Talking About Whose Generation?

Why Western generational models can't account for a global workforce

BY DAVID HOLE, LE ZHONG AND JEFF SCHWARTZ

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It is 8 PM in Shanghai, and Kan, a marketing manager for a large global retailer has just gotten off of another call with a headhunter. “I like this company. I’m rewarded as a top performer and being considered for a promotion,” he thought. “But my creativity and drive for taking the business to the next level are simply not appreciated here. My bosses are nice but old-fashioned, too conservative to promote my best ideas or work with Global to implement them. I know they see this as a safe approach, but my former colleagues who took my ideas to other firms have been hugely successful.” He stepped back into his office and looked at the pile of files on his desk. “Should I stay and be comfortable or look somewhere else for a more fulfilling future? I’m only 29 – lots of opportunities. I know others on my team feel the same way. Maybe some of them would love the idea of going to a new company with me.”
Meanwhile, the Beijing-based head of R&D for a global pharmaceutical company is contemplating her talent challenge. “We are so strong in developing new talent; our programs are second to none, and that is my problem. People come to us, scientists and medical professionals straight out of university, because we have a reputation for professional development. They stay with us for two years, and then they are off. I am the finishing school for our competitors.” She explains that while the U.S. parent company has the development process nailed, they are failing to deliver retention strategies that have resonance to young professionals in China.

Each generation that enters the workforce introduces a unique set of motivations and strengths to the workplace. A successful talent strategy can hinge on an organization’s understanding of what makes its employees tick in the same way that broader business strategy relies on an understanding of differences between its myriad customer groups. Differences between generations can affect the way organizations recruit and build teams, deal with change, motivate and manage people, and boost productivity and service effectiveness. But despite their best efforts to shed false assumptions about a homogeneous workforce, global companies often oversimplify their talent strategies. They ground decisions in an incomplete picture of their global workforces by assuming the same generations exist across the countries where they operate. The characteristics of generational cohorts in the Western countries where talent strategies originate do not necessarily address the core aspirations and drivers of behaviors in other parts of the world. Gaining a more complete picture of a talent pool requires companies to understand the generational composition of their entire global workforce.

Throughout the West, organizations tend to divide their workforces into three generational groupings: Baby Boomers (born between 1943 and 1964), Generation X (born between 1965 and 1980) and Generation Y (born between 1981 and 2001). Each group tends to have predominant, common traits. For example, Boomers are commonly defined as demonstrating a strong work ethic and expecting hard work to be rewarded; Generation X as tending to favor work-life balance and flexibility; and Generation Y as embracing social technology and diversity. Organizations can bolster their talent management approaches by determining recruitment, retention and development strategies that cater to the various needs of each generation.

But perhaps these divisions aren’t as straightforward as they appear. After all,
why should the same generational lines and cultural norms apply to workforces that exist in otherwise disparate countries, histories and cultures? In and of themselves, the definitions that drive talent strategies are too broad. Consider, for example, the application of these generational divisions in the United Kingdom. At the tail end of the Boomer generation are the so-called “Thatcher’s Children” who entered higher education or the workforce at the outset of the market liberalization. Are they really likely to share the same attitudes as those who were born, raised and employed under societal conditions informed by the post-War socialist consensus? Likewise in France, the student riots and the general strike of 1968 profoundly influenced the world views and aspirations of those of college age (the “soixante-huitards”).

These two examples raise an important question about the generally accepted Western business view of generational differences: even assuming that the designations of Boomers, Gen X and Gen Y are useful across North America and Europe, the socioeconomic and political events that drove societal transformation—and hence, influenced attitudes—were significantly different.

If the Western definition of generations is so broadly stated, then how useful are these definitions in driving business related people strategies on a global basis? Companies that merely transplant U.S.-centric notions of Boomers, Gen X and Gen Y tend to average out similarities between generations across geographies and thereby lose sight of significant differences in a business setting. Claiming that “millennials are millennials” wherever they are in the world is tantamount to blithely saying that “customers are customers” the world over.

