourages opportunity to work in teams."

Generation Y rated many behaviors as important, such as the following topics: learning and development; being listened to; authority and freedom to perform the job; balanced workload; understanding of different styles and backgrounds; and being respected as a professional. Generation Y's three least important managerial behaviors were: "serves as my mentor;" "represents my interests and concerns to higher management;" and "takes an interest in me personally (without prying)."

The responses to the open-ended question, "What would your manager need to do to retain you or someone like you?" included the following responses:

- To continue coaching and supporting me and to help advance within my career.
- To offer competitive salaries.
- To ensure that the work is challenging.
- To address poor performers and reward high potentials.
- To create an environment of sharing and communication.
- To show trust and respect.
- To recognize my accomplishments.
- To listen to my opinions and suggestions.
- To have the authority to make decisions to perform my job.

The following are responses to the open-ended question to write any other comments were:

- To have a manager who is willing to allow you to try new ideas to better the company.
- To raise the pay scale in the organization.

Expert Reviewers and Survey Changes

The survey was also distributed to an expert review panel comprised of three Human Resources professionals who have been in the human resources field for over fifteen years. These three experts verified the survey questions. Recommendations for changes by the expert reviewers to the survey were to combine several statements that seemed to be the same managerial behavior, to delete one of the two statements that were similar for several of the items, and to change the wording of several statements. For example, the statement “Trusts me” is similar to the statement “Creates an open, trusting and respectful relationship with me.” The statement “serves as my mentor” was changed to “provides on-the job coaching to help improve my performance.” The two statements regarding career development was changed to one question, “Helps me to create a clearly defined career path.” And, finally two statements were added for two behaviors that had not been included in the survey. One statement was “removes poor performers.” This was also listed as an answer to the open-ended question, “What would your manager need to do to retain you or someone like you?” by one of the pilot participants. The second statement added was, “Hires employees with the skills needed to help the team succeed.” The original survey had 50 statements and questions, and the final survey has 44 statements and questions.

From the responses of the pilot study, the researcher noticed that the definitions of the five-point Likert scale might have skewed the results towards the positive. The decision was made to keep the five-point Likert scale as is, but to modify the definition of the third choice from “Important” to “Moderately Important.” An additional ranking question was added to reflect the five managerial behaviors that the researcher estimates may be the most important to all high potentials regardless of generation.

Statistical Analysis

Descriptive statistics (means, mean rankings, standard deviations, frequency distributions, regressions, inferential statistics included t-tests, correlations and regression analyses) were used to examine the data for which managerial behaviors are important to high potentials in retaining them, and how the high potentials rated the manager's behaviors in meeting his or her expectations. These analyses determined the important factors in retaining all high potentials for the organization, and whether his or her manager's behaviors are meeting the expectations of the high potential individuals. Descriptive statistics were used to examine the data to determine the managerial behaviors valued by each of the two generations (Baby Boomers and Generation X).

Five themes were constructed from the 36 items that were addressing a similar topic regarding managerial behavior. These themes were: Goals and Objectives; Communication; Trust and Respect; Developmental Opportunities; and Rewards and Recognition. The five themes were constructed under both Importance to Staying and My Manager, resulting in ten themes. Internal consistency reliability was calculated for each of the ten themes.

Research Question One

Correlation coefficients were calculated for the My Manager 36 items with Intention to Stay. A multiple regression was run to determine the amount of variance in Intention to Stay from the My Manager items that had the largest correlations.

Research Question Two

To determine the managerial behaviors that high potentials value as most important to staying, by generation, mean ratings were calculated for each of the 36 Importance to Staying items for the two generations (Baby Boomers and Generation X). The mean scores were ranked from highest (most important) to lowest (least important) and placed in order from highest to lowest. The mean difference between the generations were calculated by subtracting the mean ratings by the Generation X respondents from the mean ratings by the Baby Boomers.

To determine if the mean ratings are significantly different for Baby Boomers and Generation X, independent-samples t-tests were conducted on the items that had the largest absolute differences in ratings between the Baby Boomers and Generation X. The t-tests compared the mean ratings on the Importance to Staying items.

Mean ratings were calculated for the four reliable themes with the two generations (Baby Boomers and Generation X) to determine if they were valued differently as important to retention between the two generations, and then rankings were determined for each theme. Mean differences in ratings were calculated by subtracting the mean ratings of Generation X from the mean ratings of the Baby Boomers. The mean scores were then ranked highest (most important) to lowest (Least important) and placed in order from highest to lowest for both generations.

Research Question Three

To determine if the high potentials' perceptions of his or her manager's behaviors have an effect on their Intention to Stay with the organization, mean ratings were calculated on the 36 Importance to Staying items with the 36 My Manager items.

Rankings for each of the items were also calculated for both the Importance to Staying and My Manager items. Mean differences were calculated by subtracting the mean ratings of the Importance to Staying items from the mean ratings of the My Manager items. The mean scores were ranked by highest (most important) to lowest (least important) and placed in order from highest to lowest.

Research Question Four

To determine the effects of the high potential's perceived working relationship on his or her job satisfaction, correlation coefficients were calculated for the 36 My Manager items with Job Satisfaction. A multiple regression for the degree of prediction of the My Manager items on Job Satisfaction was calculated. An independent-samples t-test was conducted to compare the job satisfaction for the two generations (Baby Boomers and Generation X). An independent-samples t-test was conducted to compare the work relationship with the manager for the two generations (Baby Boomers and Generation X).

Research Question Five

To determine the effects of the high potential's perceived working relationship with his or her manager on the high potentials Motivation to Perform at a high level, correlation coefficients were calculated with the 36 My Manager items with Motivation to Perform. To answer the question, are there differences between the two generations (Baby Boomers and Generation X) on Motivation to Perform, an independent-samples t-test was conducted to compare the Motivation to Perform scores for the two generations. To predict the degree of the My Manager items that highly correlate with Motivation to Perform, a multiple regression was conducted.

Additional Analyses

A correlation coefficient matrix was generated to determine if there were significant relationships among the overall work relationship, satisfaction with their job, motivation to perform, and intention to stay. Correlation coefficients were calculated to determine if there was any significant relationship between the 36 Importance to Staying items and Intention to Stay.

Summary

This chapter describes the research questions, the subjects, instrumentation, study design, pilot study results, and mode of statistical analysis. The study was designed to identify the factors present in the behavior of the manager towards the high potential individual and how it affects his or her retention with the organization. The subjects selected for this study were identified high potential individuals in two organizations consisting of two generations (Baby Boomers and Generation X). The total population was 69 individuals made up of 49 males and 20 females. There were 18 Baby Boomers and 51 Generation Xers.

The survey instrument was designed by the researcher, compiled from various surveys and research from the literature review. A pilot study was conducted with fifteen high potentials: two individuals were Baby Boomers, nine were Generation Xers, and two were Generation Yers. As a group, the high potentials rated as the most important item to staying, “allocates appropriate salary according to performance.” An expert review panel reviewed the survey statements and made modifications, which changed the statements from 43 in the original survey to 36 statements.

The first section of the survey captured demographic information about the high potential individual. The second section of the survey used a five-point Likert scale with 36 managerial behavior statements, which asked the individual to first rate the importance of the behavioral statement to them in staying with the organization, and then secondly to rate how well the individual's current manager is performing on that behavioral item. General questions were included to obtain quantitative feedback for rating the overall relationship with his or her manager, satisfaction with the job, motivation to perform at a high level, and the high potential's intention to stay with the organization.

The revised survey was placed on a website for easy access for the subjects. The results were received through email. Statistical analysis used to examine the data included descriptive statistics; such as means, mean rankings, standard deviations, regressions, internal consistency, t-tests and frequency distributions. The study will allow the researcher to gain valuable insight into how managers can focus on the behaviors that are important to retaining the organization's high potential individuals.

CHAPTER IV

RESULTS

Introduction

This chapter represents an analysis of the data relevant to each of the five research questions, which were investigated in this study. This study examined the effects of the manager's behavior on the retention of high potential employees from different generations. This study was conducted in order to answer the following five questions:

1. What are the effects of the manager's perceived behavior on the intention of high potential individuals to remain with the organization?
2. What managerial behaviors do high potentials value as most Important to Staying, by generational category?
3. What are the high potential's perceptions of managerial behaviors versus the high potential's perceived value of the importance of those behaviors? What are the effects of this difference on the high potential's intention to stay with the organization?
4. What are the effects of the high potential's perceived working relationship with his or her manager on the high potential's job satisfaction? Are there differences among the generations?
5. What are the effects of the high potential's perceived manager's relationship on the high potential's motivation to perform at a high level? Are there differences among the generations?

This chapter is divided into seven sections (1) Demographics of the Population; (2) Research question number one; (3) Research question number two; (4) Research question number three; (5) Research question number four; (6) Research question number five; and (7) Additional Findings. The data and the analysis will be presented together to answer all of these five questions.

Demographics of the Population

Two organizations participated in the study in the winter of 2004. One organization was a Pittsburgh financial institution and the second was a global telecommunications organization. The total population of high potential individuals of both organizations was sixty-nine. Table 2 summarizes the demographics of the population.

Table 2

Study Sample Demographics

Characteristics	N	Percentage
High Potentials	69	
Gender		
Males	49	71
Females	20	29
Age		
24-42	51	74
43-60	18	26
Length of Service in Organization		
1-2 years	2	3
3-5 years	25	37
6-10 years	39	57
11 years or more	3	5
Length of Time Working for Current Manager		
<1 year	6	9
1-2 years	24	36
3-5 years	34	51
>6 years	3	4

Characteristics	N	Percentage
Highest Level of Education Completed		
Some college but no degree	1	1
2 year degree/vocational certificate	6	9
College graduate	33	49
Post-graduate work, no degree	26	38
Post-graduate degree	2	3
Manager's Gender		
Male	55	81
Female	13	19
Intention To Stay		
Plan to stay with the organization	48	71
Plan to transfer to work for another manager	7	10
Plan to leave the organization	13	19

On February 14, 2004, the study participants were emailed the website link for the survey. Fourteen days later, a second email was sent to remind the study participants to complete the survey. At the end of the study period, 69 out of 82 of the high potential participants had completed the survey. Therefore, the high potential sample was composed of 69 of the 82 individuals, which represented a return rate of 84 percent.

Measures

The internal consistency reliability for each of the ten themes, five Importance to Staying and five My Manager themes, was determined. Eight of the themes had a Chronbach's alpha coefficient above .7 as shown in Table 3 and Table 4, therefore indicating that items are consistently measuring a common theme. The Importance to Staying theme - rewards and recognition (.514 and .549), however had a low reliability, as did the My Manager theme – rewards and recognition.

Table 3

Reliability of the Five Importance to Staying Themes

Importance To Staying Themes	Coefficient Alpha Reliability
Goals and objectives	.812
IMPT18 – Sets clear cut goals for me.	
IMPT19 – Discusses the results I am expected to achieve.	
IMPT20 – Assesses my work against identified goals and objectives.	
Communication	.758
IMPT5 – Keeps me informed about the issues affecting my work.	
IMPT6 – Really listens to me.	
IMPT7 – Can be disagreed with on work-related issues without fear of reprisal.	
IMPT14 – Includes me in decisions and actions that have an impact on my work.	
IMPT15 – Takes my suggestions seriously to improve things.	
IMPT26 – Provides useful feedback on my job performance.	
Trust and respect	.719
IMPT32 – Can be counted on to keep his or her promises.	
IMPT34 – Creates an open, trusting and respectful relationship with me.	

Importance To Staying Themes	Coefficient Alpha Reliability
Development opportunities	.706
IMPT1 – Supports me in attending training to develop new skills.	
IMPT2 – Provides me with opportunities to develop and apply the skills I need to enhance my career.	
IMPT3 – Helps me to create a clearly defined career path.	
IMPT4 – Provides on-the-job coaching to help improve my performance.	
IMPT8 – Provides challenging job assignments for me.	
IMPT10 – Provides opportunities for me to contribute and make a difference.	
Rewards and recognition	.514
IMPT28 – Uses innovative and personalized ways to reward and recognize me.	
IMPT29 – Allocates appropriate salary increases based on my job performance.	

Table 4

Reliability of the Five My Manager Themes

My Manager Themes	Coefficient Alpha Reliability
Goals and objectives	.931
MGR18 – Sets clear cut goals for me.	
MGR19 – Discusses the results I am expected to achieve.	
MGR20 – Assesses my work against identified goals and objectives.	
Communication	.894
MGR5 – Keeps me informed about the issues affecting my work.	
MGR6 – Really listens to me.	
MGR7 – Can be disagreed with on work-related issues without fear of reprisal.	
MGR14 – Includes me in decisions and actions that have an impact on my work.	
MGR15 – Takes my suggestions seriously to improve things.	
MGR26 – Provides useful feedback on my job performance.	
Trust and respect	.879
MGR32 – Can be counted on to keep his or her promises.	
MGR34 – Creates an open, trusting and respectful relationship with me.	

My Manager Themes	Coefficient Alpha Reliability
Development opportunities	.863
MGR1 – Supports me in attending training to develop new skills.	
MGR2 – Provides me with opportunities to develop and apply the skills I need to enhance my career.	
MGR3 – Helps me to create a clearly defined career path.	
MGR4 – Provides on-the-job coaching to help improve my performance.	
MGR8 – Provides challenging job assignments for me.	
MGR10 – Provides opportunities for me to contribute and make a difference.	
Rewards and recognition	.549
MGR28 – Uses innovative and personalized ways to reward and recognize me.	
MGR29 – Allocates appropriate salary increases based on my job performance.	

