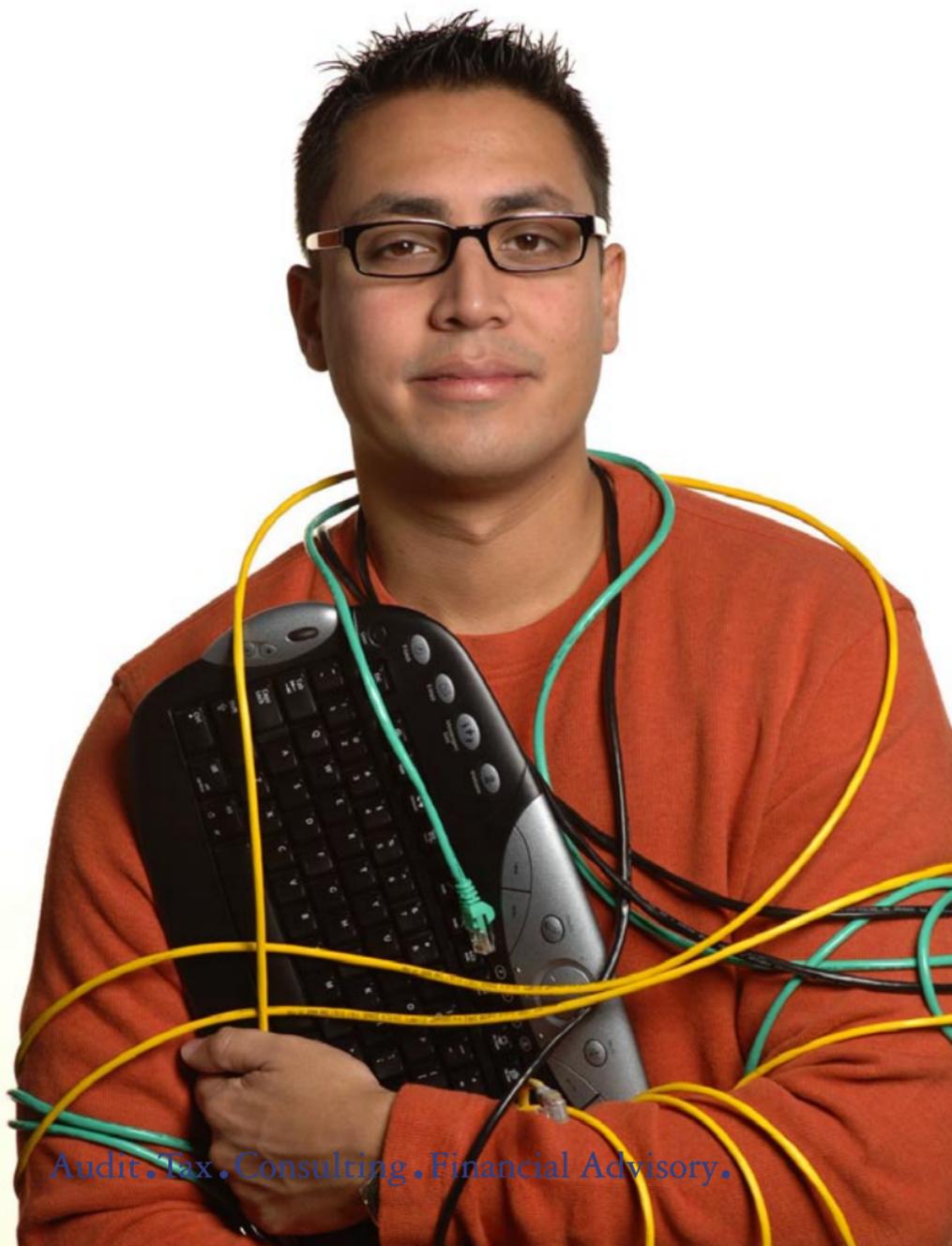


Talent Market Series: Volume 1

Connecting Across the Generations in the Workplace

What Business Leaders
Need to Know to Benefit from
Generational Differences



Four generations work side by side in today's workforce – Veterans, Baby Boomers, Gen X and Gen Y. And each has different attitudes and expectations about their jobs and careers. The young have always appeared different to their elders, but Generation Y is increasingly different in some high-impact ways. Often, they just don't fit the expectations of today's leaders. How can we become attuned to this emerging generation of workers, who often have very different ideas about how work should get done?

We need to make business sense out of the next generation of workers – especially since our business will be increasingly dependent on younger talent. In the coming years, success will go to those businesses savvy enough to understand – and to leverage – these differences. This briefing focuses on members of Generation Y, and how their attitudes – toward work and toward life – can differ from those of earlier generations. What do we need to know to lead them and, perhaps most important, what can they teach us? How can we grow next generation leaders?