Global businesses need to shed the tendency to average out generational differences in favor of a more complex and complete picture of their workforces. Does the fact that professionals in New York, London and Beijing display similar outward material characteristics reflect a convergence in the aspirations, ambitions, values and attitudes that drive talent strategies? Put simply, does the fact that workers from New York, London and Beijing walk the city streets listening to their music of choice, wearing designer jeans and drinking lattes indicate anything deeper than the outward appearance of convergent characteristics between contemporary generations across the globe? Can we assume similarities in the ways they make career decisions or perform their jobs?

Much of the literature on these issues oversimplifies and overstates the extent

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and depth of generational convergence. While the concept of generational differences is universal, how those generations are defined remains specific to a given society. As a consequence, a workforce’s ambitions, aspirations and behaviors manifest themselves in the labor market and the workplace. This should be of interest to all business leaders who seek to enter a market, build global business operations or maximize the productivity of a workforce across national borders.

1945 AND ALL THAT

Let’s start with an observation that is at once obvious and overlooked by most Western framers of the concept of the three generations (Boomer, X and Y). Year Zero for baselining the modern era is not universally held to be 1945. That may be true in North America, across Europe, in Japan and the original British Commonwealth, but it is certainly not true elsewhere. This is important because generational differences in any society are shaped by the political, socioeconomic and cultural events that have a transformative impact on the body politic. If the defining seismic event that heralds the modern era varies from country to country, then by extension, the definition of generations starts from the principle of variable geometry. Figure 1 illustrates how this variability plays out across selected geographies.

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The four powerhouse economies of Asia—China, India, Japan and South Korea—can be used to illustrate the way generational differences play out in the workforce. For business leaders to make sense of the generational differences in each country, it is essential to start with a brief overview of the defining political and socioeconomic events that shaped generational attitudes.

The defining date of the modern era for China was the foundation of the People’s Republic in 1949. This was followed by almost 30 years of economic and political turmoil that had a significant impact on the attitudes, aspirations and fears of the population.

From the economic catastrophe of the “Great Leap Forward” in 1960 through the Cultural Revolution that lasted until 1976, values in China were based purely on communism and Maoism. This changed gradually and significantly with the economic reforms launched by Deng Xiaoping in 1978. Since then, China has experienced nearly continuous growth and relative market liberalization. Beneath these headlines, however, are other significant social and political developments.

China’s adoption of the One-Child Policy in 1980 radically impacted the traditional family structure in many unforeseen ways and resulted in a generation that grew up in a family environment of high expectations and minimal competition for attention.

In 1998, another round of economic reform was introduced by Premier Zhu Rongji, which led to a restructuring of State Owned Enterprises (SOEs) that trimmed the workforce by 20 percent nationally and phased out state-provided free housing and healthcare to all workers. Around the same time, college graduates acquired the right to choose their own jobs, and multinational corporations (MNCs) started recruiting on Chinese campuses.

This history of accelerated and, at times, cataclysmic change profoundly influences the definition and characteristics of generations in the workplace. Due to the accelerated cultural and economic transformation, each decade introduced a generational cohort with distinct characteristics. As a result, the U.S.-centric model of Boomer, Gen X and Gen Y is meaningless in a Chinese context. Instead, four distinct generational groupings currently co-exist in the workplace: post-’50, post-’60, post-’70 and post-’80 generations. The characteristics of each generation and the manifestation of the differences between them in the workplace is a hot topic that sparks discussions across Chinese magazines, newspapers, websites and MBA seminars.

Consider, for example, just two of the four groupings: the post-’70 and post-’80 generations. The post-’70 generation (born between 1970 and 1979) is more West-
ern in outlook than preceding genera-
tions, reflecting the fact that it includes
the first college graduates who chose
their own careers and benefited from on-
campus recruiting from multinational
companies. It also was the first genera-
tion that stopped receiving free housing
from employers. Meanwhile it is also the
last generation raised in a collective fam-
ily and educational environment; mem-
bers of this cohort are typically willing
to sacrifice self-interest for the greater
good of the collective group.

In comparison, the post-‘80 genera-
tion (born between 1980 and 1989) is
the first generation of single children to
emerge after the introduction of the One
Child Policy in 1980. As a group, they
have a reputation of being individualis-
tic and confident but also self-centered
and rebellious. Compared to preceding
generations, they are regarded as innova-
tive, open-minded toward new ideas and
approaches.

