



Understanding and Leveraging Generational Diversity

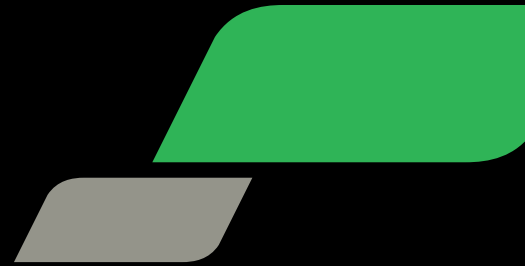
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Executive Summary

The business world is becoming increasingly global. Services and products offered by businesses are also becoming more focused and targeted at specific demographic segments. In addition, many organizations today have clients all over the world who demand excellent services and products that meet their diverse needs, expectations and priorities.

At the same time, the composition of the workforce today is changing significantly. The Silent Generation and first wave of Baby Boomers are beginning to retire from the workplace, taking decades of valuable experience with them, while Generation X ("Gen X") and Generation Y ("Gen Y") are become the fastest growing age groups in the workforce and the next generation of leaders.

As the globalization of work continues and the age composition of the workforce changes, understanding and leveraging the differences between generational groups is critical for organizations so as to continue motivating and engaging a multi-generational workforce for optimum performance.

With the current workplace being the most generationally diverse that it has ever been, intergeneration management has been given special attention in the latest Kelly Global Workforce Index, which examines the impact of generational difference in the workforce.

The survey obtained the views of nearly 100,000 people in 30 countries including more than 28,000 in Asia Pacific.

Across the board, there is a high level of understanding of generational differences in Asia Pacific, with Baby Boomers having the highest perception (83%), followed by Gen X (81%) and Gen Y (73%).

The Asia Pacific region also has the world's most positive view about generational diversity with 44% confident that it contributes to workplace productivity. However, almost half of employees in Asia Pacific acknowledged that intergenerational differences can lead to serious conflicts in the workplace.

While working within multi-generational relationships in the workplace presents some challenges, understanding and managing generational diversity can bring an array of benefits and perspectives to the workplace, such as improved talent attraction, retention and engagement, enhanced workplace productivity, increased competitive advantage that keeps customers loyal and an expanded view of succession planning and building leadership bench strength.

Responding to challenges in a multi-generational workforce requires the same skills needed to manage other diversity issues, which include moving beyond superficial awareness, adapting communication styles, and effectively managing different needs and expectations.

Organizations with a diverse group of people from different age groups offering a range of views, opinions and perspectives are almost always going to be more effective, more likely to produce creative and innovative approaches, and have a greater long-term advantage over their competitors.

Introduction

Workplace diversity is a growing business concern and an essential source of competitive advantage for organizations in the ever-growing global economy.

Understanding and managing diversity in the workplace typically generates discussions of gender, race, ethnicity or disability. However, there is one slice of diversity that has been getting considerably more attention in the recent years: Generational Diversity.

With the entry of Generation Y (“Gen Y”) to the working world, the workforce for the first time consists of people from all major age groups – Baby Boomers, Generation X (“Gen X”), and Generation Y (“Gen Y”) – working together to achieve business and organizational goals.

While this presents an exciting phase of growth and new opportunities for organizations, it also gives rise to a new set of challenges due to the different needs, values, priorities, perspectives, and work ethics among the different generations.

As the globalization of work and workers continues and teams become more and more diverse, becoming acutely aware of the cultural, experiential, skill-set and communication differences between generational groups is critical in order to connect with not only colleagues but also clients, customers, and other stakeholders.

Understanding generational differences and managing the expectations of the various age groups is not an easy task but one that can enable organizations to build a sustainable talent pipeline and leadership bench-strength as well as propel organizations into new dimensions of performance.

This paper is developed to help organizations and HR practitioners gain a deeper understanding of generational diversity in the workplace today.

Specifically, it explores the fundamental differences among employees across different age groups as well as highlights the benefits of leveraging and capitalizing on the value of generational diversity. It also presents strategies to overcome the challenges of generational diversity in the workplace.

What is generational diversity

Generational diversity in the workplace refers to the extent to which the workforce population of an organization represents, or is influenced by, people of different age groups available in the general workforce.

Each generation shares similar experiences growing up and views the world through their own generational experiences, influences and social values. Accordingly, each group has a different approach around work-life balance, employer loyalty, authority, and other important issues related to the organization, all of which have a significant impact in the workplace.

To be successful in maximizing the variety of needs, experiences, values, and approaches based on generation, and develop effective strategies as organizations continue to grow, the first step is to understand the differences among the generations.

Table 1 provides a summary of the different principles, priorities, and perspectives across the four major generations, three of which will be discussed in this paper.