This is Volume 1 of the Talent Market Series, a series of executive briefings on people-related topics. Future briefings will cover better ways to develop, deploy and connect with our people as well as more on generational and diversity issues. The editor of this series is W. Stanton Smith, National Director, Next Generation Initiatives, Deloitte & Touche USA LLP.

The Facts

When we talk about a particular generation, it's important to remember we are speaking in generalities. Any group of people possesses, in some measure, all of the attitudes and opinions it is possible for humans to hold. Yet research has shown that most groups can be characterized by a certain set of attitudes and beliefs. So, first some definitions:

- Veterans were born before 1946
- Baby Boomers were born from 1946 -1964
- Gen Xers or Baby Busters were born from 1965 -1980
- Gen Yers were born after 1980

Note: The lines between generations are not strict. Gen Y is also called the Echo Boom, Millennial, or Gen I (Internet). Together Gen X and Gen Y are called the Gaming Generation.

And some basic facts about the workforce:

The labor market is shrinking

According to the US Labor Department, from 2000 to 2010 the workforce, compared to the Baby Boom years, will shrink. A snapshot of the changing labor market shows:

- A 31% drop for 35-45 year olds.
- A 2% drop for 24-34 year olds.

The workforce will grow more diverse

- 37% increase for Asians
- 36% increase for Hispanics
- 17% increase for blacks
- 6% increase for whites

There will be more females, with more professional service skills

- From 1980 to 2010, the number of women in the workforce is expected to grow from 50% to 63%.
- The implication for professional services is significant: women already make up 55% of accounting graduates and exhibit more consulting-oriented skills than men.

Employers will be facing a seller's market

- More career options have tipped the scales in favor of knowledge workers, creating a seller's market for the next 5 to 10 years.
- Women more often want flexible schedules and will choose a business that deals effectively with the issue.

Generational differences on the job

Generational differences have real implications for how employers and employees work together. Each generation brings a different set of attitudes to the job. Research, in general, has shown that:

- Baby Boomers put a heavy focus on work as an anchor in their lives
- Gen Xers enjoy work, but are more concerned about work/life navigation
- Gen Yers often have different priorities: because of their deep reliance on technology, they believe they can work flexibly anytime, anyplace and that they should be evaluated on work product – not on how, when or where they got it done. Surprisingly, they want long-term relationships with employers, but on their own terms. The “real revolution” is a decrease in career ambition in favor of more family time, less travel and less personal pressure.

Note: raised in a consumer economy, both Gen X and Gen Y employees expect to influence the terms and conditions of the job. Since family is a top priority for both, it's not surprising that work/life balance is an important consideration for them. As a result, they expect employers to accommodate their “consumer” expectations in this regard.



Technology: the generational divides intensify

Gen Xers and Gen Yers are the first generations to grow up with computers and the Internet as part of their lives. Constant experience in the networked world has had a profound impact on their approach to problem-solving and collaboration. While Baby Boomers see video games as diversions or toys, for Gen Xers and Gen Yers they are something distinctly different. The next generation of workers is coming into the workforce with networking, multiprocessing, and global-mindedness skills that their elders never could have imagined.

Experience with interactive media such as instant messaging, text messaging, blogs, and especially multi-player games has led many young people to develop new skills, new assumptions and new expectations about their employers. Current research suggests, for example, that gaming can be excellent preparation for business. Serious gamers (Gen Xers and Gen Yers) are likely to be:

- More skilled at multi-tasking
- Agile in making decisions, evaluating risks and managing dilemmas
- Flexible and persistent in the face of change
- Highly skilled in social networking and team activities.



But employees with these traits can also present a management challenge.

- They may be keen on winning and eager to experiment and work as a team to solve problems, but they are not inclined to follow leaders just because they are leaders.
- They are energetic and hungry for stimuli, but have a strong desire to be in a relationship with an employer as long as possible.
- They have distaste for what they perceive as “menial work.”
- They may just avoid “difficult people,” instead of engaging with them constructively.

Gen Y Expectations

Compared with earlier generations, Gen Yers bring a different set of expectations to the workplace.

What they expect from an employer:

- To work with positive people (Gen Y responds poorly to those who act in an authoritarian manner and/or who expect to be respected due to higher rank alone)
- To be challenged (Gen Y believes it can learn quickly, take on significant responsibility and make major contributions far sooner than Baby Boomers think)
- To be treated respectfully (Gen Y has been raised to feel valuable and very positive about themselves; they see as a sign of disrespect any requirement to do things just because this is the way it has always been done or to pay one's dues)
- To learn new knowledge and skills (Gen Y sees repeating tasks as a poor use of their energy and time and an example of not being taken seriously)
- To work in friendly environments (Gen Y responds poorly to inflexible hierarchical organizations and responds best to more networked, less hierarchical organizations)
- To have flexible schedules (“the technology permits it, so why not? - evaluate me on output not input- on the work product itself, not where or when or how I do the work”)
- To be paid well (Gen Y does not want to be taken advantage of; does not have sufficient trust in businesses to make good on promises of lots of money someday in the distant future)

They prefer to learn:

- In networks, teams or swarms (a leaderless group that is based on the use of technology; an example is the use of text messaging by teens at a mall)
- Using multi-media
- While being entertained and excited
- Experientially (Business simulations are becoming the next wave in games which can help familiarize young people with a business previously unknown to them. Simulations also offer the opportunity to track skill development and open a new source of talent tracking and recruitment.)

