

McCrindle Research

The ABC of XYZ: Generational Diversity at Work

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Diversity is a key feature of the modern workplace. In addition to gender diversity, and cultural diversity, is generational diversity. When assessing any different cohort or group, it is important that the differences are not overstated, but nor must we brush over real differences.

When it comes to the study of the intergenerational workforce there are a number of fallacies that are raised:

“Generations X & Y’s are the same as the youth of my day”

Youth of all eras demonstrate some similar characteristics such as an experimental lifestyle, questioning the status quo, and pushing the boundaries. However to assume that the values, attitudes, priorities, and goals of Gen X & Y today are the same as the Baby Boomers when they were growing up is simplistic. While age influences behaviour and attitudes, greater impacts are made by the culture in which one lives out their youth, as well as social markers (significant events during one’s formative years). So the technology, mass marketing, political times, and pop-culture in which today’s youth have grown up has ensured they are significantly different to previous youth cultures. Because of the different times, conditions, and social markers, the generations have different aspirations and worldviews.

- Email is a social tool not just a business tool. Apply **email etiquette**.
- This entrepreneurial generation values the opportunity to try **new tasks**, and solve problems creatively.
- They value input, feedback and mentoring but **abhor micromanagement**.

“Generation X & Y is just a passing fad”

Another mistake is to view generational characteristics as merely a life stage, or fad that they will outgrow as they age. This was said of Generation X- that the high percentage of their income considered disposable (70%), the constant changing of jobs, and residence, their dependence on friendship networks, high priority of entertainment, spiritual searching etc was just characteristic of being young. However with the leading edge Xers now in their late 30’s there is little behavioural change. What has been proved is that values, attitudes, and priorities are established and identifiable early in life.

- Adapt our management and recruitment strategies to **better engage** the new generations rather than expecting them to conform to old styles.
- Generational trends are not like a pendulum that swings back and forth. The values of: short-term focus, flexibility, flat structures, social environment, fun culture, and access to information are permanent priorities.

“Generation X & Y is just a stereotype”

It is true that there are many hyped stereotypes of the emerging generations, and

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some generational targeting ends up “generationalising”. However the reality is that today’s young people share a youth culture that is truly global, yet at the same time they are more diverse than ever. The 5 million Gen Y’s in this nation seem to be divided into tribes, or subgroups seemingly based on fashion, sport, or musical taste. For example, two huge musical icons today are Eminem and Faith Hill, both in their early 30’s, and both have sold over 10 million copies of their most recent albums. Yet Eminem’s lyrics are explicitly violent while Hill sings gentle romantic ballads with titles like “Breathe.” Are Eminem’s fans part of the same “generation” as Faith Hill’s? Don’t bet your youth business on it. Yet these groupings whether they are Eminem groupies, Faith Hill ballad-singers, hip hoppers, ravers, techno-nerds, waxheads, westies, or the vast majority of non-aligned suburbanites have fashion or music differences that are only superficial while their attitudes and priorities are fundamentally similar. Further, the differences they display are not about presenting an image that they personally like as much as fitting in with an identity, a group with which they want to be aligned. Being part of a group, or adopting an image that can identify them as something more than just an individual gives meaning, acceptance, and identity for many.

- To avoid stereotypes, understand the life stage, and background of each generation:
- Boomers aren’t inflexible, just planned and focussed. Not authoritarian, just decisive. Not distant or aloof, just independent and self-reliant.
- For Xers and Y’s charged with being needy and fragile, it’s more that they value feedback and input. It’s not that they are slackers or easily distracted as much as they want to enjoy work, and they value **lifestyle and balance**.

“Generations X & Y are irrelevant: it’s a graying population”

Actually as the table below shows, the emerging generations are the largest ever. Just as the population has doubled since the 1950’s (in 1957 it was 9.6 million, today it is almost 20 million, ABS Australian Demographic Statistics) so each subsequent generation has expanded. Generations of this size however won’t be seen again in Australia for a long time. The rate of natural increase has been steadily declining since the late 1960’s. Further, the fertility rate has massively diminished in just over a generation too: in 1961 it was 3.55 children per adult female, while today it is 1.73 (ABS Yearbook P 81 and www.abs.gov.au).

The worldwide demographics are even more staggering. While the new generations comprise 54% of the Australian population, in Indonesia they comprise 67%, in Pakistan it is 75%, and in Iraq the under 35’s comprise 80% of their population (United Nations May 2000). Generation X and Y make up nearly 70% of the global population, of which Generation Y alone comprise 2.1 billion.