Table 1 – The Multi-Generational Workforce

| | Silent Generation (1922-1945) | Baby Boomers (1946-1960) | Gen X (1961-1980) | Gen Y (1981-2000) |
|----------------------|---|---|---|--|
| Defining moments | <ul style="list-style-type: none"> - Stable families - Rise of labor unions - Rural life Radio - Silver screen (movies) | <ul style="list-style-type: none"> - Political assassinations - Prosperity, suburban living - Television - Cold War/nuclear threats - Rights for minorities and immigrants - Women's rights | <ul style="list-style-type: none"> - Economic stagnation - Increasing poverty - Divorce, working mothers - Increasing racial and ethnic diversity - Computers - AIDS - MTV | <ul style="list-style-type: none"> - TV talk shows - Economic prosperity - Multiculturalism - School violence - Internet & unprecedented mobility |
| Values | <ul style="list-style-type: none"> - Adherence to rules - Dedication and sacrifice - Hard work - Law and order - Respect for authority - Patience and conformity - Delayed rewards | <ul style="list-style-type: none"> - Personal growth and social involvement - Optimism and team orientation - Personal gratification - Health and wellness | <ul style="list-style-type: none"> - Self-reliance and pragmatism - Common sense/ simplicity - Diversity, global thinking - Balance - Technoliteracy - Fun, informality, cynicism | <ul style="list-style-type: none"> - Sociability - Morality - Optimism - Civic duty - Confidence - Achievement |
| Work is... | An obligation | An adventure | A challenge | Fulfillment |
| Interactive style | Individual | Teams | Entrepreneurial | Participative |
| Rewarded by... | A job well done | A title | Freedom | Meaningful work |
| Work and family life | Kept separate | Unbalanced | Balanced | Balanced |
| Loyal to... | The company | The company and self | People | Self and a professional advocate |
| Time and work | Traditional 9-5 work hours | Emphasis on face-to-face time with upper management | Hours don't matter as long as work gets done | Uses technology to challenge traditional schedule |

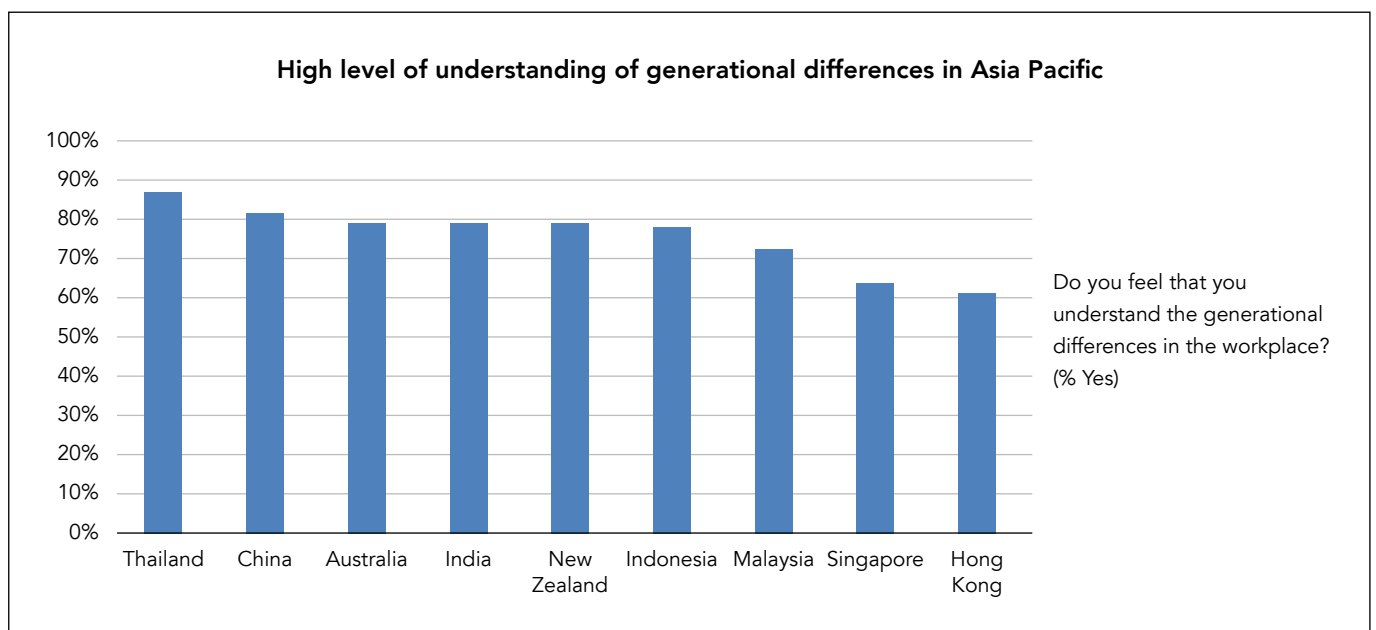
Source: Kelly Services



The latest findings of the Kelly Global Workforce Index, which examines the impact of generational differences in the workforce, show that there is a high level of understanding of generational differences in Asia Pacific.

This perception is also higher among Baby Boomers (83%) and Gen X (81%) than Gen Y (73%) in Asia Pacific.

The survey obtained the views of nearly 100,000 people in 30 countries including more than 28,000 in Asia Pacific.



Why is generational diversity important and relevant in the workplace

The benefits of generational diversity in the workplace are numerous. For organizations whose goals are to seek growth and sustainability in the long term, leveraging and capitalizing on the value of generational diversity in the workplace can contribute to:

- Improved talent attraction, retention and engagement
- Increased competitive advantage that keeps customers loyal
- Enhanced workplace productivity
- An expanded view of succession planning and building leadership bench strength

Improved talent attraction, retention and engagement

As the speed and scope of globalization increases, understanding generational diversity and creating more age diverse and flexible teams will broaden the pipeline of talent and remove organizations from attracting talent from the same small pool, which ultimately drives up pricing but not necessarily the quality of the skills set needed.