What they expect communication to be:

- Positive
- Respectful
- Motivational
- Electronic
- In-person if the message is really important

How they want to be managed:

- Be flexible
- Let me work with friends (people with complementary skills and who are simpatico are better at solving problems and more productive – who needs divas/divos?)
- Respect me (Gen Y sees their lack of experience as bringing a new perspective that is needed in the business world)
- Let's have fun (Gen Y will work hard but "hey dude, chill out, we're not saving the world from alien invaders")
- Challenge me
- You can be the leader (Gen Y seems more trusting of senior leaders than Baby Boomers and Gen Xers were).

Practical ways to manage them:

- Provide engaging experiences that develop transferable skills. By making them more employable, we actually increase the odds that they will stay.
- Provide a rationale for the work you've asked them to do and the value it adds.
- Provide variety.
- Grow teams and networks with great care: develop the tools and processes to support faster response and more innovative solutions.
- Provide a work environment that rewards extra effort and excellence.
- Pay close attention to helping them navigate work and family issues.

Questions and Answers

I wanted what these young people want when I was their age but I had to adapt to business realities. Won't the same happen to them?

Certainly to an extent. But two facts are very different today compared to when the Baby Boomers entered the workforce 30+ years ago or the Gen Xers some 15-20 years ago: 1) demographics – the law of supply and demand is at work – that is, there are far fewer Gen Yers than Baby Boomers at the time of initial entry into the workplace; therefore, the probability of Gen Yers getting a lot more of what they want is much higher than for previous generations; and 2) technology – the technology exists to support Gen Y preferences to work more flexibly and virtually; this capacity to work anyplace at anytime simply did not exist until very recently.

What can we learn from these young people?

The Gen Yers are coming into the workforce with networking, multiprocessing, and global-mindedness skills that older generations can learn from. In addition Gen Yers are technology natives who can drive a role reversal by mentoring technology-challenged Baby Boomers. And finally maybe we could learn something useful from the Gen Y (and Gen X) focus on working more flexibly with more dual-centric focus on both work and family.

Why should a Business Leader care what Gen Yers think; they're young and likely will change their minds anyway?

It is true that young people change their minds often. However, during this formative period of their teens, young people are making major decisions as to which college to attend and what to major in. Given young people's profound skepticism of large businesses, in particular, it is quite likely that many will not be attracted to fields of study we're interested in or, if they do join us, may present a significant on-boarding challenge.

Besides don't they ultimately have to do it our way?

Perhaps, but Gen Y plus Gen X will ultimately constitute a workforce nearly the size of the Baby Boom generation; this will happen within the next 10+ years. If we look at the group called the "gaming generation" which includes Gen X, Gen Y and the generation beyond Gen X and Gen Y, this group is larger than the Baby Boomers. They will by sheer size predominate in the workforce and heavily influence it. They will do it their way more often than not because they can and that way differs markedly from the Baby Boomers.

It is just a stage in life; they'll outgrow their current views. In any event, once they have family obligations, they'll change their attitudes, won't they?

See the answer regarding being young and changing their minds. While people generally become more conservative as they age, research shows that core generational values change very little. As an example, both Gen X and Gen Y are very family oriented; therefore it is unlikely that they'll become significantly less family focused. Such focus is a defining difference between these generations and the Baby Boomers.

We'll just have to work harder at finding those young people who will do it our way, won't we?

This tactic may meet with some success but probably will fall far short in achieving the needed numbers given demographics and workforce attitudes.

The generational differences are exaggerated anyway, right?

There is always this possibility but research and our experience indicates that the differences are real and "mainstream", i.e., not confined to just a tiny number in each generation.

Isn't what motivated me in my 20s the same as what motivates young people today?

There will be instances where this is true but on balance it is risky to assume the above. Research and our experience show clear differences. The documented effects of growing up with technology on the attitudes and expectations of Gen X and Gen Y are in themselves enough to make us question the validity of the assumption behind this question.

Resources

Additional readings on this topic can be found on DeloitteNet. Go to People Reference Tools in the Partner/Director Information Center. If you have questions, please contact W. Stanton Smith, National Director, Next Generation Initiatives by e-mail or call 704.227.7850.

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