- Gen X and Y comprise not just the emerging labour force, but our clients and competitors as well. Yet a mix of generations is key: **they value diversity**.
- Understanding the demographics will influence our management training: Boomers are working longer and will manage not just Gen Xers and Y’s, but eventually Generation Z. At the same time many Xers and even Y’s are leading teams of Boomers. Therefore we must equip them with strategies to effectively communicate, motivate, and lead **intergenerational teams**.

	<u>Builders Generation</u>	<u>Baby Boomers</u>	<u>Generations X & Y</u>
	Born before WWII Aged 60's & 70's 15% of population	Born 1946-1964 Aged 40's & 50's 25% of population	Born since 1965 20's & 30's Xers: 26% Y's: 29%
Beliefs & values	Absolutes Security Work ethic	Few absolutes Variety Freedom	No absolutes Lifestyle Fun
Motivations	Country Advancement Responsible	Individuality Achievement Relatable	Own-community Self-discovery Relational
Decision Making	Authorities Reputations Brand-loyal	Experts Information Brand-switchers	Friends Anecdotes No brand loyalty
Earning & Spending	Conservative- savers Long-term needs Pay up front	Confident- investors Medium-term goals Credit-savvy	Uncertain- spenders Short-term wants Credit-dependent
Learning Styles	Auditory Data Monologue	Visual Metaphors Dialogue	Kinesthetic Stories Multi-sensory
Marketing & Communication	Prescriptive Mass Above the line	Descriptive Direct Below the line	Participative Viral Through the friends
Training environment	Classroom style Formal Quiet atmosphere	Round-table style Planned Relaxed ambience	Unstructured Spontaneous Interactive
Management & Leadership	Control Authority Thinkers	Cooperation Competency Doers	Consensus Creativity Feelers

(McCrindle Research Generation Map Study 2003)

So, how can the new generations best be defined?**Streetwise not Sceptical**

In a rush to define this generation people have misinterpreted the media reports. While there is healthy scepticism about, it is a generation not disillusioned but disappointed, and more realistic than idealistic. The access to technology and therefore information, ideas and independence, combined with them being the most educated generation in history has moulded the new generations to be aware, informed, and streetwise. Ogilvie advertisers have found that each day we are exposed to 1600 marketing messages. Most of these messages are filtered out. To get under the radar we have to do better than "Swim between the flags. Don't drink and drive. Respect your boss. Show some work ethic". They are tuned out to hype-and turned off by it. They've heard all the lines, and they easily detect marketing-ese. Over-manufactured spiels, and slick, glossy presentations get the thumbs down. They want material that is fresh, for them, and very now. It had to be real or true in its content, but also in its style.

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Pragmatism, authenticity, and transparency are required when communicating to the streetwise staff of today. The focus must be on experiencing rather than explaining, and on timeless needs not trendy novelty.

- Avoid: hype, motivational fads, constantly changing incentive programs.
- Implement: **training** that will help their career not just their current job, meetings that provide **participation, interaction, and food!**
- Xers and Y's value feedback: from **handwritten notes** or cards (a rare commodity in their lives), **non-monetary rewards** (movie tickets, CD vouchers etc) to **formal recognition** (references, certificates, letters for their resume`).

Life Balance before Bank Balance

Gen X and Y are feeling high levels of financial pressure. The increasing casualisation of the workforce has led to 1 in 4 workers earning part- time wages- and this at a time when the cost of living has been rising. In 1982 it took 220 weeks of work to buy the average Australian home while today it requires 450 weeks of work (REIA, September 2002). Today's young people are the first generation who on average will earn less than their parents in real terms. However while income is crucial to a generation with HECS debts, and high levels of personal loans and credit, they still value a balanced life. They seek new experiences; cherish friendships, and value freedom over finances. Having seen their parents achieve a great standard of living but pay for it through stress, broken relationships, health concerns, and long hours, Xers have pronounced it a bad deal. Masses of them are turning down jobs, or overtime that encroaches on their social time, regardless of the pay on offer.

The people of this generation are sometimes referred to as Slackers, Busters, or Post Boomers- yet these labels misunderstand their work ethic. The perception of an unreliable, and lazy generation is debunked by many researchers- they just work differently. Australian researcher Rosemary Herceg writes "70% of the people we spoke to talk about a way of working that is smarter rather than harder. They speak about things like working from home, marketing their ideas rather than their time, and moving away from the daily 9- 5 grind" (www.pophouse.com.au).

- Make the **workplace fun**: perhaps a relaxed dress code, fun photo boards/noticeboards, regular celebrations (birthdays, achievements, new clients), supporting their favourite charities etc.
- They don't respond well to many rules, "because I said so" management, insincere (or absent) thank-you's and feedback, or sterile, lifeless offices.

