

Chapter 13

An Exploratory Case Study of Human Capital of a Function of Innovation in Organizational Culture

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ABSTRACT

A retention and motivation issue exists in organizations among Generation Y in the United States. The exploratory case study design allowed the researcher to garner in-depth analysis of the participants' perspectives regarding human capital as a function of innovation in organizational culture. The diffusion of Innovation and the human capital theory were the foundation guiding the study. Three themes emerged from the data: 1) training and development, 2) rules and regulations, 3) motivation. Training and development involved training focused on career development and upward mobility. Rules and regulations involved inflexible guidelines that impede innovation. Motivation involved the necessary culture needed to engage Generation Y employees and build morale. Three recommendations were provided for organizational leadership: 1) leadership acquire a good understanding of Generation Y employees, 2) invest in Generation Y's training and career development, 3) adopt ways to motivate Generation Y employees.

INTRODUCTION

This study is an exploration of human capital as a function of organizational culture with Generation Y. Organizational leaders often overlook the importance of human capital in favor of traditional corporate structures, i.e., bureaucracy or autocracy. Technological advancements and the global economy drive organizations to become innovative outside of the box entities regarding organizational culture. Despite this, corporate leaders still operate under traditional organizational structure and hierarchy approaches. The formal organizational structure and hierarchy approaches do not encourage innovation through the

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vein of human capital but focus only on the outcome of the process, i.e., speed of service and quality and quantity of products and services. Generation Y, the most prominent representation in the workforce, are technologically savvy and look for opportunities to use their skill sets, education, training, and talents – human capital factors – in their organizations. Organizational leaders operating under the traditional bureaucratic and autocratic umbrella find Generation Y displays little tolerance for this kind of corporate culture (Kapoor & Solomon, 2011).

Background of the Problem

Robbin (2004) described organizational culture as a complexity of values, beliefs, understandings, behavioral norms, and practices shared by personnel within an organization. Organizational culture is a vital component in promoting human capital because organizational culture instigates and supports the business environment's tone (Coomer, 2007). For ideas to be introduced and taken seriously, institutional or organizational circumstances have to be conducive, particularly those related to employees' attitudes (Bruce & Nyland, 2011).

According to Howe and Strauss (2007), about every 20 years, a new generation within the same age group displaying similar characteristics as employees enter the workforce. Leadership struggles with understanding how to motivate and lead the entering generation each time the 20-year cycle comes around (Gelbart & Komninons, 2012). Leaders have an integral role in setting the tone for organizational culture within the organization, as they are the primary influence of organizational culture (Schein, 2004). Tulgan and Martin (2001) reasoned that leaders positioning themselves to understand the characteristics of Generation Y and the challenges Generation Y presents would place their organizations ahead of the competition.

Generation Y is the largest generation in the workforce (Bohl, 2008; Donnison, 2010; Feiertag & Berge, 2008). Generation Y is the generation born between 1977 and 1994 (Buksa & Mitsis, 2011). According to Earle (2003) and Lowe, Levitt, Wilson (2008), Generation Yers demand more from their organization regarding the work environment. Generation Yers are also more inclined to leave their organization if it dissatisfies them (Earle, 2003). Generation Yers desire to be part of innovative and energetic organizations that value Generation Yers' ideas and encourage their creativity (Kapoor & Solomon, 2011; Lowe et al., 2008). Tulgan and Martin (2001) reasoned Generation Y recognizes higher levels of success lie in higher education. Generation Yers desire treatment as business partners by their organization and not just as mere employees (Earle, 2003; Kapoor & Solomon, 2011; Sayers, 2007). The characteristics of Generation Y require organizations to flatten the hierarchical structure most organizations build upon (Earle, 2003).

Although organizations promote employees as a leading source of competitive advantage, few organizations meet the challenge of finding, motivating, and retaining employees in a multigenerational workforce (Guthridge, Komm, & Lawson, 2008). One of the vital components organizational leadership overlooks is human capital (Yen, 2013). According to Wright and McMahan (2011), organizations have been aware of human capital for 40 years, but the organizational research regarding human capital is in an infancy stage. The statement above suggests that organizations are not prepared to recruit, train, motivate, and retain Generation Y.

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