Because these items measure a common theme, as indicated by the alpha coefficients, items can be combined and used in other analyses in this study. (The Importance to Staying My Manager rewards and recognition theme were not used because of the low reliability).

Research Question One

Research question one of the study was: What are the effects of the manager's perceived behavior on the intention of high potential individuals to remain with the organization?

A five-point scale was used for each item of the "My Manager" variable and a three-point scale was used for each item of the "Intention to Stay" variable. Correlation coefficients were calculated for My Manager items with the Intention to Stay item. There was a significant relationship between eight of the My Manager items with Intention to Stay (Table 5). The high positive correlations with these eight behaviors of managers suggest that they are more likely to affect the high potential's intention to stay with the manager and the organization than the other 28 items. For example, if the manager utilizes the high potential's strengths and talents (MGR9, r = .37) they are more likely to stay with the manager and the organization.

Table 5

Correlations of 1-36 My Manager Items with Intention To Stay

My Manager Items	r
MGR9 – Utilizes my strengths and talents.	.37**
MGR8 - Provides challenging job assignments for me.	.34**
MGR10 - Provides opportunity for me to contribute and make a difference.	.32**
MGR29 - Allocates appropriate salary increases based on my job performances.	.31**
MGR2 - Provides me with the opportunity to develop and apply the skills I need to	.29**
enhance my career.	.27*
MGR14 - Includes me in decisions and actions that have an impact on my work.	.24*
MGR35 – Hires employees with the skills needed to help the team succeed.	.21*
MGR3 - Helps me create a clearly defined career path.	

** = Correlation is significant at the .01 level

* = Correlation is significant at the .05 level

In Appendix C, a table containing the remaining correlations for all twenty-eight items is displayed.

A multiple regression was run to determine the amount of variance in Intention to Stay that was explained by the four My Manager items with the largest correlations. The entire set of items were not entered as predictors in the regression analysis due to the small size of the sample. Research has shown that the ratio of subject per predictor (n/k) should be at least 15 in order to obtain a reliable prediction equation (Stevens, 2002). In this study, there were 69 subjects and four predictors were used. Thus, there are approximately 17 subjects per predictor. These items used together by the manager are more powerful than when used by themselves to retain high potential individuals.

Our model, which includes My Manager items (MGR10, MGR9, MGR8, and MGR29) as predictors and intention to stay with the organization as the criteria (GEN41COM), explains 16.8 percent ($R^2 = .168$) of the variance in intention to stay. This set of four items were significant predictors of intention to stay.

Research Question Two

Research question two of the study was: What managerial behaviors do high potentials value as most important to their staying, by generational category?

Mean ratings were calculated for each of the 36 Importance to Staying items for the two generations (Baby Boomers and Generation X). The mean scores were ranked highest (most important) to lowest (least important), and placed in order from highest to lowest. The process was followed for Baby Boomers and Generation X. The mean differences were then calculated by subtracting the Mean Rating by the Generation X respondents from the Mean Rating by the Baby Boomers. This determined the similarities and differences by generation as to what managerial behaviors are important to their staying.

The numerical ranking system ranged from 1 (most important) to 36 (least important). Table 6 illustrates the mean ratings, rankings, and mean differences of the 36 Importance to Staying items for each of the two generations. There were some substantial differences with items between the Baby Boomers and Generation X, but there were more that were ranked similarly between the two generations. All but one of the mean differences are negative indicating that Baby Boomers, on average, had a lower response than Generation X. The only positive mean difference (.13) was on item 7 – " Can be disagreed with on work-related issues without fear of reprisal." The mean score on this item was higher for Baby Boomers compared to Generation X.

Table 6

Mean Ratings of the 1-36 Importance to Stay Items by Generation

Categories	Mean Ratings Baby Boomer (Rankings)	Mean Ratings Generation X (Rankings)	Mean Difference BB - X
IMPT33 - Respects me as a professional.	4.411 (1)	4.437 (5)	-.03
IMPT14 - Includes me in decisions and actions that have an impact on my work.	4.352 (2)	4.354 (10)	-.00
IMPT10 - Provides opportunities for me to contribute and make a difference.	4.294 (3.5)	4.479 (1)	-.18
IMPT34 - Creates an open, trusting and respectful relationship with me.	4.294 (3.5)	4.395 (8)	-.10

Categories	Mean Ratings Baby Boomer (Rankings)	Mean Ratings Generation X (Rankings)	Mean Difference BB - X
IMPT7 - Can be disagreed with on work-related issues without fear of reprisal.	4.235 (5.5)	4.104 (22)	.13
IMPT9 - Utilizes my strengths and talents.	4.235 (5.5)	4.437 (3)	-.20
IMPT5 - Keeps me informed about the issues affecting my work.	4.117 (9)	4.375 (9)	-.26
IMPT6 - Really listens to me.	4.117 (9)	4.250 (11.5)	-.13
IMPT12 - Gives me the freedom to work in my own creative way.	4.117 (9)	4.208 (16)	-.09
IMPT27 - Recognizes or rewards me for the value that I add.	4.117 (9)	4.229 (14)	-.11
IMPT29 - Allocates appropriate salary increases based on my job performance.	4.117 (9)	4.437 (3)	-.32
IMPT13 - Gives me the authority and freedom to perform my job.	4.058 (13)	4.416 (6.5)	-.36
IMPT15 - Takes my suggestions seriously to improve things.	4.058 (13)	4.187 (18.5)	-.13
IMPT32 - Can be counted on to keep his or her promises.	4.058 (13)	4.437 (3)	-.38
IMPT8 - Provides challenging job assignments for me.	4.000 (16)	4.229 (13)	-.29
IMPT11 - Encourages me to be innovative and to take initiative in my work.	4.000 (16)	4.145 (20)	-.29

Categories	Mean Ratings Baby Boomer (Rankings)	Mean Ratings Generation X (Rankings)	Mean Difference BB - X
IMPT25 – Allows me to balance work priorities with my personal life so that neither is neglected.	4.000 (16)	4.416 (6.5)	-.41
IMPT21 – Promotes my participation in ‘high visibility’ activities.	3.941 (18)	4.208 (16)	-.27
IMPT2 - Provides me with opportunities to develop and apply the skills I need to enhance my career.	3.882 (20)	4.250 (11.5)	-.37
IMPT22 – Represents my interests and concerns to higher management.	3.882 (20)	4.125 (21)	-.25
IMPT26 - Provides useful feedback on my job performance.	3.882 (20)	4.208 (16)	-.33
IMPT35 - Hires employees with the skills needed to help the team succeed.	3.823 (22)	4.187 (18.5)	-.36
IMPT16 - Removes barriers that get in the way of high performance.	3.705 (23.5)	4.041 (24)	-.34
IMPT17 - Ensures that I have the materials and equipment I need to do my job.	3.705 (23.5)	4.062 (23)	-.36
IMPT19 - Discusses the results I am expected to achieve.	3.529 (25.5)	4.000 (26.5)	-.47
IMPT36 - Removes poor performers.	3.529 (25.5)	4.000 (26.5)	-.42
IMPT20 - Assesses my work against identified goals and objectives.	3.470 (27.5)	3.854 (30)	-.38

Categories	Mean Ratings Baby Boomer (Rankings)	Mean Ratings Generation X (Rankings)	Mean Difference BB - X
IMPT23 - Creates a comfortable and caring work environment.	3.470 (27.5)	4.020 (25)	-.55
IMPT18 - Sets clear cut goals for me.	3.411 (29)	3.958 (28.5)	-.55
IMPT24 - Develops ways to make work and the workplace more enjoyable and fulfilling.	3.235 (31.5)	3.729 (32)	-.38
IMPT30 – Encourages opportunities to work in teams.	3.235 (31.5)	3.291 (36)	-.06
IMPT28 - Uses innovative and personalized ways to reward and recognize me.	3.235 (31.5)	3.604 (33)	- .28
IMPT1 - Supports me in attending training to develop new skills.	3.235 (31.5)	3.562 (34)	-.33
IMPT31 - Understands and appreciates diverse styles.	3.235 (34)	3.520 (35)	-.28
IMPT3 - Helps me to create a clearly defined career path.	3.117 (35.5)	3.958 (28.5)	-.84
IMPT4 - Provides on-the-job coaching to help improve my performance.	3.117 (35.5)	3.812 (31)	-.69

Note: The number in parentheses indicates the ranking of the mean score in relation to the total responses.

Baby Boomers

The top five items that ranked as most Important to Staying for Baby Boomers were (1) “respects me as a professional;” (2) “includes me in decisions and actions that have an impact on my work;" (3) "provides opportunities for me to contribute and make a difference;" (4) "creates an open, trusting and respectful relationship with me;" and "can be disagreed with on work-related issues without fear of reprisal."

The five items ranked as least Important to Staying for Baby Boomers were: (1) "provides on-the-job coaching to help improve my performance;" (2) "helps me to create a clearly defined career path;" (3) "understands and appreciates diverse styles;" (4)" supports me in attending training to develop new skills;" and (5) "uses innovative and personalized ways to reward and recognize me."

Items that were ranked considerably higher by Baby Boomers than Generation Xers were: (1) "includes me in decisions and actions that have an impact on my work (2^{nd} versus 10th;" and (2) "can be disagreed with on work-related issues without fear of reprisal (5^{th} versus 22^{nd})."

Generation X

The top five items ranked as the most Important to Staying for Generation X were: (1) "provides opportunities for me to contribute and make a difference;" (2) "utilizes my strengths and talents;" (3) "allocates appropriate salary increases based on my job performance;" (4) "can be counted on to keep his or her promises;" and (5) "respects me as a professional." The items that were ranked as least Important to Staying for Generation X were: (1) "encourages opportunities to work in teams;" (2) "understands and appreciates diverse styles;" (3) "supports me in attending training to develop new skills;" (4) "uses innovative and personalized ways to reward and recognize me;" and (5) "develops ways to make work and the workplace more enjoyable and fulfilling."

Items that were ranked considerably higher by Generation Xers than Baby Boomers were: (1) "allocates appropriate salary increases based on my job performance" (3rd versus 9th); (2) "can be counted on to keep his or her promises" (3rd versus 13); (3)"allows me to balance work priorities with my personal life so that neither is neglected" (6.5 versus 16); (4) "gives me the authority and freedom to perform my job" (6.5 versus 13th); (5) "provides me with the opportunities to develop and apply the skills I need to enhance my career" (11.5 versus 20); and (6) "provides useful feedback on my job performance" (16th versus 20th).

Those items that were ranked equally important by both Baby Boomers and Generation X were: (1) "keeps me informed about the issues affecting my work (9th)," and (2) "ensures that I have the materials and equipment I need to do my job" (23rd). The greatest discrepancy between the Baby Boomers and Generation X in Importance to Staying was, "can be disagreed with on work-related issues without fear of reprisal." (Baby Boomers ranked the importance of this as 6th of the 36 items, whereas Generation X ranked it as 22nd of the 36 items).

To determine whether mean ratings were significantly different for the Baby Boomers and Generation X, independent-samples t-tests were conducted on eight of the Importance to Staying items with the two generations. The eight items were selected because they had the largest absolute difference in ratings between the Baby Boomers and Generation X.

An independent-samples t-test was conducted to compare the mean ratings on the Importance to Staying items. There were six items that were significant at the .05 level (Table 7).

Table 7

Mean Ratings of the Six Importance to Staying Items by Generation

Categories	Mean Ratings Baby Boomer (Rankings)	Mean Ratings Generation X (Rankings)	Mean Difference BB - X	p
IMPT32 - Can be counted on to keep his or her promises.	4.00 (1)	4.45 (5)	-.45	.011*
IMPT19 – Discusses the results I am expected to achieve.	3.61 (2)	3.98 (3)	-.37	.068
IMPT18 – Sets clear cut goals for me.	3.44 (3)	3.92 (5)	-.48	.048*
IMPT23 – Creates a comfortable and caring work environment.	3.44 (4)	4.00 (2)	-.56	.03*
IMPT3 – Helps me create a clearly defined career path.	3.17 (5)	3.96 (4)	-.79	.001*
IMPT4 – Provides on-the-job coaching to help improve my performance.	3.17 (6)	3.82 (6)	-.65	.004*

* = Is significant at the .05 level.

The two items that were not significant were IMPT36 – "removes poor performers" for Baby Boomers (M = 3.61, SD = .85) and Generation X [M = 4.04, SD = .85); t (67) = 1.841, p =. 070] and IMPT25 – "allows me to balance work priorities with my personal life so that neither is neglected" for Baby Boomers (M = 4.00, SD = .97) and Generation X [M = 4.41, SD = .73); t (67) = 1.889, p =. 063].

To determine if the four themes were valued as important to retention differently between the two generations, mean ratings were calculated for the four reliable themes for the two generations (Baby Boomers and Generation X). Rankings for each of the themes were also calculated for Baby Boomers and Generation X. Lastly, mean differences in ratings were calculated by subtracting the mean ratings of Generation X from the mean rating of the Baby Boomers. The mean scores were ranked highest (most important) to lowest (least important) and placed in order from highest to lowest. The process was followed for Baby Boomers and Generation X. The mean differences were then calculated by subtracting the Mean Rating of the Generation X respondents from the Mean Rating of the Baby Boomers to determine the similarities and differences by generation as to what themes are important to their Intention to Stay.

The numerical ranking system ranged from 1 (most important) to 4 (least important). Table 8 illustrates the mean ratings, rankings, and mean differences of the Importance to Staying Themes for each of the two generations.