The collectivist post-‘70 generation
in China’s workplace is often faced with the challenge of managing the individual-
istic post-‘80 generation. In this context, post-‘70 managers have found that, unlike
themselves, their post-‘80 subordinates typically have little respect for authority,
actively seek to manage their own careers instead of having faith in the organiza-
tion’s system, and are far more likely to leave their job if the environment does not
satisfy them. Furthermore, a recent survey shows that the ‘80s generation considers
the ‘70s generation to be overly conservative, lacking in creativity and reserved to
the point of appearing fake. These generational differences introduce new chal-
lenges pertaining to talent management, and companies are facing unprecedented
attrition rates among their post-‘80 talent. While Western talent management
best practices will be helpful in addressing many of these issues, it is essential to
understand a country’s unique local dynamics. As the head of commercial develop-
ment for a leading MNC noted, “We need to get smarter in recognizing that one
size fits all doesn’t work for my talent needs. To recruit, retain and get the best out

AFRICA EMERGING

The leading economy in Africa is that
of South Africa, a country that has gone
through tumultuous change, from the
establishment of apartheid by the nationalist
government in 1948, the Sharpeville Mas-
sacre, and the 1976 Soweto Uprising to the
constitutional changes of the early 1990s
and the first democratic election under
universal suffrage.

This emergence from the apartheid era had
an impact on the composition of the work-
force and the attitudes of those participat-
ing. One of the byproducts of apartheid was
an employment environment in the public
sector that gave preference to white South
Africans in certain areas. As South Africa en-
tered the democratic era, affirmative action
was introduced to hold companies to strict
employment quotas aimed at making the
workforce more reflective of the population
as a whole.

As a result, the South African Gen X tends
to be more entrepreneurial, displaying
skepticism of corporations and hierarchy
while looking for an outputs-driven work-
place. Gen Y, meanwhile, has no memory
of apartheid and seeks a relaxed, informal
workplace that differs from the command
structure that shaped the boomers.
of sales and marketing professionals I need Corporate to acknowledge that ‘think global, act local’ should translate into ‘plan local and connect global’. Not only do my young professionals not think like the Americans at Corporate – they don’t think like me!” Reflecting the sentiment behind that observation, global companies such as Motorola, P&G, Unilever and IBM are already considering ways to address the needs of the new generation of workers in China.

Generational differences in China are unique among its Asian neighbors in addition to their stark contrast to the Boomer-X-Y model that permeates the United States. Japan’s post-war history includes the upheaval of student activism throughout the 1960s, the economic impact of oil crises in 1973 and 1978, and the bubble economy of 1986–1991. This was followed by an “Employment Ice Age” that lasted from 1993 until 1999. Changes to the education system in the 1980s have also created divergence between generations.

As Figure 1 illustrates, shifting social sands in Japan since the end of World War II resulted in seven discrete generational cohorts that cannot be aligned with the Boomers, Gen X and Gen Y, their contemporaries in the West. The Shinjinrui Generation (1961-1970) also known as the “Bubble Generation” spent its adolescence in the bubble economy of the 1980s. The first generation to show clear signs of individualism, members of this cohort benefited from a shortage of skilled labor and tended to move quickly up the corporate ladder, often lacking the requisite leadership skills for the positions they held. Their children, the aptly named Shinjinrui Junior Generation, meanwhile were born toward the end of the bubble economy (1986-1995). Also known as Generation Z, their attitudes toward employment were shaped by their parents’ struggle with recession. As a result, they typically demonstrate a clear bias toward stable corporate jobs and have benefited from opportunities created by economic recovery and the retirement of the first Baby Boomers.

The most recent entrants to the workforce—the Yutori—will be of particular interest to employers in Japan as they adapt to the workplace. The product of a more liberal education due to Yutori education reforms, they are perceived to lack the focus and discipline of earlier generations. Within the workplace, they typically demonstrate greater individualism that can be a source of friction with older generations brought up to accept group thinking. While technically competent, many believe that the Yutori need more coaching and guidance.
Meanwhile the years that followed the Korean War were filled with tumultuous change, including a military coup in 1961 that heralded nearly three decades of autocratic rule in South Korea. At the same time, a focus on exports and the role of the Chaebol conglomerates resulted in rapid economic growth until the 1980s. The transition to representative democracy in 1998, coupled with the fallout from the IMF crisis nine years later, has further altered the attitudes of the younger generation.