With Baby Boomers beginning to retire, current strategies on recruitment and retention to fill the positions left by the departing employees will no longer be sufficient to fill the vacuum in knowledge, experience and management. The focus will shift to the important learning that occurs through cross-generational teamwork and mentoring.

In addition, organizations have to learn how to attract and keep the next generation of Gen Y employees. Besides looking for opportunities to be connected with the impact of the work that they are involved in, Gen Y value the chance to work with a diversity of people, of cultures, ideas, perspectives, backgrounds and identities.

The risk of not managing generational diversity can be misunderstanding between members of the workforce, leading to conflict and disengagement. However, if well managed, generational interaction can foster teamwork, creativity and innovation.

Increased competitive advantage that keeps customers loyal

Leveraging generational workplace diversity is increasingly seen as a vital strategic resource for creating competitive advantage.

While differences exist among the generations at work, it is more beneficial to look at them as possible sources of synergy.

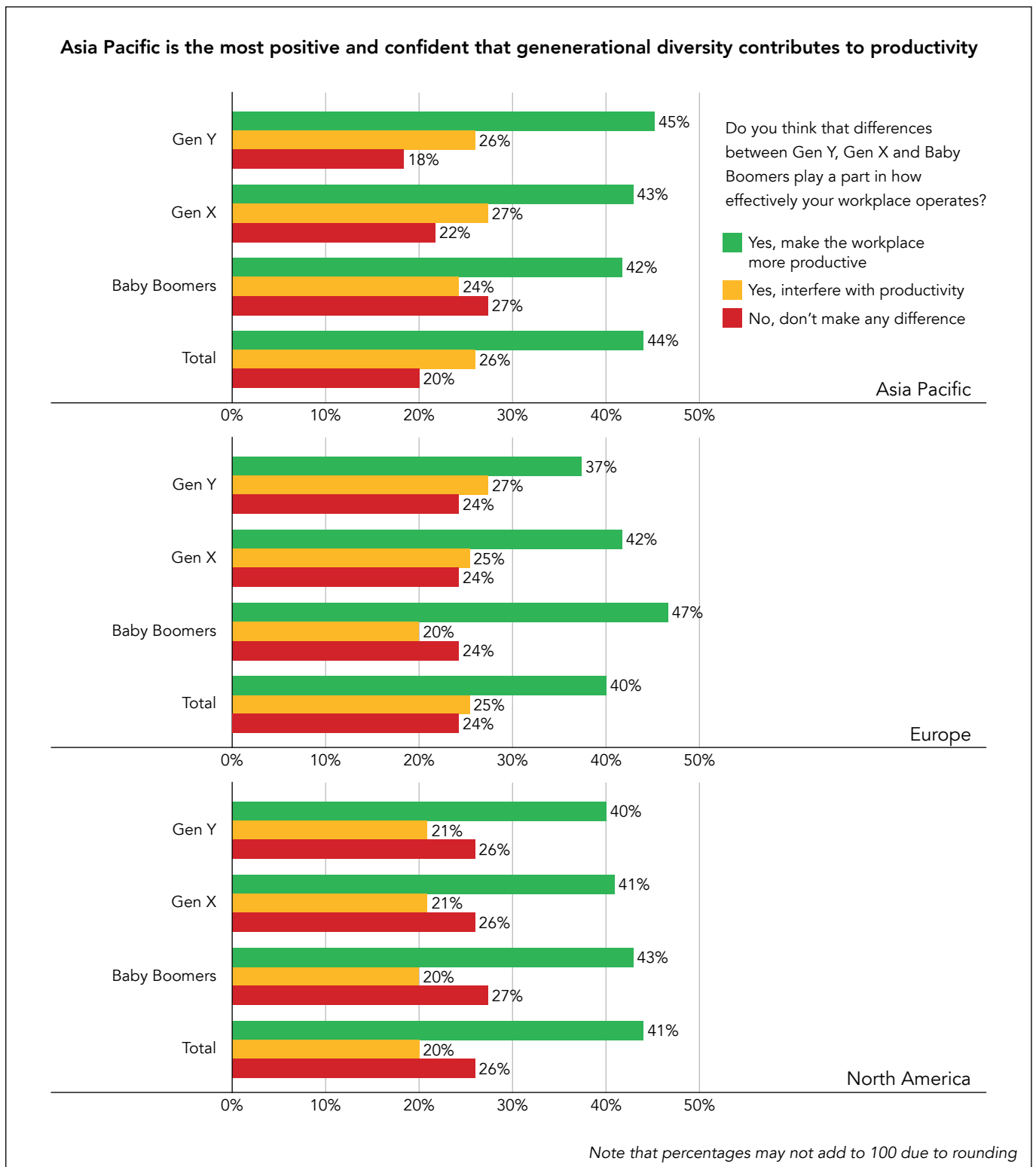
By identifying each generation's strengths and recognizing the contributions that each generation can make to the workplace, organizations and leaders will be better able to motivate and develop a talented workforce and achieve a distinct advantage over their competitors.