Table 8

The Importance to Staying Four Themes Mean Ratings by Generation

Themes	Mean Ratings Baby Boomers (Rankings)	Mean Ratings Generation X (Rankings)	Mean Difference BB - X	p
THEMECOM - Communication	4.124 (1)	4.252 (2)	-.13	.337
THEMETRU - Trust and respect	4.111 (2)	4.441 (1)	-.33	.038*
THEMEOP - Development opportunities	3.725 (3)	4.026 (3)	-.30	.017*
THEMEGOA - Goals and objectives	3.517 (4)	3.913 (4)	-.40	.030*

* = Is significant at the .05 level

T-tests were conducted for the Importance to Staying four themes by generation. The themes that were significant were: THEMEOP – "provides development opportunities" for Baby Boomers (M = 3.73, SD = .31) and Generation X [M = 4.03, SD = .49); t (69) = 3.035, p =. 017]; THEMETRU – "trust and respect" for Baby Boomers (M = 4.10, SD = .61) and Generation X [M = 4.44, SD = .55); t (69) = .839, p =. .038]; and THEMEGOA – "sets goals and objectives" for Baby Boomers (M = 3.52, SD = .82) and Generation X [M = 3.92, SD = .58); t (69) = 2.223, p =. 030].

There were no significant differences for the theme: THEMECOM – "communication" for Baby Boomers (M = 4.12, SD = .47) and Generation X [M = 4.25, SD = .48); t (69) = .967, p =. 337].

In the independent-samples t-tests that were conducted to compare the Importance to Staying themes, Baby Boomers ranked first the theme THEMECOM – communication as most Important to Staying, whereas Generation X ranked first the theme THEMETRU – trust and respect as most Important to Staying. Baby Boomers and Generation X ranked the theme THEMEGOA – goals and objectives the same.

Research Question Three

Research question three of the study was: What are the high potential's perceptions of the manager's behaviors versus the high potential's perceived value of the importance of those behaviors? What are the effects of the differences on the high potential's intention to stay with the organization?

To determine if the high potential's perceptions of his or her manager's behaviors have an effect on their intention to stay with the organization, mean ratings were calculated on the 1-36 Importance to Staying items and the 1-36 My Manager items.

Rankings for each of the items were also calculated for the Importance to Staying items and the My Manager items. Lastly, mean differences were calculated by subtracting the mean ratings of the Importance to Staying items from the mean ratings of the My Manager items. The mean scores were ranked highest (most important) to lowest (least important) and placed in order from highest to lowest.

The numerical ranking system ranged from 1 (most important) to 36 (least important). Table 9 illustrates the mean ratings, rankings, and mean differences of the 1-36 Importance to Staying items and the 1-36 My Manager items.

Table 9

Ranking of 1-36 Importance To Staying Items with 1-36 My Manager Items on Mean Ratings

Categories	Mean Ratings Importance to Staying (Rankings)	Mean Ratings My Manager (Rankings)	Mean Difference IMPT - MyM
33 - Respects me as a professional.	4.420 (1)	4.275 (1)	.145
34 – Creates an open, trusting and respectful relationship with me.	4.363 (2)	3.321 (25)	.43
9 – Utilizes my strengths and talents.	4.362 (3.5)	3.521 (15)	.84
14 – Includes me in decisions and actions that have an impact on my work.	4.362 (3.5)	3.550 (13)	.81
13 – Gives me the authority and freedom to perform my job.	4.333 (6)	3.913 (4)	.42
29 – Allocates appropriate salary increases based on my job performance.	4.333 (6)	2.695 (36)	1.64

Categories	Mean Ratings Importance to Staying (Rankings)	Mean Ratings My Manager (Rankings)	Mean Difference IMPT - MyM
32 – Can be counted on to keep his or her promises.	4.333 (6)	3.768 (5.5)	.56
25 – Allows me to balance work priorities with my personal life so that neither is neglected.	4.304 (8)	4.014 (2)	.29
5 – Keeps me informed about the issues affecting my work.	4.304 (9)	3.565 (12)	.74
10 – Provides opportunities for me to contribute and make a difference.	4.26 (10)	3.617 (11)	.81
6 – Really listens to me.	4.231 (11)	3.550 (14)	.68
12 – Gives me the freedom to work in my own creative way.	4.202 (12)	3.985 (3)	.22
27 – Recognizes or rewards me for the value that I add.	4.188 (13)	3.338 (23)	.81
8 – Provides challenging job assignments for me.	4.173 (14)	3.420 (19)	.75
7 – Can be disagreed with on work-related issues without fear of reprisal.	4.130 (15)	3.768 (5.5)	.36
2 – Provides me with opportunities to develop and apply the skills I need to enhance my career.	4.130 (16.5)	3.333 (24)	.80
15 – Takes my suggestions seriously to improve things.	4.130 (16.5)	3.753 (7)	.38
26 – Provides useful feedback on my performance.	4.1159 (18)	3.347 (21)	.77
21 – Promotes my participation in “high visibility” activities.	4.101 (19)	3.719 (9)	.38

Categories	Mean Ratings Importance to Staying (Rankings)	Mean Ratings My Manager (Rankings)	Mean Difference IMPT - MyM
11 – Encourages me to be innovative and to take initiative in my work.	4.086 (20)	3.652 (10)	.44
35 – Hires employees with the skills needed to help the team succeed.	4.073 (21)	3.485 (16)	.59
22 – Represents my interests and concerns to higher management.	4.072 (22)	3.463 (17)	.61
17 – Ensures that I have the materials and equipment I need to do my job.	3.956 (23)	3.449 (18)	.51
16 – Removes barriers that get in the way of high performance.	3.955 (24)	3.260 (30)	.69
36 – Removes poor performers.	3.927 (25)	3.173 (31)	.75
19 – Discusses the results I am expected to achieve.	3.884 (26)	3.304 (28)	.58
23 – Creates a comfortable and caring work environment.	3.855 (27)	3.724 (8)	.13
18 – Sets clear cut goals for me.	3.797 (28)	3.088 (32)	.71
3 – Helps me to create a clearly defined career path.	3.753 (29)	2.884 (35)	.87
20 – Assesses my work against identified goals and objectives.	3.753 (30)	3.275 (29)	.48
4 - Provides on-the-job coaching to help me improve my performance.	3.652 (31)	3.086 (33)	.57

Categories	Mean Ratings Importance to Staying (Rankings)	Mean Ratings My Manager (Rankings)	Mean Difference IMPT - MyM
24 –Develops ways to make work and the workplace more enjoyable and fulfilling.	3.608 (32)	3.362 (20)	.25
28 – Uses innovative and personalized ways to reward and recognize me.	3.492 (33)	3.043 (34)	.45
1 – Supports me in attending training to develop new skills.	3.434 (34.5)	3.318 (26.5)	.25
31 – Understands and appreciates diverse styles.	3.434 (34.5)	3.318 (26.5)	.12
30 – Encourages opportunities to work in teams.	3.289 (36)	3.347 (22)	-.06

Note: The number in parentheses indicates the mean rankings in relation to the total responses.

The top ranked items as most important (Importance to Staying) were: (1) "respects me as a professional;" (2) "creates an open, trusting and respectful relationship;" (3) "utilizes my strengths and talents;" (4) "includes me in decisions and actions that have an impact on my work;" (5) "gives me the authority and freedom to perform my job;" (6) "allocates appropriate salary increases based on my job performance;" and (7) "can be counted on to keep his or her promises."

The lowest ranked items in Importance to Staying were: (1) "encourages opportunities to work in teams;" (2) understands and appreciates diverse styles;" (3) "supports me in attending training to develop new skills;" (4) "uses innovative and personalized ways to reward and recognizes me;" (5) "develops ways to make work and the workplace more enjoyable and fulfilling."

There were notable differences between items that were ranked higher as most important versus how well the manager was doing. Those items were as follows: (1) “creates an open, trusting and respectful relationship with me” (2^{nd} versus 25^{th}); (2) “utilizes my strengths and talents” (3^{rd} versus 13^{th}); (3) “includes me in decisions and actions that have an impact on my work” (3^{rd} versus 13^{th}); (4) “allocates appropriate salary increases based on my job performance” (6^{th} versus 36^{th}); (5) “recognizes or rewards me for the value that I add” 13^{th} versus 23^{rd}), and (6) “provides me with opportunities to develop and apply the skills I need to enhance my career” (16^{th} versus 24^{th}). For three of the top five items that ranked as most important to high potentials, the manager was ranked as not doing well.

Those items that ranked low in importance, yet the manager was doing that well are: (1) “can be disagreed with on work-related issues without fear of reprisal (15^{th} versus 5^{th});” (2) “ensures that I have the materials and equipment I need to do as my job (23^{rd} versus 18^{th});” and (3) “creates a comfortable and caring work environment (27^{th} versus 8^{th}).” This indicates that the manager is using these behaviors, yet they are not important to the high potential’s importance to staying.

Research Question Four

Research question four of the study was: What are the effects of the high potential’s perceived working relationship with his or her manager on the high potential’s job satisfaction? Are there differences among the generations?

Correlation coefficients were calculated for the 1-36 My Manager items with Job Satisfaction. A significant relationship was found on fourteen of the My Manager items

(Table 10). For example, if the manager does well at utilizing the high potential's strengths and talents (MGR9, r =. 41), this leads to increased job satisfaction.

Table 10

Correlation of 1-36 My Manager Items With Job Satisfaction

My Manager Items	r
MGR9 - Utilizes my strengths and talents.	.41**
MGR10 - Provides opportunities for me to contribute and make a difference.	.33**
MGR36 - Removes poor performers.	.32**
MGR18 – Sets clear cut goals for me.	.31**
MGR20 - Assesses my work against identified goals and objectives.	.31**
MGR19 - Discusses the results that I am expected to achieve.	.29**
MGR35 - Hires employees with the skills needed to help the team succeed.	.29**
MGR29 - Allocates appropriate salary increases based on my job performance.	.27*
MGR8 - Provides challenging job assignments for me.	.25*
MGR2 - Provides me with opportunities to develop and apply the skills I need to enhance my career.	.24*
MGR14 - Includes me in decisions and actions that have an impact on my work.	.23*
MGR24 - Develops ways to make work and the workplace more enjoyable and fulfilling.	.21*
MGR30 - Encourages opportunities to work in teams.	.21*
MGR31 - Understands and appreciates diverse styles.	.21*

** = Correlation is significant at the .01 level

* = Correlation is significant at the .05 level

A multiple regression for the degree of prediction of the My Manager items on Job Satisfaction was calculated. Of the thirty-six My Manager items, the top five items were included in the multiple regression. Our model, which includes five items and job satisfaction (GEN38), explains 21.2 percent ($R^2 = .212$) of the variance in job satisfaction. Of these variables, MGR9 – "utilizes my strengths and talents" makes the largest unique contribution (beta = .334).

An independent-samples t-test was conducted to compare the job satisfaction for the two generations (Baby Boomers and Generation X). There was no significant difference in the scores for Baby Boomers (M = 3.83, SD = .62), and Generation X [M = 3.57, SD = .85); t (67) = -1.205, p = .232]. The degree of job satisfaction is similar for both Baby Boomers and Generation X.

An independent-samples t-test was conducted to compare the work relationship with the manager for the two generations (Baby Boomers and Generation X). There was no significant difference in scores for Baby Boomers (M = 3.78, SD = 1.00) and Generation X [M = 3.90, SD = .88); t (67) = .497, p=. 62] in how they rate their work relationship with the manager.

Research Question Five

Research question five of the study was: What are the effects of the high potential's perceived working relationship with his or her manager on the high potential's motivation to perform at a high level? Are there differences among the generations?

Correlation coefficients were calculated with the 1-36 My Manager items with Motivation to Perform. There was a significant correlation for twenty-four of the My Manager items with Motivation to Perform (Table 11). For example, if the manager does well at allocating appropriate salary increases based on the high potential's job performance (MGR29, r =. 48), this leads to increased motivation to perform.

Table 11

Correlation of 1-36 My Manager Items With Motivation to Perform

My Manager Items	r
MGR29 - Allocates appropriate salary increases based on my job performance.	.48**
MGR36 – Removes poor performers.	.41**
MGR9 - Utilizes my strengths and talents.	.40**
MGR10 - Provides opportunities for me to contribute and make a difference.	.39**
MGR25 - Hires employees with the skills needed to help the team succeed.	.38**
MGR2 - Provides me with opportunities develop and apply the skills I need to enhance my career.	.36**
MGR26 - Provides useful feedback on my job performance.	.36**
MGR20 - Assesses my work against identified goals and objectives.	.34**
MGR14 – Includes me in decisions and actions that have an impact on my work.	.33**
MGR3 - Helps me to create a clearly defined career path.	.33**
MGR16 - Removes barriers that get in the way of high performance.	.32**
MGR8 - Provides challenging job assignments for me.	.31**
MGR31 - Understands and appreciates diverse styles.	.28**
MGR4 - Provides on-the-job coaching to help improve my performance.	.28*
MGR19 - Discusses the results I am expected to achieve.	.28*
MGR11 - Encourages me to be innovative and to take initiative my work.	.27*
MGR18 – Sets clear cut goals for me.	.26*
MGR32 - Can be counted on to keep his or her promises.	.26*
MGR15 - Takes my suggestions seriously to improve things.	.24*

My Manager Items	r
MGR24 - Develops ways to make work and the workplace more enjoyable and fulfilling.	.23*
MGR13 - Gives me the authority and freedom to perform my job.	.23*
MGR27 - Recognizes or rewards me for the value that I add.	.23*
MGR22 - Represents my interests and concerns to higher management.	.21*
MGR24 - Develops ways to make work and the workplace more enjoyable and fulfilling.	.21*

** = Correlation is significant at the .01 level

* = Correlation is significant at the .05 level

In Appendix D, a table contains the correlations of the 1-36 My Manager items with Motivation to Perform that were not significant.

