FIVE GENERATION JUGGLE

Harnessing the performance power of an age-diverse workforce

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DIVERSITY AND INCLUSION IN THE WORKPLACE:
THE TOP CHALLENGES FACING AGE-DIVERSE
WORKFORCES AND HOW TO UNLOCK THE REWARDS

What are the top challenges facing age-diverse workforces and how do organisations unlock the rewards?

An "age-diverse" workplace isn't one that just embraces older workers as our average age of retirement slowly rises. In fact, many workplaces already have five generations working side by side. The Australian government's recently launched 2015 Intergenerational Report calls for employers to respond to an aging population by embracing an older workforce, or "grey army"[1]. With Australia's population predicted to reach nearly 40 million by 2055[2] , 25% of people will be over the age of 65 and likely to work longer and delay retirement.

Central to improving the economy, the Intergenerational Report encourages employers to:

• consider older workers,

• improve gender diversity with a focus on flexibility and childcare, and to

• promote anti-discrimination to protect these groups[3].

Whilst the aging workforce is not a new concept, many of the challenges that come with an age-diverse workforce are impacting organisations now. Politicians are asking for increased jobs participation in the absence of actual jobs and unemployment remains high at 6% as per May 2015[4].

Increasingly, older people are interested in delaying retirement or returning to the workforce after being in retirement; older women's low superannuation is biting the "sandwich generation" (those with both young and elderly dependents); young people are facing rising study debts; and temporary contracts are becoming the norm. It is of little wonder that these pressures are fuelling competition in the workplace between generations, and in some cases contributing to workplace stress or rocky team relationships.

The 5 Generation Juggle

For the first time in history an organisation will have employees whose ages span across five generations. Theorists vary widely in their cohort boundaries but generally these age groups are referenced as:

o Traditionalists, aged 70 and over,

o Baby-boomers, aged 50-70,

o Gen X, aged 35-50,

o Millennials/Gen Y, aged 20-35

o Gen Z, aged under 20 and are the youngest entering the workplace today.

Whilst age is only one factor that shapes an employees preferences or working habits, organisations are facing challenges managing up to five generations simultaneously in the workplace.

THE INTERGENERATIONAL REPORT ENCOURAGES EMPLOYERS TO:

❶ **Consider older workers**

❷ **Improve gender diversity**

❸ **Promote anti-discrimination**

🔍 **With a special focus on flexibility and childcare to help protect these groups.**

Key Challenges

• **Competition between the generations** - either perceived or real, can occur between generations over roles and careers. It can be those wanting to start or grow their careers and employees wanting to hold on and not be pushed into retirement. This challenge relates to power imbalances and disputes over scarcity of resources – between people in possession of opportunity and those at risk of, or perceiving a risk of losing an opportunity. It can lead to low morale, underperformance and increases in legal and financial costs when individuals and good working relationships unravel.

• **Maintaining performance** – businesses failing to develop targeted responses to common issues facing generational cohorts risk higher levels of turnover and disengagement. For younger workers, this can equal a quick departure for more flexible work or better development opportunities. For older workers, if there is no transition to retirement plan it can lead to gaps in skills, knowledge and leadership for the business, as well

as a breakdown of long term client relationships. Failing to deal with the threats to business performance and continuity also risks negative effects for the end user or customer. This could include poor student outcomes in the classroom, longer patient recovery times in a hospital and low customer satisfaction, loyalty and advocacy.

• **Leveraging difference** - Without a framework for embracing differences, any strong views can quickly collapse into conflict and dis-engagement. When diversity work is coupled with inclusion work, everyone's differences ideally become complementary, celebrated, robustly put to work and start benefitting and engaging not just the individual, but the organisation or the community they serve.