Similar to the workforce, the client base of many organizations is also becoming more diverse in terms of culture, gender, personality and age. Organizations that are able to speak the language of today's global and multinational clients will enjoy an advantage over those that are unable to.

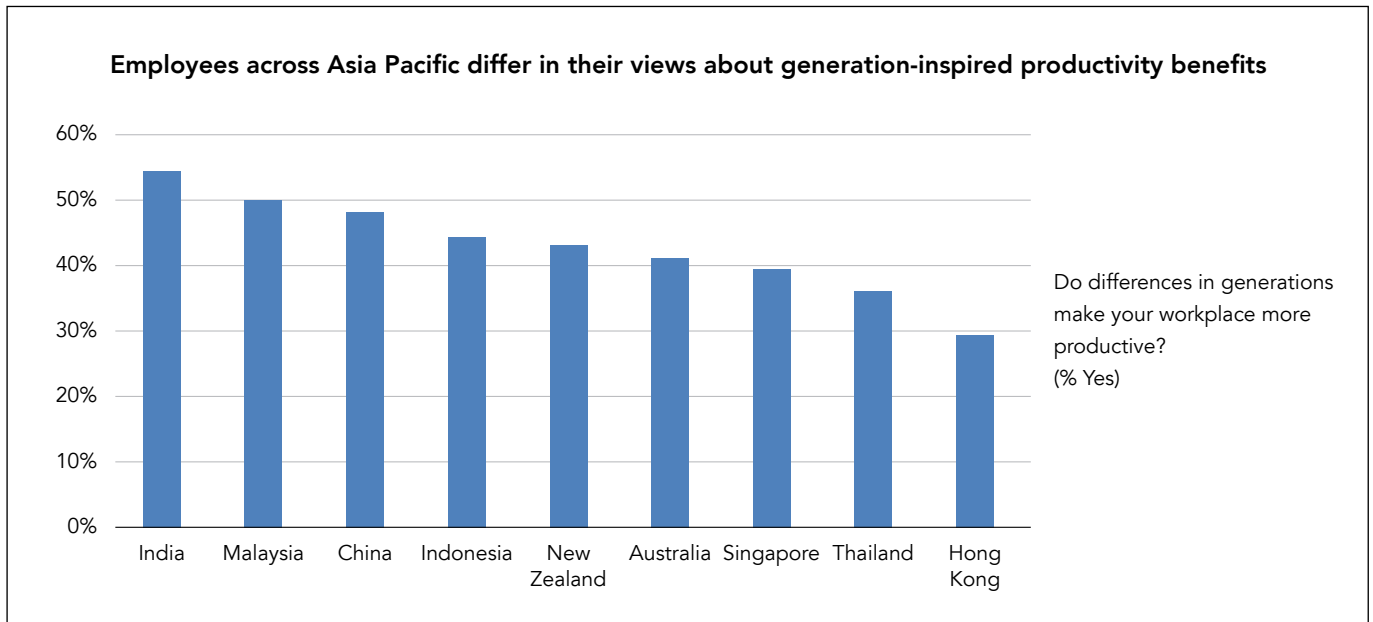
Enhanced workplace productivity

The rich diversity of generational perspectives, when valued, nurtured, and integrated, can lead to a more robust and adaptable work environment as well as spur teams to new heights of productivity.

According to findings in the Kelly Global Workforce Index, the Asia Pacific region has the world's most positive view about generational diversity with 44% confident that it contributes to workplace productivity. Among this group, members of Gen Y are notably optimistic.



There is also a good deal of variation in how individual countries view the generation-inspired productivity benefits. There are large perceived benefits in countries such as India, Malaysia and China.



An expanded view of succession planning and building leadership bench strength

In an increasingly global marketplace, organizations need succession plans that create a more diverse and flexible management team, even when doing so creates change and disruption.

Organizations whose leaders and people all look, think, and behave alike in lockstep progression will find their talent pipeline shrinking dramatically.

On the other hand, succession plans that introduce a variety of viewpoints, work styles and generations are critical for success in the global marketplace.

In addition, the face of leadership is also changing. Many globally emerging leaders are female, more often Asian, and increasingly younger.

New leaders – especially those from Gen X and Gen Y – will bring with them new ideas and values into organizations. Moreover, the dynamics in the relationship between employees and their leaders is likely to change from hierarchical to one that is more flexible and passion-driven.