To answer the question, are there differences between the generations on Motivation to Perform, an independent-samples t-test was conducted to compare the Motivation to Perform (GEN39) scores for generation (Baby Boomers and Generation X). There was no significant difference in the scores for Baby Boomers ($\underline{M}$ = 3.72, $\underline{SD}$ = .83) and Generation X [$\underline{M}$ = 3.76, $\underline{SD}$ = .92); t (66) = .154, p = .88]. The degree of Motivation to Perform was similar for the two generations.

A multiple regression for the degree of predicting the four My Manager items with Motivation to Perform was conducted. These items were selected because they correlated the highest with Motivation to Perform. Our model, which includes four My Manager items (MGR29, MGR36, MGR9, MGR10) and Motivation to Perform (GEN39), explains 30.7 percent (R^2 = .307) of the variance in motivation. Of these variables, MGR29 – "allocates appropriate salary increases based on my job performance" (beta = .276) makes the largest unique contribution.

Additional Findings

To determine if there were significant relationships among the overall work relationship, satisfaction with their job, motivation to perform, and intention to stay, a correlation coefficient matrix was generated. Table 12 indicates that there is a significant correlation between Motivation to Perform and Overall Work Relationships and; Motivation to Perform and Job Satisfaction. Intention to Stay is significantly correlated with Overall Work Relationship, Job Satisfaction, and Motivation to Perform.

Table 12

Correlations of Work Relationship, Job Satisfaction, Motivation to Perform and Intention to Stay

		37	38	39	41
Overall Work Relationship	37	-			
Job Satisfaction	38	.16	-		
Motivation to Perform	39	.26*	.66**	-	
Intention to Stay	41	.24*	.45**	.50**	-

** = Correlation is significant at the .01 level

* = Correlation is significant at the .05 level

Correlations were calculated to determine if there were any significant relationships between the 1-36 Importance to Staying items and Intention to Stay. Table 13 indicated that there were three Importance to Staying items that were significantly correlated with the high potential's intention to stay. The item "sets clear goals for me" was negatively correlated.

Table 13

Correlation of 1-36 Importance To Staying Items With Intention to Stay

Items	r
IMPT2 - Provides me with opportunities to develop and apply the skills I need to enhance my career.	.29*
IMPT8 - Provides challenging job assignments for me.	.26*
IMPT18 – Sets clear goals for me.	-.246*

** = Correlation is significant at the .01 level

* = Correlation is significant at the .05 level

Appendix E contains the items from the correlation of the 1-36 Importance to Staying items with Intention to Stay that were not significant.

High Potential Responses to the Qualitative Questions

The high potentials were asked to respond to two qualitative questions to determine if there were any managerial factors affecting their retention that had not been included in the survey. Question 42 asked, "In your opinion, what would your manager need to do to retain you or someone like you?" Fifty-three of the sixty-nine participants responded. Their responses, expanded upon many of the items that had already been identified in the survey (see Appendix F for their specific comments).

Some of the most frequently cited comments include:

- Being given challenging opportunities to work on.
- Appreciation and recognition.

- Recognize my strengths and utilize them in a way that will contribute to the organization.
- Opportunity to grow professionally.
- Provide appropriate salary increases based upon performance.

Question 43 asked, "Please write any other comments that you believe are relevant but I have not asked you." Twenty-two participants responded. Some of the individual comments included:

- Salary increase and pay performance are important.
- I am generally satisfied with my manager.
- Retention starts first and foremost with the immediate work environment and that means the people you work directly with and for.
- Cohesion is important to a team performing well.

Summary

This chapter is a summary and analysis of the data relevant to the five research questions. The study participants were emailed the website for the survey in February 2004. Of the 82 people surveyed, 69 high potentials completed the survey, which indicates a return rate of 84 percent. Of the 69 participants, 49 were males and 20 were females. The Baby Boomer generation was represented by 18 of the sample, and 51 of the sample were Generation Xers.

The ten themes compiled by the researcher, based on similarity of items in the survey, were tested for internal consistency reliability. Eight of the ten themes had a Chronbach's alpha coefficient above .7, indicating that items are consistently measuring a common theme.

Research question one asked what the effects of the manager's perceived behavior were on the intention of the high potential's Intention to Stay with the organization. Correlation coefficients were calculated and there was a significant relationship for eight of the managerial behaviors. The top four highly correlated items were included in a multiple regression to determine the amount of variance in Intention to Stay. Those items were: "utilizes my strengths and talents;" "provides challenging job assignments for me;" "provides opportunity for me to contribute and make a difference;" and "allocates appropriate salary increases based on my job performance."

Question two asked, what managerial behaviors do the high potentials value as important to their staying, by generation. Mean ratings were calculated for the two generations (Baby Boomers and Generation X). The mean scores were ranked for each generation. There were some substantial differences with items between the Baby Boomers and Generation X, but there were more items ranked similarly between the two generations.

Mean ratings, rankings, and mean differences for four of the reliable themes were calculated to determine the similarities and differences by generation as to what themes are important to their Intention to Stay. The theme - communication was ranked first by Baby Boomers and the theme - trust and respect was ranked first by Generation X. Both generations ranked the theme - goals and objectives fourth.

Question three asked about the high potential's perceptions of the manager's behavior and the value of those behaviors, and if there were differences between the two. Mean ratings, rankings, and means differences were calculated between the Importance to Staying and the My Manager items. There were notable differences between items that were ranked higher as most important versus how well the manager was doing those behaviors. For three of the top five items that ranked as most important to high potentials, the manager was ranked as not doing those well. For example, the item, "creates an open, trusting and respectful relationship with me," was ranked number two in importance to staying by the high potential, yet was ranked 28th out of 36 indicating that the manager was not doing well in that behavior.

Question four asked to determine the effects of the high potential's perceived working relationship with his or her manager on the high potential's job satisfaction, and if there were any differences among the generations. Correlation coefficients were calculated with the My Manager items and Job Satisfaction. A significant relationship was found between job satisfaction and fourteen of the My Manager items. A multiple regression for the degree of prediction of the My Manager items on Job Satisfaction was calculated, and five of the items were found to be significant. "Utilizes my strengths and talents" item made the largest unique contribution.

An independent-samples t-test was conducted to compare the job satisfaction for the two generations. There was no significant difference found between Baby Boomers and Generation X. An independent-samples t-test was calculated to compare the overall work relationship with the manager, which also found no difference between Baby Boomers and Generation X in how they rated their overall work relationship with the manager.

Question five investigated the effects of the high potential's perceived working relationship with his or her manager on the high potentials' motivation to perform, and if there were any differences between the generations. Correlation coefficients were calculated with the thirty-six My Manager items and Motivation to Perform. There was a significant correlation for twenty-four of the My Manager items. An independent-samples t-test was conducted to compare the Motivation to Perform between the two generations. There was no significant difference between Baby Boomers and Generation X in their level of motivation. A multiple regression was run to predict the degree of the four My Manager items that correlated highest with motivation to perform. Of these items, “allocates appropriate salary increases based on my job performance” made the largest unique contribution.

Additional findings included determining if there was a correlation between overall work relationship, satisfaction with their job, motivation to perform, and intention to stay. Intention to Stay is significantly correlated with overall work relationship, satisfaction with the job, and motivation to perform. Correlations were performed to determine if there was a significant relationship between the thirty-six Importance to Staying items and Intention to Stay. There were three items that were significantly correlated with the high potential’s Intention to Stay. Those items were: “provides me with opportunities to develop and apply the skills I need to enhance my career,” “provides challenging job assignments for me,” and “sets clear goals for me.”

The high potential’s responses to the two qualitative questions were summarized. In the following chapter, the results will be interpreted and discussed in detail.

CHAPTER V

DISCUSSION

This chapter presents a discussion of the study of manager's behavior on the retention of high potential employees. The chapter reviews the study, interprets the results, discusses limitations, and lastly recommends further research.

Introduction

Talented individuals are arguably the most valuable resource in today's global economy. Businesses today are more dependent than ever on their top performers to differentiate a company from their competition. Yet, just when the success of companies increasingly depends on the knowledge they produce, finding and keeping the right talent is increasingly difficult (Korn-Ferry, 2001; Ware & Fern, 1997). Retaining key employees is corporate America's number one problem according to Kaye & Jordan-Evans (2000).

The purpose of this study was to identify the managerial behaviors that are important to high potential individuals staying with their current manager and organization. This study investigated the high potential's perceptions as to how effectively his or her expectations of those managerial behaviors are being met. The study also analyzed the effects of managerial behavior as perceived by the high potential individuals in reference to two generations: Baby Boomers (born between 1943 and 1960) and Generation X (born between 1961 and 1981). The foundation for this study was the research of Buckingham and Coffman (2000); McKinsey (2001); Kaye (2000) who suggested the reason that employees leave organizations is because of their manager.

The majority of the research on high potentials, the managerial effects on employees, the importance to staying with organizations, and the generational categories has been conducted by consulting or research organizations. There were no studies found that included all four of these topics for investigative research.

A total of 69 high potential individuals comprised the study sample. Based on the demographics of the study population, a profile of the typical high potential individual at the two organizations is, more likely to be a male Generation Xer (age between 24-42), with between 3-10 years of service with the organization, have a college degree and some post-graduate work, working for their current manager for 1-5 years, who hopes to stay with the organization and his or her manager.

Participant results were obtained through a survey developed by the researcher and validated in a pilot study. The survey consisted of 36 managerial behaviors that the high potential participants rated as important to their staying with the organization. Second, the participants rated how well his or her manager was doing in each of the 36 managerial behaviors. Qualitative data was also gathered from two open-ended questions to determine if the participants identified any managerial behaviors that had not been included in the survey.

Correlations, t-tests, regressions, and mean ratings and rankings were used to show evidence of the impact on what was important to high potentials within the two generations in: staying with the organization, job satisfaction, working relationship with the manager, motivation to perform, and their intention to stay with the organization.

Limitations

The first limitation of this study was the size of the study sample; respondents were only 69 high potentials. A population of 150 or more respondents would have provided the study with more statistical confidence. The second limitation, influenced by the size of the sample, is the imbalance of the number of females to males. The sample contained 49 males and 20 females. This study did not intend to investigate any relationship with gender, but this may have had an effect on the study results, and it could be a topic for a future study. The third limitation was that the study sample had a small number of Baby Boomers compared to Generation Xers (18 as compared to 51). Because of the small number of Baby Boomers, the data may not accurately represent this generation.

The fourth limitation is the Intention to Stay variable was not truly interval in nature and 71% plan to stay. This is a homogenous group. Future research might use additional ways to assess Intention to Stay. And, the fifth limitation is that there were no Generation Y high potential employees included in the study sample. Generation Y employees will soon become a larger population in the workforce and if they had been included in this study, it may have provided some insight into their needs. This could have enabled organizations to be more proactive in working with Generation Y in the future.

Reliability of Themes

In determining the reliability of the ten themes, the researcher found that there was no reliability with items in the theme of rewards and recognition for My Manager or Importance to Staying. This may be an opportunity for future research. The possible reasons for this theme's lack of reliability may indicate that high potentials are not highly motivated by external rewards and recognition. It may indicate that there is a wide range among managers in how they provide rewards and recognition to high potentials. The possibility also exists that the items were not properly worded to capture clarity around rewards and recognition.

Discussion of Research Question One

Research question one of the study was: What are the effects of the manager's perceived behavior on the intention of high potential individuals to remain with the organization? As described in the literature review, employees leave an organization because of the relationship with his or her manager (Buckingham & Coffman, 1999; Rehm &Ware, 2001; Booz-Allen & Hamilton, 2001; McKeown, 2002; Martel, 2002; Taylor, 2003; Jordan-Evans & Kaye, n.d.). The researcher wanted to determine if this was true for high potential individuals in particular, and what the specific managerial behaviors were that had the most impact on their leaving the organization.

The analysis of the data revealed that there were ten manager items that impacted the high potential's intention to stay. The top four My Manager items that were highly correlated with Intention to Stay were: (1) "utilizes my strengths and talents," (2) "provides challenging job assignments for me," (3) "provides opportunity for me to contribute and make a difference," and (4) "allocates appropriate salary increases based on my job performance." These four behaviors, when managers utilize them effectively, have the most impact on the high potential's intention to stay with the manager and the organization.

The research that supports these results was conducted by Chambers, (2001); Summerfield & Langolis, (n.d).; the author of Maintaining the Passion of High Performance, (2001), where they found that high potentials wanted to utilize their strengths, make contributions where they could leave a legacy or mark in the world, have the opportunity for achievement, and receive monetary rewards.

Discussion of Research Question Two

The second research question asked what managerial behaviors do high potentials value, by generational category.

Baby Boomers

Baby Boomers ranked "respects me as a professional" as number one. There was no specific research that supports this item. Generation X ranked this item 5th. They ranked, "includes me in decisions and actions that have an impact on my work" as second, which supports Halliman's (1998) research which described Baby Boomers as preferring a participatory management style and environment. A 1999 study by the Economist Intelligence Unit (EIU) and Anderson Consulting, found that involvement in decision-making contributed to knowledge worker's job satisfaction. Generation X ranked this item as 10th.

Ranked third by Baby Boomers was, "provide opportunity to contribute and make a difference", which supports Lancaster & Stillman's (2002) research that found that for Baby Boomers who stayed in their current job, the number one reason for staying was "making a difference." And, they wanted to work on exciting projects that might change or alter the future of the company. Generation Xers ranked this as their number one item.