Benefits of embracing the age-diverse workforce

Decades of research support the argument that diverse and inclusive workplaces gain clear performance benefits. These benefits include higher morale, creative problem solving ability and satisfied employees who feel they can 'bring all of themselves to work'. Organisations frequently report gaining an improved public image, more satisfied customers, reduced turnover and intent to leave, less absenteeism and increased sales and market-share[5678]. Age-diverse and inclusive workforces also note greater innovation, customer service and increased knowledge sharing[9].

Specifically, where organisations implement HR strategies to retain older and more experienced staff businesses can:

• reduce the costs of replacing key employees;

• maintain the quality of products or service while older workers depart the workplace;

• leverage the opportunity of staff leaving to improve performance over time; and

• demonstrate respect and genuine care for staff.

When managing staff close to retirement, the savings that can be made in extending experienced staff members tenure versus the cost of earlier replacement, training and loss of corporate knowledge is substantial and worth calculating for the business.

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Snapshot of the 5 generations

Research on the generations generally bunches each group's perceptions, expectations, pressures and strengths into common elements. These are outlined below:

Traditionalists - value life-long work, often with one employer. They appreciate respect and hierarchy, honour and sacrifice. They (alongside Baby Boomers and Gen X) offer experience and vision, leadership skills and make for great mentors and trainers for younger staff.

Baby Boomers - (in Western countries) were born into a time of relative security and post-war prosperity, and so their outlook on work is related to hard work balanced with health and wellness.[1011] Baby Boomers have been described as the generation with "not enough chairs", a description earned through the incongruence in the rate of public infrastructure development at a time when the birth rate went through the roof, as a result the behavioural traits that developed are typically fiercely competitive and underpinned by a call for "fairness".

Gen X - the 1960s and '70s world that Gen X's were born into was more tough than the Baby Boomers. Gen X developed a healthy scepticism, a wariness of authority and was the first generation to call for work-life balance and meaning in their work. In response to their parent's competitiveness, Gen X prefer to operate with lots of scenarios to ensure their security going forward. They prioritise their right to parent amongst their highest priorities and will make significant career choices to accommodate this goal. However, according to Galley Business Journal, over 70% of GEN X's are not being engaged or are actively dis-engaged at work[12].

Gen Y - According to PwC's NextGen study, Gen Ys at work are driven by recognition, reward, feedback, stimulation, innovation, change and autonomy[13]. This study was groundbreaking in reverting long held notions that young people were 'lazy' at work. Amongst the 40,000 respondents surveyed, young people were shown to have a strong work ethic on par with more senior colleagues. It also shifted the 'stereotype' that, while Gen Ys were known to be great with technology, 96% of Gen Y respondents preferred communication face to face, rather than email and social media. In line with this finding, Gen Y's offer a new style of leadership.[14] They are said to be collaborative decision-makers, prefer to connect flexibly and on a personal level, and are often ready to challenge the status quo.[15] In another survey of 28,000 workers by Hudson in 2014, Gen Y scored higher than Boomers or Traditionalists in abstract thinking, and Gen Y women in optimism and altruism, all indicators of leadership ability for collaboration and innovation[16].

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GEN Z IDENTITIES
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Gen Z - Are the most connected and culturally diverse of all the generations, having grown up in a world connected by faster internet, travel and ideas such as multiculturalism and feminism. They are also more likely to be second and third generation children of migrant populations, 20% of whom speak a language other than English at home[17]. With minimal data available on how Gen Z operates in the professional workplace, analysts are predicting these factors will equate to open-mindedness and entrepreneurship[18]. Like many of us today though we may be native to it, Gen Z's identities are often made and performed online, mirroring a backdrop of a rise in individualism, celebrity culture and a networked society, with a decline in unionism[19]. This may result in hyper-readiness for a very

public work persona that seeks visible achievements. Common to any young generation is that 18-22 year olds are thirsty for information, exposure, respect and participation, but may benefit from formal (for explicit knowledge or workplace behaviour) and informal training (such as mentoring for tacit knowledge).