Challenges of generational diversity in the workplace

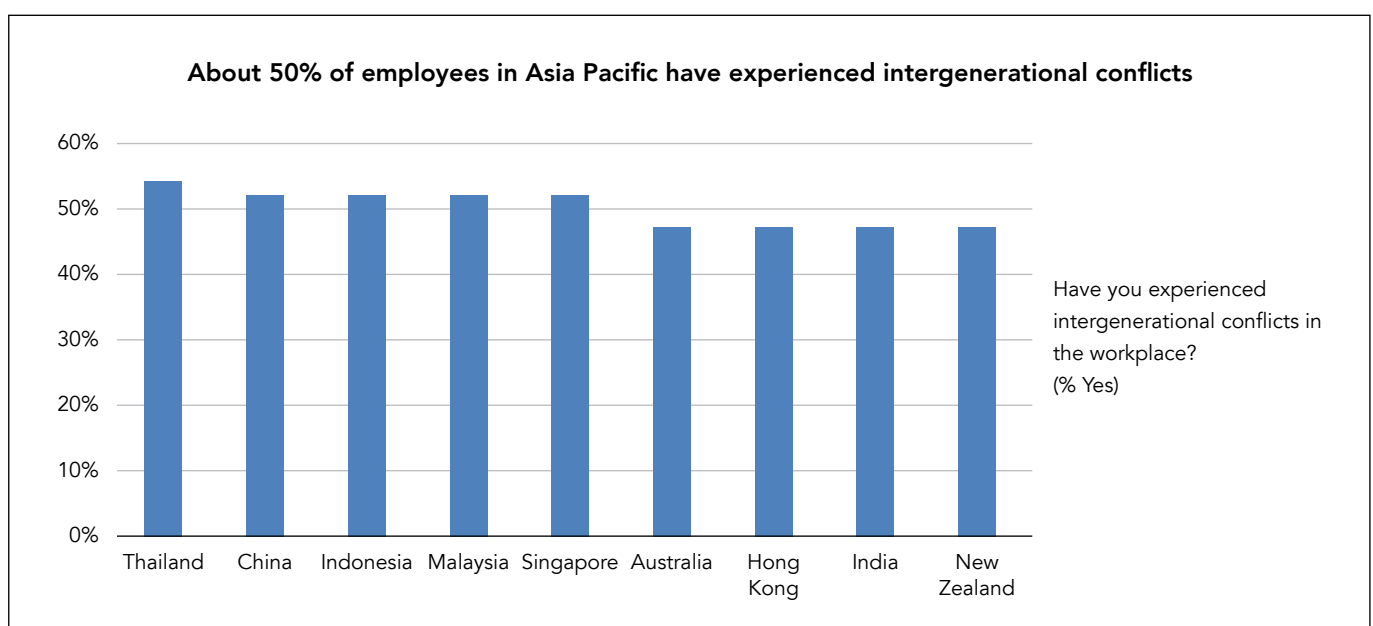


Generational diversity brings an array of benefits and perspectives to the workplace. However, working within multigenerational relationships can also generate workplace challenges because of different needs and expectations.

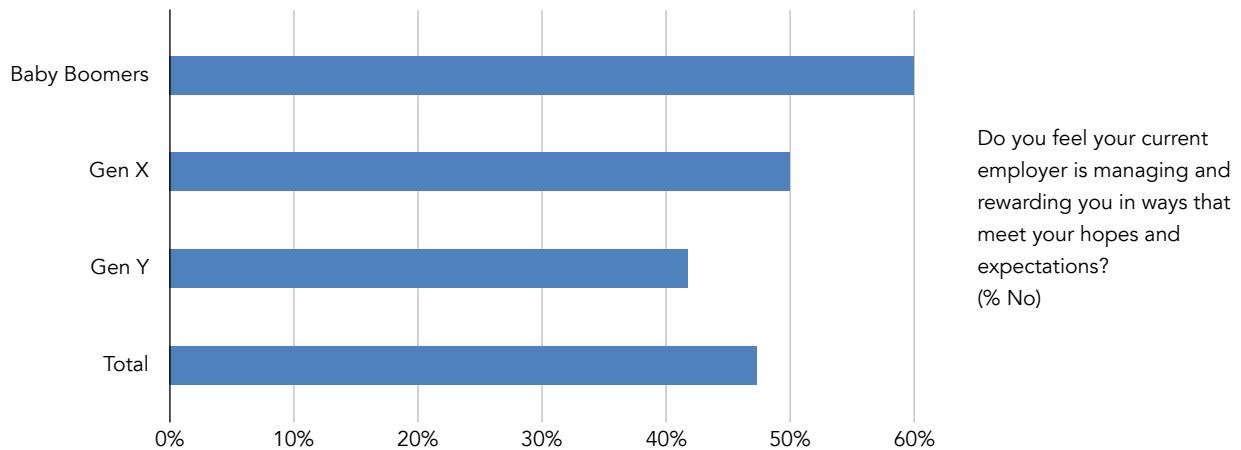
Intergenerational conflict in the workplace

Although there is a high level of understanding about generational differences in the workplace, almost 50% of employees in Asia Pacific acknowledged that intergenerational differences can lead to serious conflicts in the workplace.

This is a cause for concern as conflicts in the workplace can have a negative effect on productivity and workforce morale, both of which are closely linked.



Baby Boomers and Gen X in Asia Pacific feel strongly that they have not been rewarded according to their expectations



Different reward expectations among the generations

Even though employee reward and recognition programs have become increasingly prominent in driving productivity, 47% of the Kelly Global Workforce Index respondents in Asia Pacific express that they have not been rewarded according to their hopes and expectations. This escalates with age, from 42% of Gen Y, to 50% of Gen X, and 60% of Baby Boomers.