Baby Boomers also ranked the item, “creates an open and trusting relationship with me” third. It supports Barbian’s (2002) Master Works research on high potential individuals, which found 95% of employees decided to stay or leave their job based on whether they had a trusting relationship with their manager. A TalentKeepers (2003) study found that what newer employees wanted to see most in a leader is that they create a sense of trust with team members. Generation Xers ranked this item eighth in importance.

Ranked fifth in importance to staying was the item, “utilizes my strengths and talents” by Baby Boomers. This item was ranked third by Generation X. The researcher could not find any research on the generations in regard to the importance of managers utilizing his or her talents and strengths. Research on high potential individuals by Chambers (2001) indicates that utilizing strengths was a factor that contributed to their retention.

Generation X

Generation X ranked the item, “provides opportunity for me to contribute and make a difference” number one. Zemke, et al (2000) and Lancaster & Stillman (2002) both describe Generation Xers as those who seek opportunities to make a difference, and it is ranked in the top five, when asked why they stayed with an organization. Byham, Smith, and Pease (2001) found that most high potentials, regardless of generation, want compensation commensurate with job success. Baby Boomers ranked this item third in importance to staying.

“Utilizes my strengths and talents” item was ranked second. The researcher could not find any research on the generations in regard to the importance of managers utilizing his or her talents and strengths. Research on high potential individuals by Chambers (2001) indicates that utilizing strengths was a factor that contributed to their retention. This item was ranked fifth by Baby Boomers.

"Allocates appropriate salary increases based on my job performance" item was ranked third by Generation X, which is supported by Korn-Ferry's (2001) research on what the drivers of retention were among age groups. Their research indicated that pay for organizational performance was ranked second in importance for those employees under age 30. Korn-Ferry said that young employees are heavily influenced by financial rewards – both pay for individual performance and pay for organizational performance has a positive effect on their retention. Baby Boomers ranked the item, "Allocates appropriate salary increases based on my job performance" as ninth in importance to staying.

The item that was also ranked third was, "can be counted on to keep promises." This item makes up part of the theme for trust and respect. Just like the Baby Boomers, the item of "creates an open and trusting relationship with me" that was ranked high in Barbian's (2002) Master Works research on high potential individuals found that 95% of the employees decided to stay or leave their job based on whether they had a trusting relationship with their manager. It also supports this item for Generation Xers. A TalentKeepers (2003) study indicates that what newer employees want to see most in a leader is that they create a sense of trust with team members. Baby Boomers ranked this item as thirteenth.

This question also investigated the importance to staying for the four themes. The theme of Communication was ranked first by Baby Boomers and second by Generation

X. In the 2002 "SHRM/USAToday.com Job Satisfaction Poll," the communication between employees and management appeared in the top five for all age groups; it was just a question of priority in terms of where it fell in the list. TalentKeeper's (2003) research found that the number two item wanted by employees in his or her manager was that the manager practice two-way communication by sharing and asking for information.

The theme of Trust and Respect was ranked first by Generation X and second by Baby Boomers in importance to staying. A research study by TalentKeepers in 2003 supports this study's result. The number one characteristic in that study was that the manager creates a sense of trust with the team members. Baby Boomers and Generation Xers both ranked the remaining two themes identically. They ranked Development Opportunities as third and Goals and Objectives as fourth.

Discussion of Research Question Three

Research question three of the study was: What are the high potential's perceptions of the managerial behaviors versus the high potential's perceived valuing of those behaviors, and what are the effects of the differences on the high potential's intention to stay with the organization? The researcher was interested in discovering if there were managerial behaviors that the high potential ranked as high in importance to staying on which the manager was doing well. It was also helpful to determine those behaviors where the manager was not doing well, but it was important to the high potential staying with the manager and the organization.

These results will be able to provide information to managers regarding the behaviors that they should exhibit and spend time developing versus those behaviors that are less important to use with high potential individuals.

The results indicated that managers should focus on three behaviors where they were not doing well, but the high potential ranked them as high in importance. Those behaviors were: (1) “creates an open, trusting and respectful relationship with me,” (2) “utilizes my strengths and talents,” and (3) “includes me in decisions and actions that have an impact on my work.” It is suggested that managers spend less time on the behaviors that were ranked low in importance, yet the manager was doing them well, since they have little impact on the high potential individual. These items were: (1) “can be disagreed with on work-related issues without fear of reprisal,” (2) “ensures that I have the materials and equipment to do my job,” and (3) “creates a comfortable and caring work environment.”

Discussion of Research Question Four

This research question considered the impact of the effects of the high potential’s perceived working relationship with his or her manager on the high potential’s job satisfaction, and if there were any differences among the generations. The data revealed that there were fourteen managerial behavior items that contributed to the job satisfaction of the high potential individual. The item that correlated the highest with job satisfaction was, “utilizes my strengths and talents.” If a manager does well at utilizing the high potential’s strengths and talents, this will lead to his or her increased job satisfaction.

This study also investigated if there were differences between the two generations (Baby Boomers and Generation Xers) in job satisfaction. The results indicated that they were similar and not different. In this case, the working relationship with the manager and its impact on job satisfaction is the same for all high potential individuals.

Discussion of Research Question Five

The final research question considered the impact of the high potential's perceived working relationship on the high potential's motivation to perform at a high level, and if there were any differences among the generations. There were twenty-four managerial behaviors that had an impact on the high potential's Motivation to Perform. Of the twenty-four items, the item that has the most impact on the high potential individual's Motivation to Perform is, "allocates appropriate salary increases based on my job performance." As the literature review indicates and the author of "Maintaining the Passion for High Performers" (2001) and Smart (1999) says, it is important for the organization to understand that the high potentials' motivation, and what may retain them, is money. Byham, Smith & Pease (2001) and George (2000) also agree and say that high potentials want compensation commensurate with job success and to have meaningful pay differentials between themselves and employees with average performance.

The answer to the question regarding differences between the two generations (Baby Boomers and Generation X), with Motivation to Perform, the results indicated that there was no difference. Motivation to Perform is not a generational factor, and it is the same among all high potentials. Poerio (2003) says talent flees from companies that provide incentive compensation at insignificant levels, or without regard to performance. Paying high potentials for performance is very important to his or her Motivation to Perform.

Discussion of the Additional Findings

For all high potentials, the two items that directly link to the high potential's intention to stay are: (1) "provides me with opportunity to develop and apply skills" and (2) "provides challenging job assignments." This would indicate that these two items would be essential for the high potential to stay with the organization. The item, "sets clear goals" was important to the high potential's intention to stay; yet it was negatively correlated. This might indicate that the item "sets clear goals for me" is not important to high potentials, or this may be due to the wording of the question, which could have been interpreted as the manager sets the goals for the high potential automatically versus the high potential setting his or her own goals, or setting goals participating *with* the manager.

Throughout the results of this study, four items were repeatedly highly correlated with the dependent variables. Those items were: 8 – provides challenging job assignments for me; 9 – utilizes my strengths and talents; 10 – provides opportunities for me to contribute and make a difference; and 29 – allocates appropriate salary increases based on my job performance. These four items were important to staying by generations in research question two.

These results indicates that the four items (8, 9, 10, and 29) are consistently important to high potential's importance to staying, job satisfaction, motivation to perform, the working relationship with the manager, and intention to stay with the organization. If managers and the organization meet the needs of the high potentials through these four managerial behaviors, they will have a strong impact on the high potentials remaining with the organization.

Discussion of Qualitative Feedback

Qualitative data was collected from the high potential respondents to determine if there were any managerial behaviors that the researcher may not have identified through the literature review. Most of the comments made by the respondents support the 36 selected managerial behaviors and the studies' results for what was important to high potentials. Those items that were frequently cited included: give challenging opportunities, appreciation and recognition, recognition of his or her strengths and utilize them in ways that will contribute to the organization, opportunity to grow professionally, and provide appropriate salary increases based upon performance.

Implications for Managers and Organizations

Because high potentials are considered the future leaders of the organization, it is essential for an organization to understand how to retain high potential individuals after investing large amounts of time, money, and resources into their development. By developing initiatives and programs that include the key managerial behaviors that are important to high potentials, the manager and the organization has a much greater chance of retaining their future leaders.

There are a number of major implications from this study for both managers and organizations. Recommendations for both managers and the organization are included because the organization may need to develop initiatives or change policies, but most importantly, it must support managers through their development, the reinforcement of behaviors, and assign accountability for those behaviors. Managers cannot do this alone.

Organizations can develop new management and human resource policies and promote a more participative decision-making style throughout the organization.

Throughout the research study, the item, “allocates appropriate salary increase based on my job performance” was in the top five of importance to staying with the organization (particularly with Generation X), with job satisfaction, and with motivation to perform. This is probably one of the two top initiatives that organizations and managers should pursue in ensuring that high potentials remain with the organization. Talented individuals are looking for opportunities where they want their individual contributions recognized in their pay.

Organizations can build and implement a performance management system that includes pay for performance. They should create a system that enables high potentials to be able to influence directly the measures upon which they are being rewarded. Provide them recognition that is in terms of their value and contribution over average performers within the organization. This may include higher compensation, stock options, or performance bonuses.

Removing poor performers was important to high potentials with regard to motivation to perform and job satisfaction. High potentials want to work with people who are similar to themselves in regards to work ethic and drive. Human resource policies that have sound disciplinary and corrective action programs that are utilized consistently by managers will help correct behavior or remove poor performers.

Identifying high potential individuals early in their career enables organizations to set development and retention programs in place early. High potentials consistently rated utilize my strengths and talents, help me to create a clear defined career path, provide me opportunities to make a difference, and the opportunity to develop and apply skills, as the highest items of importance. These items can be addressed by developing a high potential employee development program that includes the following: a development curriculum, coaches and mentors, opportunities to take on more responsibilities through projects, internal/external training, individual development plans, and rewards and recognition. This high potential program should begin with an assessment of the high potential's strengths and talents in order to build upon those throughout the program, as well as provide opportunities to develop new skills to move them to their full potential.

Creating succession plans that are position-oriented versus identifying specific individuals can allow high potentials, as they are developed, to be able to be the first in line for consideration for these positions within the succession plan as they become open.

High potentials indicated that challenging work and utilizing their strengths and talents were most important in retaining them. The organization can examine the business to identify the areas of growth that generate income, and/or are key to its success. Also they need to identify the skills, talents, and competencies needed to make that area(s) successful. Then place high potential individuals with those matching skills, talents, and competencies into those critical positions. If possible, they can redesign jobs and fit the high potentials to the work, not the job. More emphasis can be placed on using the talents and competencies of employees, rather than job descriptions and duties.

The coaching and development of managers is the second of the two priorities for organizations in the retention of high potentials. This research indicates that the manager does have an impact on the high potential's job satisfaction, motivation to perform, and intention to stay. A management development curriculum, which includes many of the managerial behavior items that were most important in this study, should be part of the development curriculum. Appropriate topics would include: developing and coaching managers in communication, having developmental conversations with employees, relationship building skills, and creating an awareness and understanding that employees want different things and how to meet those needs. Accountability should be established for managers to have conversations to ask their high potentials what they want from their work, what their talents and strengths are, and what it would take to keep them.

The organization needs to find out what managers are doing well or not, by conducting assessments, such as 360-degree feedback, employee attitude/satisfaction surveys, and interviews. This information can be used to coach and develop the managers. The organization must also convey and that it is serious about developing its future leaders. There must be accountability for managers who do not develop their own skills or those of their high potential employees. If managers cannot develop these skills over time, they should be moved out of a managerial position to where they have no direct reports. Managers should have accountability for hiring, developing, and retaining talent. The organization should compensate managers who develop themselves and their high potential employees.

The manager's role in retention of their high potential employees include attending developmental programs, seeking out coaches and mentors, and asking their employees for feedback on how they are doing to improve themselves. Managers should create dialogue with their high potentials about the high potential's job performance and the issues that affect their work and build a trusting relationship with them that can lead to the retention of the high potential individual. Managers need to develop a participatory style of management, which includes the high potential individual in decisions that have an impact on their work. They should create opportunities for challenging work and developmental opportunities for learning through cross training, job rotations, special projects and, either be a mentor or coach or assist in finding one for the high potential.

An organization cannot expect a one-size fits all program to work in organizations today. Group and individual differences will need to be recognized and honored in order to retain high potential employees. By implementing these recommendations, it can unleash the talent and innovation of the organization's high potential individuals to ensure their retention, and in turn the success of the organization.

Conclusions

This study contributes to the development and retention of high potential individuals within organizations. It also provides guidance for management development in terms of behaviors that can be emphasized or de-emphasized when working with or managing high potential individuals. As previously discussed in each of the research question summaries, the study results indicate that there are numerous managerial behaviors that have an impact on high potentials being satisfied with their job, their motivation to perform, the working relationship with the manager, and their intention to stay with the organization.

The identification of those managerial behaviors that affect high potential retention can be critical to the success of organizations. Often organizations may look to compensation, benefits, and the work environment to retain employees, but what this study and others suggest, is that the importance to staying items that are most important to high potential employees (i.e., challenging work, opportunities to make a difference, use of talents and skills, challenging job assignments, communication and trust and respect) are under the direct control of the high potential's manager.

What the researcher also found was that, though there may be some managerial behaviors that are different between the two generations (Baby Boomers and Generation X), what is important to high potentials is important to all high potentials.

Jurkiewicz's (2002) research on what Baby Boomers and Generation Xers want from their jobs suggests that Baby Boomers and Generation Xers are more alike than different. High potentials as a group are more similar than they are different. This in turn will assist organizations in the development of programs, policies, managers and the high potentials themselves, that will lead to retaining these individuals whose success they depend upon.

Implications for Further Research

The following research should be conducted regarding the retention of high potential individuals to promote a better understanding of the dynamics and results of the relationship between the manager and high potential individual.