Style not just Substance

Keep in mind that the average attention span is a mere 11 seconds, therefore our communication must continually pique the interest of the listener. Also there is little point in reeling off numerous details as the short-term memory has a capacity to

recall merely 5 to 9 items (Psychologist George Miller, 1956). Therefore, in communication remember the **Primacy** Effect (points made in the first minute will be best remembered) and the **Recency** Effect (the last or most recent things heard will be the second best remembered). In interviewing them incorporate the **Activity** Effect – most people today are **Kinesthetic** learners (52%) meaning that they learn best through doing, experiencing, or being involved. Both Gen X and Gen Y focus group participants stated that they wanted to try out the product/company/job. The second most likely learning style is the **Visual**. 42% of people are visual learners, and a mere 6% are Auditory learners rendering monologues quite ineffective today. Any **Creativity** in the presentation will make it stand out, thus be remembered, and most likely be acted upon. Thus the Non-verbal components of the message have greater impact than the words. The process must be developed even over the content. They really need to see it, and experience it.

- Structure your communication and training to staff by asking yourself the three questions: What do I want them to **Know?** What do I want them to **Feel?** What do I want them to **Do?**
- Use your personal experiences to help connect with them. They'll value the **transparency** and insight into your own journey.
- It is a **post-literate** generation. For improving communication use: real life examples, stories, metaphors, humour, role-plays, interviews, music, and visual aids (photos, video, props etc).

Outcomes over Options

Sometimes referred to as the Options generation, this generation has grown up with so many choices. Even at Primary School the books of demand were the "Choose Your Own Adventure" series. Yet while freedom and choice is important, it is a given for this generation, and it is not enhanced by an unnecessary array of options. Because of the pragmatism, too many choices are as bad as too few. Having 100 shades of lipstick or 1000 websites to choose from after a search is seen as irrelevant, often detrimental to their pursuit of a result, an outcome. This generation live an economy where loyalty to a company needs to be rewarded. They are not altruistic when it comes to business. While socially liberal, and generous, they are financially rationalistic and demanding. More than any other generation the under 30's are relationally connected and influenced. As a very relationally focussed cohort, they want communications to be relational also.

- Understand the importance of their own cohort: incorporating **viral marketing** or word-of mouth/ referral strategies will assist here. Anecdotes work for them. They can relate to the story of another 20-something, and this motivates them.
- Don't just deal in theory, data, or statistics: present likely outcomes- sketch out the possible pathways. **Discuss scenarios**, risks, and consequences.
- The emerging generations value learning from those with more experience: **mentoring programs** show that senior staff are valued, while building into the lives of the younger staff.

So how can we best lead and manage them?

High school retention rates to Year 12 have doubled since the early 80's when they hovered around 35%. For the last decade those going on to University study has increased by 80% (ABS Youth Australia Report, www.abs.gov.au). Of even more relevance than this being the most formally educated generation ever is the **leadership education** they are leaving school with. Since the early 1990's, there has been a massive expansion in the number of leadership development courses, seminars, and curriculum areas focussed on developing their personal and interpersonal leadership skills. In addition they are of course technologically savvy and accessing trends and movements online. They have not waited around for traditional leaders or the government to direct them, Gen X, and even more obviously Gen Y have decided to get on with it. There is no leadership void with this generation, but just an absence of the old-models of authoritarian, out-front leadership.

New leadership paradigms are winning them over:

Values-Based Leadership

Young people have grown up with leaders stating one thing but living another. This generation has seen the demise of even big Australian companies due in part to character flaws in the management, and they have lived through the long-running political sagas. Hugh Mackay describes that such examples result in creating a generation of "moral boundary riders". "This is probably the first generation of young Australians to grow up without having a moral framework clearly espoused and unambiguously articulated by their parents. The Boomers themselves are still searching for a more satisfying code than the feel-good ethic of the 1960's so it is not surprising that their offspring have been left to develop their own moral codes and to establish their own set of values" (Mackay, Generations, 1997 P 146). The mentors they are looking for need to be authentic- they need to walk the talk.

- Understand each generation's core values: senior workers want the loyalty, respect, commitment, and ethic they've demonstrated to be shown back to them.
- Gen X and Y want a workplace where they can **belong**, which is stress-free and social, a family friendly workplace, and which values the **triple bottom line** (not just profits, but the planet <environment> and people <socio-economic concerns>).
- To provide a workplace **community**, use "team" language, develop fun traditions, and regularly tell them that they are valued and supported.