Organizations should take a closer look at reward and recognition policies to make sure they track as much as possible with the unique values and expectations of the different generations. The starting point is to appreciate that there are genuine differences in the way different generations value work and expect to be rewarded.

Organizational and hierarchical barriers

In spite of the specific strengths and contributions that generational members can bring to organizations, the hierarchical structure of some organizations might not allow for such flexibility. Organizations based in hierarchical societies often struggle with the idea of abandoning the traditional corporate ladder in favour of generational diversity in the workplace.

However, such mindsets are being challenged today as organizations compete for a limited pool of talent. Leaders need to rethink their organization's growth strategy in order to ensure that the next generation of leaders have a consolidation of new, broader perspectives and ideas that will add more value to the organization's bottom line.

Gen Y, idealism and high mobility

The Gen Y group in the workforce is in a unique position, having experienced extended periods of boom time, high productivity, and prosperity in the marketplace instead of hardships and economic crises.

While under-40 potentials are known to be fully engaged and passionate with their work, members of Gen Y are not as keen to wait 'their turn' on the corporate ladder. Instead, they will create and find their own opportunities elsewhere. Hence, organizations must be able to create 'different company' experiences for high potential employees and more career development opportunities for them to experience new contexts.

Managing generational diversity in the workplace

Managing and responding to generational differences and challenges requires the same skills needed to deal with other diversity issues. This would include moving beyond superficial awareness, adapting communication styles, and effectively managing different needs and expectations.

Move beyond superficial awareness

Organizations need to move beyond a superficial awareness of the generational gap, and seek actions that attract and embrace the next generation. Members of Gen Y are not easily forced into the confines of pre-existing programmes. Instead, leaders must develop initiatives that embrace new employees, and train them on the values and expectations of the organization.

It is equally important to listen to the ambitions and ideas of employees, and attempt to adapt their expectations to their work environment. If done well, the different generations will self-organize around issues, and create innovative ways to extend their contributions.

Agree on a common set of goals and objectives

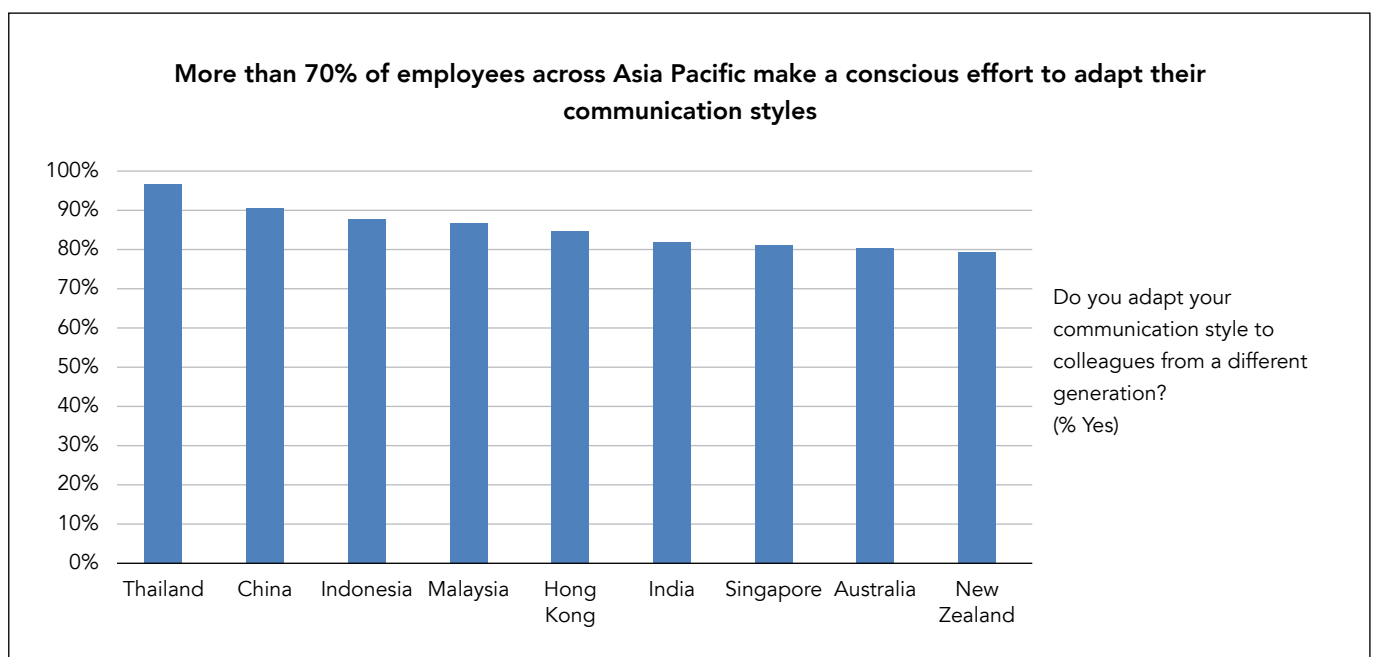
Organizations and leaders should create awareness and communicate a common set of vision, mission, goals and objectives which allows everyone in the organization to understand exactly where their role and responsibilities fit within.

A workforce that embraces inclusiveness, instead of tolerating generational differences, will tend to achieve higher productivity, and hence increased revenue.