The researcher suggests that a larger sample of high potentials be studied to test whether the conclusions found in this investigation remain stable. In this study, with a greater sample size, it may be found that correlations between the Importance to Staying items and the My Manager items within selected organizations may vary. This will provide each organization with more robust results in what their managers can do to ensure the retention of their high potentials. Also, more subjects would allow for better types of analyses such as factor analysis to reduce the number of items from 36 to about five or six (similar to the themes). This would reduce the amount of error that is occurring each time you conduct a test.

It is suggested that as the Generation Y group become older and selected as an organization's high potential employee, that they be studied to determine the influence that this group has on the importance to staying factors. A longitudinal study should be conducted that follows a group of high potentials from each of the three generations (Baby Boomer, Generation X and Y) from the time that they are selected by the organization throughout his or her career. This would determine if the importance to staying factors change as they age or progress to various levels of management.

A qualitative study should be conducted to understand the effects of the generation of the high potential's manager on the Importance to Staying and how the My Manager items are rated. For example, is there higher job satisfaction for the high potential if a Generation Xer manages a Generation Xer versus a Baby Boomer managing a Baby Boomer, or lower satisfaction if a Generation Xer manages a Baby Boomer or a Baby Boomer manages a Generation Xer.

Due to the relatively small sample size of Baby Boomers, the researcher was not able to obtain strong findings regarding the intention to stay by generation. A study that focuses on a larger Baby Boomer population should be conducted. One could develop a study based on the five themes, which focuses on each theme and investigates the importance of intention to stay for high potentials. An in-depth study, for example, on the theme of Trust and Respect could provide organizations and managers with more specific behaviors around trust and respect that affect the retention of the high potential individuals.

Another future study could be to investigate the relationship between job satisfaction and the motivation to perform, as there may be many behaviors that could motivate the high potential to increase motivation and job satisfaction. Separating intrinsic and extrinsic motivational factors may also provide more specific behaviors for managers to utilize with high potentials.

No analysis was conducted in this study based on the gender of the high potentials or the gender of the high potential's manager. This study could be replicated to determine if gender has any impact on the importance to staying factor, motivation to perform, perceived working relationship, job satisfaction or intention to stay.

Research indicates that high potential individuals are different than other performers in an organization. A comparison study of high potentials, good performers, and adequate performers may indicate whether there are differences between the other types of performers and high potentials. The study could also investigate such differences between generations

David McClelland's Theory of Needs is a motivational theory focusing on three needs that motivate individuals. McClelland spent most of his time researching one of the three motivators – achievement. A study focusing on the need for achievement with high potentials within generations may produce interesting results regarding motivation.

One of the high potential individuals that participated in this study responded in the open-ended questions of the survey by saying, "…equally important is a trust and belief in the senior management team." This original study could be replicated using the senior management team's behaviors in place of the high potential's direct managers to determine the impact that they have on intention to stay, motivation to perform, working relationship with the manager, and job satisfaction. Finally, the researcher suggests that the study be replicated to test the findings in this study.

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Appendix A

Pilot Study Survey

What's Important To You?
Your Manager's Role in Retention

Instructions:
This survey is asking you to rate how important each item is to your staying with the current organization, and how your manager is meeting your expectation regarding each item. There are three sections to the survey: Section A below asks you for your background information. Section B includes questions on the factors that may retain you. And, the last section, Section C includes open-ended questions to answer.

To complete this survey you may use a pencil or a pen. There are no wrong or right answers. What you think or feel is what is important for this survey. Please try to respond to all the questions.

Place the completed survey in the pre-addressed/stamped envelope provided and place it in the mail by February 28, 2003. Thank you.

A. Background Information
Place a check in one box for each item.

1). Gender
- ❑ Male
- ❑ Female

2). Age
- ❑ 23 or under
- ❑ 24-42
- ❑ 43-60
- ❑ 61 or older

3). Length of Service in the Organization
- ❑ < 1year
- ❑ 1-2 years
- ❑ 3-5 years
- ❑ 6-10 years
- ❑ 11 years or more

4). Length of Time Working for Current Manager
- ❑ < 1year
- ❑ 1-2 years
- ❑ 3-5 years
- ❑ > 6 years

5). Highest Level of Education Completed
- ❑ High school graduate or GED
- ❑ Some college, but no degree
- ❑ 2 year degree/vocational certificate
- ❑ College graduate
- ❑ Post-graduate work, no degree
- ❑ Post-graduate degree

What's Important To You?
Your Manager's Role in Retention

B. Retention Factors

Instructions: There are 43 items in this section. Please rate each item twice. First, for each of the items, rate how important that aspect is to you; second, go through the items again and rate them on how well your manager (whom you directly report to) does that.

Please use the following response formats:

Importance to your staying with the organization:
1 = Not important 2 = Somewhat important 3 = Important 4 = Very important
5 = Extremely important

My Manager:
1 = Does not meet my expectations 2 = Sometimes does not meet my expectations 3 = Meets my expectations 4 = Frequently exceeds my expectations 5 = Exceeds my expectations

My Manager:		Importance To Staying 1 = Not Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
1.	Helps me to determine my learning and development needs.	1	2	3	4	5	1	2	3	4	5
2.	Arranges for me in attending training to develop new skills.	1	2	3	4	5	1	2	3	4	5
3.	Encourages continuous learning of new knowledge and job skills.	1	2	3	4	5	1	2	3	4	5
4.	Provides me with opportunities to develop and apply the skills I need to enhance my career.	1	2	3	4	5	1	2	3	4	5
5.	Holds informal career development discussions with me.	1	2	3	4	5	1	2	3	4	5
6.	Helps me to create a clearly defined career path.	1	2	3	4	5	1	2	3	4	5
7.	Serves as my mentor.	1	2	3	4	5	1	2	3	4	5
8.	Keeps me informed about the issues affecting my work.	1	2	3	4	5	1	2	3	4	5
9.	Uses a two-way communication style.	1	2	3	4	5	1	2	3	4	5

My Manager:		Importance To Staying 1 = Not Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
10.	Really listens to me.	1	2	3	4	5	1	2	3	4	5
11.	Can be disagreed with on work-related issues without fear of reprisal.	1	2	3	4	5	1	2	3	4	5
12.	Provides challenging job assignments for me.	1	2	3	4	5	1	2	3	4	5
13.	Utilizes my strengths and talents.	1	2	3	4	5	1	2	3	4	5
14.	Provides opportunities for me to contribute and make a difference.	1	2	3	4	5	1	2	3	4	5
15.	Encourages me to be innovative and to take initiative in my work.	1	2	3	4	5	1	2	3	4	5
16.	Gives me the freedom to work in my own creative way.	1	2	3	4	5	1	2	3	4	5
17.	Gives me the authority and freedom to perform my job.	1	2	3	4	5	1	2	3	4	5
18.	Includes me in decisions and actions that have an impact on my work.	1	2	3	4	5	1	2	3	4	5
19.	Would take my suggestions seriously to improve things.	1	2	3	4	5	1	2	3	4	5
20.	Removes barriers that get in the way of high performance.	1	2	3	4	5	1	2	3	4	5
21.	Ensures that I have the materials and equipment I need to do my job.	1	2	3	4	5	1	2	3	4	5
22.	Sets clear cut goals for me.	1	2	3	4	5	1	2	3	4	5
23.	Discusses the results I am expected to achieve.	1	2	3	4	5	1	2	3	4	5
24.	Assesses my work against identified goals and objectives.	1	2	3	4	5	1	2	3	4	5

	My Manager:	Importance To Staying 1 = Not Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
25.	Promotes my participation in 'high visibility' activities.	1	2	3	4	5	1	2	3	4	5
26.	Represents my interests and concerns to higher management.	1	2	3	4	5	1	2	3	4	5
27.	Creates a nurturing work environment.	1	2	3	4	5	1	2	3	4	5
28.	Develops ways to make work and the workplace more enjoyable and fulfilling.	1	2	3	4	5	1	2	3	4	5
29.	Balances my workload to avoid overload.	1	2	3	4	5	1	2	3	4	5
30.	Allows me to balance work priorities with my personal life so that neither is neglected.	1	2	3	4	5	1	2	3	4	5
31.	Provides immediate feedback on my job performance.	1	2	3	4	5	1	2	3	4	5
32.	Provides useful feedback on my job performance.	1	2	3	4	5	1	2	3	4	5
33.	Recognizes me when I do a good job.	1	2	3	4	5	1	2	3	4	5
34.	Rewards me for the value that I create.	1	2	3	4	5	1	2	3	4	5
35.	Uses innovative and personalized ways to reward and recognize me.	1	2	3	4	5	1	2	3	4	5
36.	Allocates appropriate salary increases based on my job performance.	1	2	3	4	5	1	2	3	4	5
37.	Encourages opportunities to work in teams.	1	2	3	4	5	1	2	3	4	5
38.	Understands and appreciates different styles and backgrounds.	1	2	3	4	5	1	2	3	4	5
39.	Trusts me.	1	2	3	4	5	1	2	3	4	5

My Manager:		Importance To Staying 1 = Not Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
40.	Can be counted on to keep his or her promises.	1	2	3	4	5	1	2	3	4	5
41.	Respects me as a professional.	1	2	3	4	5	1	2	3	4	5
42.	Creates an open, trusting and respectful relationship with me.	1	2	3	4	5	1	2	3	4	5
43.	Takes an interest in me personally (without prying).	1	2	3	4	5	1	2	3	4	5

C. Open-Ended Questions

Instructions: Using the scale below, rate the following item.

Scale: 1 = Poor 2 = Fair 3 = Good 4 = Very Good 5 = Exceptional

44.	How would you rate your overall work relationship with your manager?	1	2	3	4	5

Instructions: Using the scale below, rate the following items.

Scale: 1 = To a very great extent 2 = To a large extent 3 = To some extent
4 = To a small extent 5 = To a very little extent

		Little	Small	Some	Large	Great
45.	Overall, how satisfied are you with your job?	1	2	3	4	5
46.	Overall, how motivated are you to continue performing at a high level?	1	2	3	4	5

47.	Intention to stay. Check only one. ❒ I plan to stay with my manager and the organization. ❒ I would like to transfer to work for another manager in the organization. ❒ I intend to transfer to work for another manager in the organization. ❒ I would like to leave the organization. ❒ I plan to leave the organization in the next few years. ❒ I plan to leave the organization within a year.
48.	In your opinion, what would your manager need to do to retain you or someone like you?
49.	Please write any other comments that you believe are relevant but that I have not asked you.
50.	Would you like a summary of the findings? ___Yes ___No

Appendix B

Final Survey

What's Important To You?
Your Manager's Role in Retention

Instructions:
This survey is asking you to rate how important each item is to your staying with the current organization, and how your manager is meeting your expectation regarding each item. There are three sections to the survey: Section A below asks you for your background information. Section B includes questions on the factors that may retain you. Section C contains general questions. And the last section, D includes open-ended questions to answer.

To complete this survey you may use a pencil or a pen. There are no wrong or right answers. What you think or feel is what is important for this survey. Please try to respond to all the questions.

Place the completed survey in the pre-addressed/stamped envelope provided and place it in the mail by February 28, 2004. Thank you.

A. Background Information
Place a check in one box for each item.

1). Gender
- ❑ Male
- ❑ Female

2). Age
- ❑ 23 or under
- ❑ 24-42
- ❑ 43-60
- ❑ 61 or older

3). Length of Service in the Organization
- ❑ < 1year
- ❑ 1-2 years
- ❑ 3-5 years
- ❑ 6-10 years
- ❑ 11 years or more

4). Length of Time Working for Current Manager
- ❑ < 1year
- ❑ 1-2 years
- ❑ 3-5 years
- ❑ > 6 years

5). Highest Level of Education Completed
- ❑ High school graduate or GED
- ❑ Some college, but no degree
- ❑ 2 year degree/vocational certificate
- ❑ College graduate
- ❑ Post-graduate work, no degree
- ❑ Post-graduate degree

6). Manager's Gender
- ❑ Male
- ❑ Female

What's Important To You?
Your Manager's Role in Retention

B. Retention Factors

Instructions: There are 36 items in this section. Please rate each item twice. First, for each of the items, rate how important that aspect is to you; second, go through the items again and rate them on how well your manager (whom you directly report to) does that.