Community-Focused Leadership

This generation is disconnected at a relational level and so are looking for authentic community. The latest Australian Census results show that the average age of first marriage for women has shifted from age 20 (Boomers), to age 29 in one generation. Divorces have increased from 8% as Boomers were growing up, to 42% today (ABS Australian Social Trends 1999 P 28-29 and abs.gov.au). Not surprisingly, marriage rates are in decline for Gen Xers. The Australian Institute of Family Studies shows

that the proportion of Generation X women aged 35 that are not married exceeds 20%, the highest level in history. Also, the number of lone-person households (now at 23.8%) is at an all time high, and over 56.8% of all households are now 1 or 2 person households. The ABS Social Trends study goes on to state “Overall the average waking time spent alone among people aged 15 years and over increased from 2 hrs 38 mins in 1992 to 3 hrs 1 min in 1997, an increase of 23 minutes...Taken together these trends could imply increased loneliness and social isolation” 1999 P 36). They want community: to be understood, accepted, respected, and included. A stereotype is that this generation has no loyalty and it is true that they are brand-fickle, and show no loyalty to a company. However they do demonstrate strong loyalty to their friends, and to others whom they feel they can trust. Therefore they are looking for leaders who can include, connect, and unite.

- Few have an ideal family background today, and many are delaying a family of their own, so Xers and Y's are looking for **new families** in their friends, workmates, and their company.
- Life today is non-partitioned, and **holistic**. Therefore there is less differentiating between work-life and social-life, or one's corporate job and one's personal values. Therefore ensure the prospective employee fits the role not just based on their **Competence**, but also that their **Culture** suits the organisations, and their **Character** is a values match.

Peer-Directed Leaders

While the Builders' Generation are most influenced by authority figures and Boomers make decisions based on data and facts, post-modern youth are more likely to make a decision based on the influence of their own peers. Researcher George Barna's latest study on youth shows that “peers” or “friends” were the biggest influence in the lives of 51% of teens, and rated twice as highly as music (25%), and way above TV (13%) political leaders (6%) and Internet (5%) (www.barna.org). In a study into how well different groups meet a teens' deepest needs he finds that one's peers were the least effective at providing a sense of interpersonal trust. “The individuals with whom they spend the most “quality” time- their peers- are the people who provide them with the lowest sense of peace”. There is a need therefore for managers to fill a role as mentor, example, motivator, or even role model. While they can best relate to, and influence their own peers, they are fine to cross the generation gaps and be led by people outside of their generation. In fact they have been labelled the Mosaic generation because just as their lives are not linear- but a mosaic of interests, sports, hobbies, jobs, and education, so their relational world is a diverse mix of cultures, genders, and age groups.

- Gen X and Y generally have a strong relationship ethic. They are **collaborative learners**, enjoy working in **teams**, and thrive in a relaxed **consensus-driven** group.
- In focus groups they tell us that their **ideal leader** gives public affirmation, actual pats on the back, remembers names/interests of their staff, creates an emotionally safe, friendly, collegial environment where people feel free to contribute ideas.

Reality-Driven Leaders:

A recent Australian study of 1400 Australians shows that business leaders fair poorly in a study of “Which Professionals are the most worthy of trust?” In a clear statement of changed times, Ambulance officers and Fire Brigade officers ranked 1 and 2, with Marketers, Lawyers, Bankers, and Sales people ranking in the bottom half of the list, behind Plumbers, Mechanics, and Taxi drivers! (Readers Digest Study April 2003). More than ever people want to be lead by leaders they can trust.

With such pragmatism and pessimism abounding, today’s young people are looking to leaders who can offer a vision of a better future. Vision casting has always been a key function of leaders, and it is greatly needed today.

This generation are definitely keen to lead in new ways, but they first need effective leadership role models who can engage with them. The ever-present generation gap is very visible when we attempt to lead Gen Y in our old method. Traditional leadership stresses controlling, they want relating. We focus on structure, they are influenced by style. We think framework, they think freedom. The answer is to take the time to better understand them, then we are well on the way to being able to engage, train, and lead this emerging generation.

- Gen Y can be considered **Gen “Why?”** Assess policies and ground rules and ensure that there are good reasons that underpin them.
- The reality is that there will always be lower retention rates of young staff than the older generations but retention can be improved. Here’s what will help: **Accessibility**: take the mystery out of how decisions are made, **Variety**: give junior staff greater responsibility/roles in their work, let them conduct exit interviews, give presentations, and organise staff events.
- **They value training**: provide a borrowing library of training resources, send staff to training events- let them give a mini seminar to their peers of what was learned, and support their further formal study. Understand the **revolving door**: if they leave for a new job, or further study: keep in touch- they may later want to return.

The message from the research is clear: recruiters and managers need to understand these changed times. Every society, industry, and business is just one generation away from extinction. By observing the new generations, we can instil new techniques and structures to better engage with, and lead them. This is the surest way to remain relevant, and impact the future.

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