For South Korea, the 475 Generation—so titled in the 1990s to denote those who were in their 40s, went to University in the 1970s and were born in the 1950s, thus 4-7-5—was the backbone of the corporate workforce during a period of rapid economic growth. Shaped by the deprivations that followed the Korean War, this generations’ workers value hierarchy, tenure and responsibility and now constitute the leadership of many corporations. Their successors, comprising the 386 Generation—in their 30s, attended University in the 1980s and born in the 1960s—were the first to come of age during this period of rapid growth and prosperity. That comfort, in turn, led to challenges of more traditional values as part of a general reaction to the autocratic regime that culminated in 1998.

Interestingly, their successors grew up in a booming economy, with the exception of the IMF crisis. They are characterized as being somewhat spoiled but tend to have more center-right leaning views than the 386 Generation. They are, however, usually more selective about their careers and far more likely than the 475 to switch employers. As a result, companies in South Korea have to adopt creative new talent strategies.

From an economic perspective, outward similarities between India and China abound. Over the last two decades, both countries experienced significant growth and benefited from globalization. In reality, these two countries house profound differences, so looking for similar traits within generational groups is an exercise best approached with a degree of caution.

The defining moment for India in the second half of the Twentieth Century was Independence from British rule in 1947. While the Chinese post-war experience was one of authoritarian rule under the CCP, India maintained the institutions of democracy and a legal system that protected individual rights. Due to the comparative stability of steady economic progress, those who entered the workforce in the first 30 years of independence gravitated to companies associated with manufacturing, public investment and infrastructure development. This generation of “Traditionals” typically aspires to lifetime employment and offers a high degree of loyalty to their employers in return. Favoring a cash-low, benefits-heavy rewards model, the Traditionals favor promotion based on tenure.

Members of the succeeding “Non-Traditional” generation experienced the
impact of market liberalization very early in their careers and benefited from the initial boom in outsourcing. As a consequence, they are often more entrepreneurial than the Traditionals and favor career progression based on merit rather than tenure. The economic boom presented an explosion in opportunities that has resulted in rapid career advancement, a decrease in loyalty to employers and increased demand for wage inflation. As one senior executive of a technology company explained: “Even with the recent shocks to the economy, it is pointless to have corporate HR in the United States talk about retention strategies unless they can understand that I have to redefine my retention strategy every quarter. Things change that fast, and all these younger folks share full details of compensation. Nothing is secret.”

These trends of employee aspiration continued with the Indian Gen Ys who have fully embraced a career model of rotation between employers as they pursue career advancement. Furthermore, they typically value talent programs that speak to their development needs and opportunities for advancement and enrichment (for example, through opportunities to work globally).

NEW EUROPE AND GENERATION PU

The limits of the Western model of Boomer, Gen X and Gen Y are also evident in the former Soviet Union and satellite nations of Central and Eastern Europe. Sitting next door to Western European societies where the concept of three broadly defined generational groupings is widely accepted, countries that emerged from communist rule in 1989 have been through a sociopolitical and economic transformation that is unparalleled among their Western neighbors. In turn, this transformation had a profound impact on the attitudes and aspirations of the workforce.

In Russia, the Boomers entered the workplace while the state controlled the economy. They tend to exhibit strong professional knowledge but often lack the business skills needed to succeed in a liberalized marketplace. Having lived with the reality of Soviet communism where standing out was unwelcome, this comparatively collectivist generation is less inclined to initiate and share ideas.
On the other hand, Russia’s Gen X entered the workforce at a time when society was in an apparent freefall as the oligarchs carved up the spoils of the former Soviet Union, people over extended themselves with loans and the country descended into hyperinflation. Into this frenzy came a new generation that was more interested in generating wealth than in developing a career. Rejecting the constraints of organizational loyalty, Gen Xers gravitated to roles where they could be their own boss, becoming self-taught on modern—but not necessarily the best—business techniques. Beginning in 1983, this group was followed by the first truly post-Soviet generation to enter the workforce under the presidency of Vladimir Putin, the so-called Generation Pu.