Please use the following response formats:

Importance to your staying with the organization:
1 = Not at all important 2 = Somewhat important 3 = Moderately Important 4 = Very important 5 = Extremely important

My Manager:
1 = Does not meet my expectations 2 = Sometimes does not meet my expectations 3 = Meets my expectations 4 = Frequently exceeds my expectations 5 = Exceeds my expectations

My Manager:		Importance To Staying 1 = Not at all Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
1.	Supports me in attending training to develop new skills.	1	2	3	4	5	1	2	3	4	5
2.	Provides me with opportunities to develop and apply the skills I need to enhance my career.	1	2	3	4	5	1	2	3	4	5
3.	Helps me to create a clearly defined career path.	1	2	3	4	5	1	2	3	4	5
4.	Provides on-the-job coaching to help improve my performance.	1	2	3	4	5	1	2	3	4	5
5.	Keeps me informed about the issues affecting my work.	1	2	3	4	5	1	2	3	4	5
6.	Really listens to me.	1	2	3	4	5	1	2	3	4	5
7.	Can be disagreed with on work-related issues without fear of reprisal.	1	2	3	4	5	1	2	3	4	5
8.	Provides challenging job assignments for me.	1	2	3	4	5	1	2	3	4	5

My Manager:		Importance To Staying 1 = Not at all Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
9.	Utilizes my strengths and talents.	1	2	3	4	5	1	2	3	4	5
10.	Provides opportunities for me to contribute and make a difference.	1	2	3	4	5	1	2	3	4	5
11.	Encourages me to be innovative and to take initiative in my work.	1	2	3	4	5	1	2	3	4	5
12.	Gives me the freedom to work in my own creative way.	1	2	3	4	5	1	2	3	4	5
13.	Gives me the authority and freedom to perform my job.	1	2	3	4	5	1	2	3	4	5
14.	Includes me in decisions and actions that have an impact on my work.	1	2	3	4	5	1	2	3	4	5
15.	Takes my suggestions seriously to improve things.	1	2	3	4	5	1	2	3	4	5
16.	Removes barriers that get in the way of high performance.	1	2	3	4	5	1	2	3	4	5
17.	Ensures that I have the materials and equipment I need to do my job.	1	2	3	4	5	1	2	3	4	5
18.	Sets clear cut goals for me.	1	2	3	4	5	1	2	3	4	5
19.	Discusses the results I am expected to achieve.	1	2	3	4	5	1	2	3	4	5
20.	Assesses my work against identified goals and objectives.	1	2	3	4	5	1	2	3	4	5
21.	Promotes my participation in ‘high visibility’ activities.	1	2	3	4	5	1	2	3	4	5
22.	Represents my interests and concerns to higher management.	1	2	3	4	5	1	2	3	4	5

My Manager:		Importance To Staying 1 = Not at all Important 5 = Extremely Important					My Manager 1 = Does not meet 5 = Exceeds				
23.	Creates a comfortable and caring work environment.	1	2	3	4	5	1	2	3	4	5
24.	Develops ways to make work and the workplace more enjoyable and fulfilling.	1	2	3	4	5	1	2	3	4	5
25.	Allows me to balance work priorities with my personal life so that neither is neglected.	1	2	3	4	5	1	2	3	4	5
26.	Provides useful feedback on my job performance.	1	2	3	4	5	1	2	3	4	5
27.	Recognizes or rewards me for the value that I add.	1	2	3	4	5	1	2	3	4	5
28.	Uses innovative and personalized ways to reward and recognize me.	1	2	3	4	5	1	2	3	4	5
29.	Allocates appropriate salary increases based on my job performance.	1	2	3	4	5	1	2	3	4	5
30.	Encourages opportunities to work in teams.	1	2	3	4	5	1	2	3	4	5
31.	Understands and appreciates different styles and backgrounds.	1	2	3	4	5	1	2	3	4	5
32.	Can be counted on to keep his or her promises.	1	2	3	4	5	1	2	3	4	5
33.	Respects me as a professional.	1	2	3	4	5	1	2	3	4	5
34.	Creates an open, trusting and respectful relationship with me.	1	2	3	4	5	1	2	3	4	5
35.	Hires employees with the skills needed to help the team succeed.	1	2	3	4	5	1	2	3	4	5
36.	Removes poor performers.	1	2	3	4	5	1	2	3	4	5

C. General Questions

Instructions: Using the scale below, rate the following item.

Scale: 1 = Poor 2 = Fair 3 = Good 4 = Very Good 5 = Exceptional

37.	How would you rate your overall work relationship with your manager?	1	2	3	4	5

Instructions: Using the scale below, rate the following items.

Scale: 1 = To a very little extent 2 = To a small extent 3 = To some extent
4 = To a large extent 5 = To a very great extent

		Little	Small	Some	Large	Great
38.	Overall, how satisfied are you with your job?	1	2	3	4	5
39.	Overall, how motivated are you to continue performing at a high level?	1	2	3	4	5
40.	Rank the five statements, from 1 to 5, according to what is most important to you in your job. A rank of 1 indicates what is most important and a 5 indicates what is least important. ________ Included in decision making ________ Freedom to perform your job ________ Opportunity to contribute and make a difference ________ Utilize your strengths and talents ________ Developmental opportunities					
41.	Intention to stay. Check only one. ❒ I plan to stay with my manager and the organization. ❒ I would like to transfer to work for another manager in the organization. ❒ I am working actively to transfer to work for another manager in the organization. ❒ I would like to leave the organization. ❒ I plan to leave the organization within a year. ❒ I plan to leave the organization in the next few years.					

D. Open-ended Questions

42.	In your opinion, what would your manager need to do to retain you or someone like you?
43.	Please write any other comments that you believe are relevant but that I have not asked you.
44.	Would you like a summary of the findings? ___Yes ___No

Appendix C

Correlations of the 1-36 My Manager Items With Intention to Stay That Were Not Significant

Correlations of the 1-36 My Manager Items With Intention to Stay That Were Not Significant

My Manager Items	r
MGR19 - Discusses the results that I am expected to achieve.	.199
MGR27 – Recognizes or rewards me for the value that I add.	.196
MGR36 - Removes poor performers.	.194
MGR15 – Takes my suggestions seriously to improve things.	.191
MGR18 – Sets clear cut goals for me.	.183
MGR4 – Provides on-the-job coaching to help improve my performance.	.163
MGR20 - Assesses my work against identified goals and objectives.	.144
MGR31 - Understands and appreciates diverse styles.	.140
MGR32 – Can be counted on to keep his or her promises.	.123
MGR33 – Respects me as a professional.	.119
MGR30 - Encourages opportunities to work in teams.	.113
MGR26 – Provides useful feedback on my job performance.	.103
MGR5 – Keeps me informed about the issues affecting my work.	.096
MGR28 – Uses innovative and personalized ways to reward and recognizes me.	.089
MGR6 – Really listens to me.	.084
MGR23 – Creates a comfortable and caring work environment.	.061
MGR34 – Creates an open, trusting and respectful relationship with me.	.028
MGR17 – Ensures that I have the materials and equipment I need to do my job.	.023

My Manager Items	r
MGR11 – Encourages me to be innovative and to take initiative in my work.	.017
MGR13 – Gives me the authority and freedom to perform my job.	.001
MGR21 – Promotes my participation in “high visibility” activities.	-.004
MGR7 – Can be disagreed with on work-related issues without fear of reprisal.	-.014
MGR24 - Develops ways to make work and the workplace more enjoyable and fulfilling.	-.018
MGR22 – Represents my interests and concerns to higher management.	-.025
MGR25 – Allows me to balance work priorities with my personal life so that neither is neglected.	-.072
MGR12 – Gives me the freedom to work in my own creative way.	-.125
MGR1 – Supports me in attending training to develop new skills.	-.159

Appendix D

Correlation of 1-36 My Manager Items With Motivation to Perform That Were Not Significant

Correlation of 1-36 My Manager Items with Motivation That Were Not Significant

My Manager Item	r
MGR28 – Uses innovative and personalized ways to reward and recognize me.	.195
MGR23 – Creates a comfortable and caring work environment.	.193
MGR34 – Creates an open, trusting and respectful relationship with me.	.164
MGR12 – Gives me the freedom to be innovative and to take initiative in my work.	.159
MGR7 – Can be disagreed with on work-related issues without fear of reprisal.	.123
MGR21 – Promotes my participation in "high visibility" activities.	.116
MGR6 – Really listens to me.	.101
MGR5 – Keeps me informed about the issues affecting my work.	.071
MGR1 – Supports me in attending training to develop new skills.	.037
MGR33 – Respects me as a professional.	-.153

Appendix E

Correlation of 1-36 Importance to Staying Items With Intention to Stay That Were Not Significant

Correlation of 1-36 Importance To Stay Items With Intention to Stay That Were Not Significant

Items	r
IMPT5 - Keeps me informed about the issues affecting my work.	.189
IMPT11 - Encourages me to be innovative and to take initiative in my work.	.177
IMPT12 - Gives me the freedom to work in my own creative way.	.155
IMPT36 - Removes poor performers.	.150
IMPT3 - Helps me to create a clearly defined career path.	.125
IMPT13 - Gives me the authority and freedom to perform my job.	.123
IMPT9 - Utilizes my strengths and talents.	.112
IMPT26 - Provides useful feedback on my job performance.	.101
IMPT21 - Promotes my participation in ‘high visibility’ activities.	.098
IMPT32 - Can be counted on to keep his or her promises.	.094
IMPT6 - Really listens to me.	.087
IMPT10 - Provides opportunities for me to contribute and make a difference.	.081
IMPT1 - Supports me in attending training to develop new skills.	.064
IMPT31 – Understands and appreciates diverse styles.	.062
IMPT29 - Allocates appropriate salary increases based on my job performance.	.060
IMPT35 - Hires employees with the skills needed to help the team succeed.	.054
IMPT7 - Can be disagreed with on work-related issues without fear of reprisal.	.040
IMPT28 - Uses innovative and personalized ways to reward and recognize me.	.031
IMPT34 - Creates an open, trusting and respectful relationship with me.	.024
IMPT22 – Represents my interests and concerns to higher management.	.014
IMPT20 - Assesses my work against identified goals and objectives.	.008

My Manager Items	r
IMPT4 - Provides on-the-job coaching to help improve my performance.	-.040
IMPT15 - Takes my suggestions seriously to improve things.	-.045
IMPT33 - Respects me as a professional.	-.059
IMPT14 - Includes me in decisions and actions that have an impact on my work.	-.070
IMPT19 - Discusses the results I am expected to achieve.	-.091
IMPT17 - Ensures that I have the materials and equipment I need to do my job.	-.095
IMPT25 - Allows me to balance work priorities with my personal life so that neither is neglected.	-.096
IMPT24 – Develops ways to make work and the workplace more enjoyable and fulfilling.	-.124
IMPT27 - Recognizes or rewards me for the value that I add.	-.145
IMPT30 - Encourages opportunities to work in teams.	-.159
IMPT23 - Creates a comfortable and caring work environment.	-.170

Appendix F

Open-ended Survey Question Responses

Question 42 – In your opinion, what would your manager need to do to retain you or someone like you?

Participant 1's response:
No response.

Participant 2's response:
Two of the most important things to me are 1) being given challenging opportunities to work on (allowing me to grow), and 2) appreciation, both verbal and monetary compensation. Having a good relationship with my manager is extremely important to me and has a strong correlation to my job satisfaction.

Participant 3's response:
Increase collaborative efforts.

Participant 4's response:
No response.

Participant 5's response:
No response.

Participant 6's response:
No response.

Participant 7's response:
Many of the issues that need to be addressed are related to organizational constraints that are beyond the control of my manager. Our business was significantly downsized over the last three years. And our department was heavily impacted by the reductions. The rewards for staying with the company through the lean times seem to be limited due to executive management (VP and above). They receive ludicrous quantities of low priced stock options, etc. for "saving the company". Meanwhile, regular employees that have absorbed the extra workload and persevered through all of the uncertainty have not had a merit salary increase or even a cost of living adjustment in over 3 years. Eventually the grass will look green enough elsewhere that I may decide to jump ship. The company has paid a couple of performance-based bonuses, but a general increase is over due.

Participant 8's response:
There is more than one person that is in a manager role to me. I would generally rate one of them higher than the other, and feedback I gave is a mix of my perceptions of both.

Participant 9's response:
No response.

Participant 10's response:
My manager works remotely and does a great job of staying in touch with what's happening within our work group. He needs to stay on his current path.

Participant 11's response:
No response.

Participant 12's response:
Continue to allow me to do the right thing for the customer so that the customer is always satisfied.

Participant 13's response:
Continue an open and honest relationship with me.

Participant 14's response:
A large raise.

Participant 15's response:
Continue to improve the team environment and help drive the success of the product we're creating.

Participant 16's response:
Continue operating as he does today.

Participant 17's response:
Salary increase. Implement collaborative style of working.

Participant 18's response:
Show me hope for significant career growth opportunity within the company.

Participant 19's response:
No response.

Participant 20's response:
A career plan/path will need to be identified. I understand this is difficult in the current environment (the company is recovering from downsizing). I have career aspirations that do not appear to be attainable at the company. As our business grows – there appears to be a movement to hire/promote from outside the company. While I understand this approach provides new influx of experience and approaches, it also reduces my motivation to stay. Other than the opportunity for upward mobility, challenging job assignments also need to be available. With stagnant pay (no increase for 3 years) and no visible opportunities for advancement – the ability to work on interesting projects with visibility to executives and customers is important. It also appears that our company is driven exclusively by the executive (meaning customer and market strategy is held close to the executive team) with little or no influence from the employees. Again – there may

be valid reasons for this approach especially during the days of fighting for survival. If this approach is planned to continue – then I do not see how I can be satisfied as all that will be needed is a group of junior level personnel to execute on plans – that is not my career goal. Even then – the plans will need to be communicated – which they are not today (not always clear at least). The above comments are not all directed at my immediate manager as he also shares some of these concerns. Having regular positive feedback is not expected nor required as for the most part I can see (or at least should be able to see) the impact my efforts have on the business. I look to my manager more to provide feedback regarding my weaknesses or growth areas. Even with a career path identified – one key retention indicator is my belief in the on-going viability of the company. Provided I reach my career goals – retention will be based on my ability to have some amount of responsibility and accountability. At this time – I do not believe I am considered an influencer, let alone an owner of anything. If the expectations on me are for me to essentially only be an implementer of "others" ideas – then I do not see a long career at this company.

Participant 21's response:
Provide a broader scope of responsibility.

Participant 22's response:
Additional coaching and specific goals.

Participant 23's response:
Provide more incentives.

Participant 24's response:
No response.

Participant 25's response:
Basically he would need to continue what he does and how he manages. His philosophy is that he works for his reports and is there to help when problems arise. He also conveys the feeling that you are not there alone; he fosters camaraderie amongst his reports so they feel as part of a team. Another area he would also need to continue is the buffering he does to prevent us from the roller coaster ride that upper management tends to create. In addition, he knows our compensation is very important and has always made sure that we have our compensation plans as soon as possible. In addition, he would have to continue to value the opinion of his employees and respect their knowledge of their accounts.