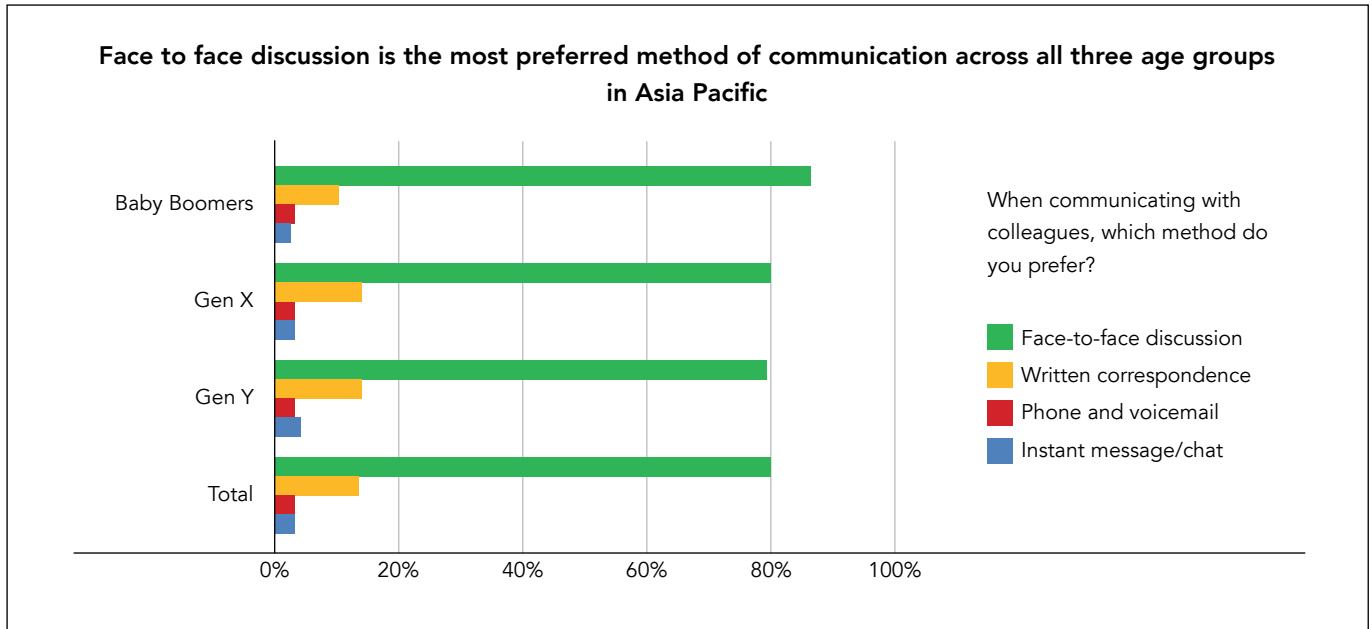
Adapt communication styles

Managing “generational diversity” is only partly about knowledge; it is mostly about communication. It is the process of asking and engaging in more effective conversations within an organization as well as with clients that will help to piece the generational puzzle together.

More than 70% of employees across Asia Pacific are making a conscious effort to adapt their communication styles to colleagues from a different generation.



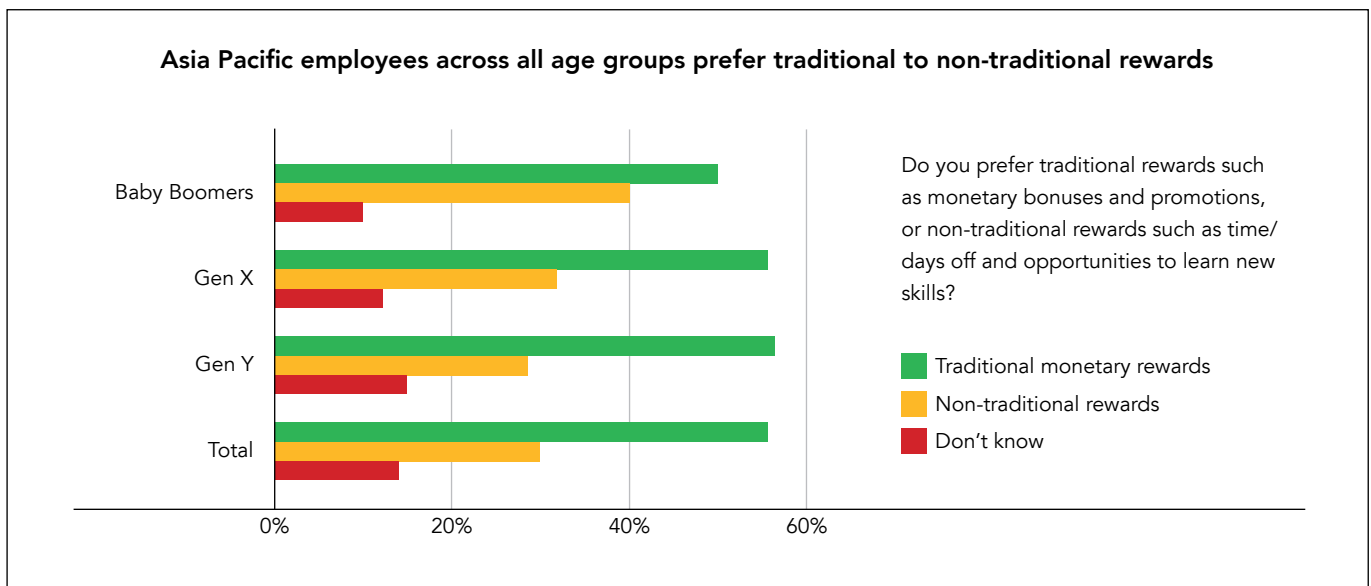
In addition, face-to-face communication is the most preferred method of communication across all three age groups in Asia Pacific, despite the availability of instant messaging and email platforms.