This group is far more focused on professional development than Gen X. Members of this generation typically demonstrate a willingness to sacrifice work-life balance early in their careers in exchange for quick advancement. Having less interest in self employment than Gen X, they tend to find opportunities presented by multinational corporations alluring. Interestingly, Generation Pu is uniquely nationalistic compared to its generational contemporaries in other countries. How this plays out is yet to be seen.

Similar trends emerged elsewhere in Central and Eastern Europe after the collapse of communism and the Soviet empire; but even here, generational nuances are as numerous as the histories that shaped these various countries. For example, the Boomers in the Czech Republic and Bulgaria are, like Russia’s, the product of post-war communism and embrace more collectivist working styles. However, the impact of the Prague Spring of 1968 and the Velvet Revolution of 1989 directly shaped the attitudes of the Czech Republic’s Gen X (also known as “Husak’s Children”). This generation is profoundly focused on compensation and career development opportunities. Meanwhile, Gen Y in the Czech Republic and their Bulgarian contemporaries, the Democracy Generation, are more inclined to seek work-life balance than their immediate predecessors. For Bulgaria’s Democracy Generation, openness to the opportunities created by globalization is a clear trait, and opportunities to work abroad are regarded as a standard part of career experience.
BRINGING IT ALL BACK HOME

Companies seeking to enhance their global success need to figure out how to maximize business performance in the geographies they choose to operate in. As they expand globally, they will encounter several salient challenges:

• Attracting talent (especially leadership) to successfully navigate the market.
• Maximizing the performance of local talent.
• Retaining employees in markets with high turnover rates.

There is “a tale of two mindsets” when it comes to understanding which employee groups are leaving and why they seek to leave. Furthermore, our research indicates that corporate leaders often fail to understand the non-financial priorities of their employees, such as the need for strong leadership, effective communication and career advancement opportunities, while the degree of importance younger employees place on these non-financial priorities varies across geographies.
This becomes especially important in the context of the existing gulf between employers and employees on talent priorities. There is “a tale of two mindsets” when it comes to understanding which employee groups are leaving and why they seek to leave. Furthermore, our research indicates that corporate leaders often fail to understand the non-financial priorities of their employees, such as the need for strong leadership, effective communication and career advancement opportunities, while the degree of importance younger employees place on these non-financial priorities varies across geographies.

As a consequence, although there is a growing recognition that in order for companies to build effective retention strategies they will need to tailor their tactics to account for generational differences, there remains the problem that many corporate leaders may be misreading the priorities among different generations, leading employers to offer the wrong incentives to the wrong employees.10

Effectively addressing these challenges begins with a more complete understanding of the local workforce, its various segments and what makes each group tick. Rather than standardizing talent management, companies should devise country-specific talent strategies with the involvement of local leaders who are as versed on the different aspirations of the generations that make up a workforce as they are on other aspects of their business. Such an understanding could help companies:

• Better address key issues for global expansion and enhance ROI on talent programs through the design of customized programs that speak directly to employees’ aspirations, ambitions and attitudes (based on the generational cohorts that comprise a given country).

• Enhance leadership capabilities for managing and collaborating across borders and generations, and thereby enhancing management effectiveness and business performance.

• Create competitive advantages by helping them stay current on expected workforce composition, employee benefits options and preferences, and other competitive offerings to determine the best plans to attract, retain and motivate top talent.

For those companies that embrace the concept of “plan locally, connect globally,” understanding and connecting with the aspirations of the demographic groups they are targeting can help them in their efforts to reduce cost and optimize performance on a global basis. The recognition that customers are a heterogeneous
bunch emerged as one of the important ideas for marketers in the last century. With increasing importance of talent as a competitive factor, the recognition that generations differ around the world may be one of the important strategic avenues for decades to come.

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Endnotes
1. From conversations with the authors: Beijing, March 2009
3. From conversations with the authors: Shanghai, March 2009
5. Translated from: President Online “Understanding Employees from Bubble Era” (2000, December 19)
7. Translated from: Weekly Diamond Online “Three Key Characteristics of the “Yutori Generation”” (2008) and Nikkei BP Online Associate “Yutori Generation is Coming to the Workplace” (2008, April 1)
8. From conversations with the authors: Hyderabad, November 2007