Participant 26's response:
No response.

Participant 27's response:
I am very happy with my position, manager, the only thing lacking is merit raises.

Participant 28's response:
Provide me with opportunities to grow professionally, while simultaneously allowing me to lead or drive important business related decisions. Money's nice, but it's not enough to just pay me.

Participant 29's response:
Provide opportunities to demonstrate my abilities/contributions to upper management. Understand the need for continued education and promote this as one of our departments/organizations objectives.

Participant 30's response:
Keep my salary in line with my performance and peers.

Participant 31's response:
More interest and assistance in working out areas of contention which make my job difficult to succeed in. More interest in understanding the value and experience that I can offer as it relates to the best interest of my department.

Participant 32's response:
Allow person to perform their task without micro management. Keep focus on overall goal, not just short-term fixes.

Participant 33's response:
Due to budget constraints, my direct boss will receive a lower score on some of the questions above related to award recognition and development/training. However, senior management needs to recognize where the value-added resources reside within the organization and make every attempt to promote and provide incentives to those resources in order to retain talent.

Participant 34's response:
Provide appropriate salary increases on a yearly basis based upon performance. Offload some of my work so that I can work more effectively.

Participant 35's response:
No response.

Participant 36's response:
Establish and communicate a believable vision for the future of our company, and how I fit in to help execute on the vision. To keep me actively engaged, going at full throttle, I need to understand and believe what the organization stands for, and where it is going. I need to feel like I'm part of something special. This emotional attachment is what will take me and people like me to the next level of performance.

Participant 37's response:
My manager would need to continue to recognize my strengths and utilize them in a way that will contribute to the organization. Secondly, a key to my retention would be the continued development of my skills and the translation of those skills into a clearly defined career path.

Participant 38's response:
No response.

Participant 39's response:
No response.

Participant 40's response:
No response.

Participant 41's response:
For me the issue is not with my manager - it is more with where the organization/company itself is headed. Ideally my plans are to stay – but given the industry…

Participant 42's response:
I plan and hope to stay regardless. One thing that would help is recognition. Sometimes good performers who have a good relationship with their manager are overlooked for recognition by them. Maybe it is just overlooked because they are close. A good manager recognizes all the top performers, and should not overlook those who they might be the most comfortable with. Recognition is important to all, even those who are happy with their job.

Participant 43's response:
No response.

Participant 44's response:
Offer rewarding work. Need a long-term vision (presently jumping from hot customer to hot customer, but never winning any). Salary increases.

Participant 45's response:
The company stability is highly important to me but this is nothing that he could impact directly.

Participant 46's response:
Increase pay structure.

Participant 47's response:
Opportunities to grow and advance financially and professionally.

Participant 48's response:
Place an emphasis on soliciting and interactively evaluating my and others' input on strategic direction for the organization. Develop and communicate strategic direction even if it is still subject to change, to encourage discussion and contribution. And of course lobby for at least inflation-rate pay adjustment for nominally performing staff on an annual basis.

Participant 49's response:
Needs to allow for some type of career path. Be open to planning for growth and additional responsibility and development of new skills. Also recognize and reward consistent performance above expectations.

Participant 50's response:
Stock Options (none) Salary increase (frozen for 3 yrs.) Career progression. Promotion opportunities for my position being known to me and having a clear plan to move forward. To engage me in the strategic project discussions instead of assignments afterwards that may/may not have strategic significance but short-term tactical importance.

Participant 51's response:
Needs to increase the feeling of security in employment - the constant sword over the head saps a lot of energy from organization. In down times you have to stress security as a major retention factor. Another important aspect for me personally would be to improve the enjoyment from the work experience. More social interaction and a lighter atmosphere.

Participant 52's response:
My manager simply needs to continue to be supportive of the team and recognize the contributions we provide.

Participant 53's response:
No response.

Participant 54's response:
My manager is a key reason why I am here today. I trust him and what he stands for. He keeps me well informed, includes me in high profile projects, and is honest with me. Also, he gives me the freedom to do my job and be creative rather than do the thinking for me.

Participant 55's response:
My current manager is doing a great job of keeping me informed and I appreciate his efforts. Lack of corporate direction is my personal issue at the moment, and not related to my current manager. Retention of someone like me, is using my talent effectively and thanking me when I do something well.

Participant 56's response:
It is unfair to grade my manager on compensation since it has been company policy for the past three years to freeze pay increases.

Participant 57's response:
Continue the high level of support/professionalism that is currently being provided to our department. Continue to recognize the group efforts and help further our career with new and challenging projects.

Participant 58's response:
Include me more in decisions that affect my department and the organization. Do not play favorites. Separate self from click. Be more trustworthy and keep word.

Participant 59's response:
My manager needs to remove his ego from our communication channels. His demeaning ways can be every non-productive and demotivating. He needs to treat his employees with more respect and sincerity.

Participant 60's response:
Utilize me to my full potential. Reward me for performance. Give me the authority to see things through.

Participant 61's response:
Do a restructure of departments. There are about to be too many different hats worn by different areas. Too many budget cuts and too much work that there isn't a clear focus on any one topic. Not enough money in budget to complete projects in a timely fashion. More bodies with knowledge. Less Human Resources intervention.

Participant 62's response:
No response.

Participant 63's response:
More open lines of communication. Be more involved in the department. Take ideas seriously. Work with department to develop new products and enhance workflow issues.

Participant 64's response:
Be more approachable - face-to-face meetings. Answer questions in a timely manner. Get to know me and my history with this organization. Recognition!

Participant 65's response:
Walk the talk!

Participant 66's response:
Continue to provide freedom to do my job without constant monitoring. Provide flexibility with work hours.

Participant 67's response:
Provide more chances for monetary increases more than once a year that is more of a company-wide change, but for the manager to attempt it.

Participant 68's response:
Make me feel part of the big picture instead of in the dark. Decisions are made that affect my job and I have to find out how, to what extent and why they were made from other people. I have found another mentor in the organization that is not my immediate supervisor – someone I trust.

Participant 69's response:
Given the required independence of my position is the single most important factor for my manager to possess is integrity and his willing to stand up for the opinions and findings by my department. This is my manager's strength.

Question 43 – Please write any other comments that you believe are relevant but that I have not asked you.

Participant 1's response:
No response.

Participant 2's response:
I am very content in my job because I have an excellent manager who seems to understand what motivates me. The only request that I could make is more feedback on his expectations and my performance.

Participant 3's response:
No response.

Participant 4's response:
No response.

Participant 5's response:
No response.

Participant 6's response:
No response.

Participant 7's response:
I am generally satisfied with my manager and my role within the organization, but unless Executive management can make me a believer, I will explore other options sooner or later.

Participant 8's response:
Regarding my intention to stay, I don't care about staying with one of my managers. I would like to be able to better utilize my skills and career aspirations somewhere within the company, but I would expect to leave the company if I find a better opportunity to do that elsewhere, especially if the potential rewards are fewer.

Participant 9's response:
No response.

Participant 10's response:
No response.

Participant 11's response:
No response.

Participant 12's response:
Our mission is customer satisfaction. We need to remain focused to that end.

Participant 13's response:
The company has offered challenges and continues to offer rewards, as it is able to.

Participant 14's response:
No response.

Participant 15's response:
The survey approach of assessing how well my manager meets my expectations isn't an ideal gauge. In general, I have high expectations and hence meeting an expectation is no small feat. In other areas where the organizational dynamics limit my manager, I have very low expectations. Additionally, people's expectations often are all over the map, such that two people reporting to the same person with comparable success in their careers could still yield radically different expectation ratings. Perhaps that's been considered, but given the questions, it seems like you're trying to understand how well managers are performing and it's not clear the data will always reflect that information.

Participant 15's response:
Retention starts first and foremost with the immediate work environment and that means the people you work directly with and for. Cohesion is important to a team performing well. Things are far from ideal with regard to our company's product and how competitive we are in the industry, but when you have a good manager and you feel like you are part of a team working towards the same end, it is easy to believe that there are some facets of the job that significantly outweigh others. For me the most important facet has to do with the people and the environment my manager has established with his team. Even though I often doubt the company's ability to establish and follow a strategy, I know I'm part of a special team of people and that makes it worthwhile. I do not

necessarily feel the same confidence about the motivations of, and the management abilities of other managers in the company.

Participant 16's response:
No response.

Participant 17's response:
No response.

Participant 18's response:
No response.

Participant 19's response:
No response.

Participant 20's response:
The questions above (or at least the format of the survey) is directed at an employee/manager relationship. While my relationship with my direct manager is important – equally important is a trust and belief in the senior management team. Most of my concerns are not addressable by my immediate manager – hopefully he can act as an influencer on my behalf when possible to assist one of my needs as an employee is to have sufficient information about the viability of the company and my role in the company going forward. Items such as pay, benefits, and my relationship with my manager are important – but my willingness to stay is also heavily based on how I feel my contributions can impact the success of the company. I know there are no guarantees regarding the viability of the company. One of the areas I have the most concern is not simply the on-going viability of the company – but my role in the organization. Currently – it appears my role is strictly to implement poorly communicated plans or perhaps to simply buy time with our customers. I do not believe I actually have ownership of any particular process or outcomes. Ok – my goal of this section was not to vent too heavily – I suppose my summary would be one of the key indices for my retention would be to attain some level of responsibility within the organization where I can use my skills and experience to positively affect the profitability of the company.

Participant 21's response:
No response.

Participant 22's response:
No response.

Participant 23's response:
No response.

Participant 24's response:
No response.

Participant 25's response:
Things are far from ideal with regard to our company's product and how competitive we are in the industry, but when you have a good manager believe that there are some facets of the job that significantly outweigh others. For me the most important facet has to do with the people and the environment my manager has established with his team. Even though I often doubt the company's ability to establish and follow a strategy, I know I'm part of a special team of people and that it makes it worthwhile. I do not necessarily feel the same confidence about the motivations of, and the management abilities of other managers in the sales area.

Participant 26's response:
No response.

Participant 27's response:
No response.

Participant 28's response:
By their actions, those at the EVP/VP level seem to place little value on the non-monetary aspects of career growth and personal development. Initiatives are started, but none of them ever seems to achieve much before they're abandoned or morphed into something else.

Participant 29's response:
Salary increases are important (if earned) to boost moral and at least cover for inflation. Some people haven't had an increase in 3 years. It's also important to have consistent job title/classification similar pay scales across the company.

Participant 30's response:
No response.

Participant 31's response:
No response.

Participant 32's response:
Question 41 should have an answer like keeping an eye open for better opportunity.

Participant 33's response:
Due to economical conditions within the Telecommunication Industry I am well aware of the limited opportunities in both salary increases and changing employers. However, senior management must do a better job in recognizing profitable projects outside that contribute to the bottom line.

Participant 34's response:
No response.

Participant 35's response:
No response.

Participant 36's response:
No response.

Participant 37's response:
No response.

Participant 38's response:
No response.

Participant 39's response:
No response.

Participant 40's response:
No response.

Participant 41's response:
No response.

Participant 42's response:
I think it is very good that this survey is taking place. Follow-through is very important. Time will tell.

Participant 43's response:
No response.

Participant 44's response:
I have been asked to do a lot of work that is more effectively done by others more cost effectively. I would like to work on some more high value items.

Participant 45's response:
No response.

Participant 46's response:
No response.

Participant 47's response:
An employee can have the best relationship with his/her manager but without an opportunity to further their career and benefit themselves financially, it is all for nothing.

Participant 48's response:
I ranked my motivation to continue performing at a high level as relatively low. I believe there are actually two factors at work. In the context of personal motivation, my number

would be quite high because I generally find my greatest motivation from within. However, this internal drive may be modulated by external factors. Hence the second aspect (external motivation, either from my manager or the work environment in general) was that on which I based my low score. Also regarding intention to stay – I am not particularly enamored with my manager, but I enjoy the type of work in the organization and will likely stay for that reason. At my level, there are no other managers to work for within the organization.

Participant 49's response:
No response.

Participant 50's response:
There are technical and management leaders within the organization not being provided opportunities because of the status quo of the higher-level management team. The routine needs to be changed to empower those within the organization to step forward and champion/lead individual efforts. The supporting organizations like Human Resources need to become more service-oriented instead of policy setting/benefits rollout organization.

Participant 51's response:
No response.

Participant 52's response:
Change just for the sake of change does not promote cohesion but friction. It is a great place to work when people are given the opportunity to work as a team. Every business faces pressure to perform but a good coach helps to lift the pressure off his or her team, not place it on them. I believe good people are generally more apt to give more and perform better working towards clear goals. Success for the team leads to success for the individuals on the team. We need to continue working to succeed as a team just not as individuals.

Participant 53's response:
No response.

Participant 54's response:
My manager is also a person who shares his ideas and lets you know what he thinks. He will also take your opinion into consideration. Plus he is a person that is proactive in solving problems (a forward thinker). I enjoy working for someone that is not trying to constantly put out fires.

Participant 55's response:
Retention factors pertaining to managers are only a small piece of retention. The question about retention that is important is what the vision impact of the company is on retention.

Participant 56's response:
No response.

Participant 57's response:
No response.

Participant 58's response:
No response.

Participant 59's response:
No response.

Participant 60's response:
Pay for performance is VERY important.

Participant 61's response:
No response.

Participant 62's response:
No response.

Participant 63's response:
No response.

Participant 64's response:
No response.

Participant 65's response:
No response.

Participant 66's response:
No response.

Participant 67's response:
No response.

Participant 68's response:
No response.

Participant 69's response:
No response.