Review compensation and benefits structure

Organizations that once embraced a “one size fits all” approach to rewards must shift gears as they consider the options provided to each generation of employees. Benefits in the areas of money and non-monetary incentives are viewed quite differently by employees of different generations.

For example, Asia Pacific employees across all age groups clearly indicate that they prefer traditional rewards such as monetary bonuses and promotions to non-monetary incentives such as time/days off and opportunities to learn new skills. Gen Y and Gen X are more likely to favour traditional rewards than Baby Boomers.



Develop future leaders with a multi-generational and inclusive perspective

Leaders in even the most traditional organizations need to make room in their talent pipeline for successors who are not like themselves. In some organizations, building and nurturing a multi-generational workforce which includes Baby Boomers, Gen X and Gen Y will be a critical challenge but it should be viewed as an opportunity to advance intergenerational diversity.

In addition, progressive organizations should look at building leadership bench strength made up of people who are adaptable, innovative, and able to transfer their skills effectively across borders and cultures – critical traits for success in the global marketplace.

Conclusion

Managing and leveraging generational diversity in the workplace is not the sole responsibility of human resources or senior management. Even though they may play a key role in designing, supporting, and deploying strategies and training to build a multi-generational workforce, developing an atmosphere of diversity must rest on the shoulders of everyone in the organization.

Now, more than ever, putting diversity to work in the workplace should be a common goal of employers and employees. Successful organizations that seek to understand each generational group and accommodate generational differences so as to capitalize on generational differences in attitudes, values, and behaviors at work will build a viable leadership bench strength and talent pipeline for growth and sustainability.

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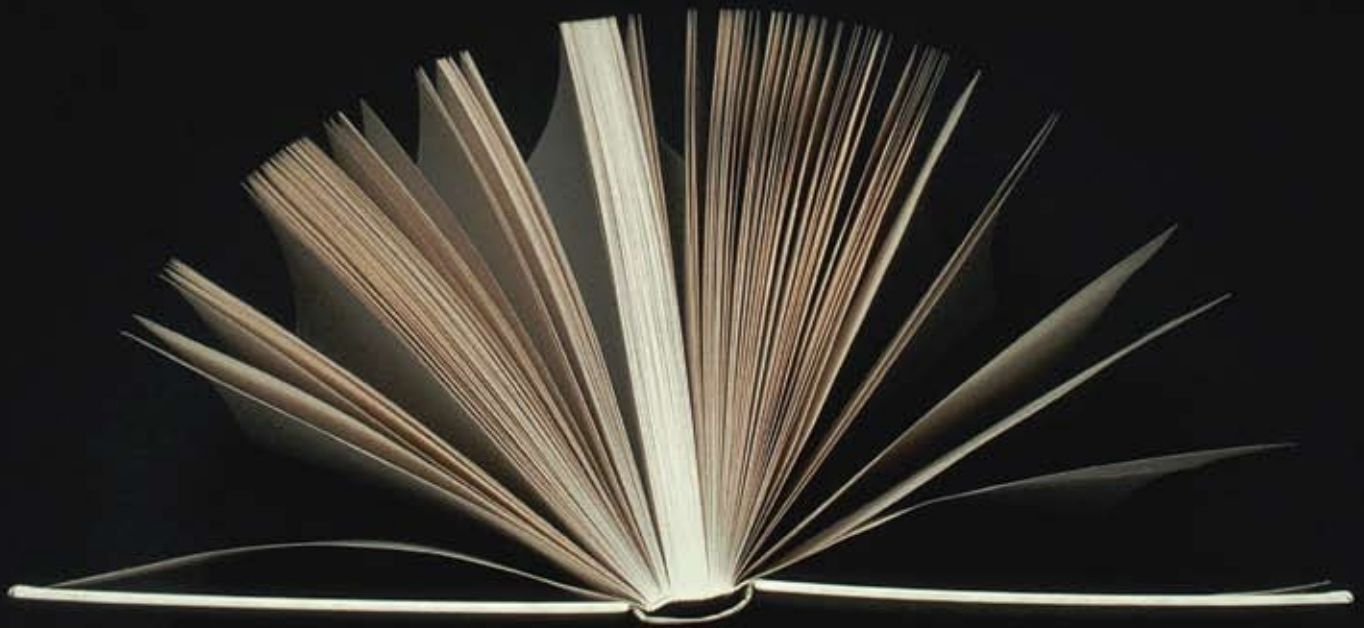
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