Overall the Australian Human Resources Institute's (AHRI) Pulse Survey found that HR professionals believe older workers are more loyal, reliable, aware, committed and have better levels of attendance than younger workers[20]. Also, respondents in the survey believed that younger workers had more energy, career ambition, technology skills, creativity and were more physically capable than older workers.

The Path Forward

Unlocking an inclusive culture, one employee at a time, often means creating targeted responses for each social group or individual. Rather than being a time consuming management challenge, the following broad solutions enable key issues to be addressed to support the building of a respectful, cohesive and high performance group of individuals, from multiple generations.

An explicit conversation: consult employees on their needs

The best strategies are always evidence based and tailored to your employees, so with some helpful research on the generations in mind, your next step may be to host some focus groups, one on one chats or administer surveys. This is to understand what makes the generational groups in your workplace tick or feel challenged when working with each other.

It is useful to also survey, through an explicit conversation, what their needs are in terms of the life stage they are at. For example older workers may prefer a smooth transition to retirement by stepping down from their role, leaving work for a period and returning, or stepping up but going flexible. Tailoring some possibilities for individuals within a generational cohort shows that the business is serious about asking what will work to keep them engaged and averting any risk of underemployment or underperformance. Collecting this information also enables the executive teams to understand the threats to the business strategy that are coming in the future and address challenges head on. It forms not only the rationale and core story, helpful when coming to measure and share the successes of an intervention.

Leverage existing benefits and provisions

When employees don't understand what entitlements they have and when employers don't make them overly visible, the result is some evidence-based solutions going unused and collecting dust on the shelf. One way of reinvigorating entitlements is to develop a communication strategy that speaks to each generation in a targeted way, and actively support the business to take up those activities. Young people may enjoy career counselling, Gen X and Gen Y parents need flexibility and older workers may have ever-growing leave banks

THE SILVER BULLET FOR

SATISFIED

GEN Y'S, GEN X'S OR OLDER

= FLEXIBILITY

that could be taken part-time. It is critical that managers in organisations understand what industrial and policy provisions are already in place, and understand what the application of these provisions "looks like" when they are used well to support high performance and age-inclusive culture.

Build diversity capability

Common tricky questions HR faces include how young leaders should best manage Baby Boomers and vice versa. Interestingly, 77% of Australian HR professionals say line managers in their workplace are not trained to manage different generations.[21] Training is important for all levels of staff to support their understanding of differences in experiences, perceptions and ways of working. It is an important early step to opening up conversations about respect and diversity, and getting the most out of everyone's skills and knowledge. An unthreatening way to challenge perceptions and biases that underpin all stereotypes as they emerge in the workplace is the new trend in delivering 'unconscious bias' training, for employees and management.

Flexibility

If ever there was a silver bullet for satisfied Gen Y's, sandwich generation workers or older workers, flexibility may be it. With the Intergenerational Report flagging change for employers and the Productivity Commission's Review of the Workplace Relations Framework due late 2015, flexibility is a hot topic, burning bright.

A global study released in 2015 by Ernst and Young[22] found Gen Y's are under significant pressure from both their work and non-work lives, often moving into management at the same time as having children. Gen Y's (78%) and Gen X (73%) are also more likely than Boomers (47%) to have a partner working full-time. One in six Gen Y respondents had negative experiences when working flexibly, stemming from stigma, and the top five reasons they left an employer were minimal wage growth, lack of opportunity to advance, excessive overtime hours, a work environment that does not encourage teamwork and a boss that doesn't allow flexible work. A staggered transition to retirement for traditionalists and Boomers through flexible work is also a recommendation offered by Chandler Macleod[23] and many policy leaders.

It is critical to examine this issue at a deeper level, taking into account the health, wellbeing and agency of specifically Gen X men. Currently, Gen X men in senior roles, are facing being in the workforce into their '70s, their partners are working, and together they are pressed for time and income to support both grandchildren and parents as well as grow retirement savings. Adding to this, behind them Gen Y are demanding flexibility. Furthermore, whilst Gen X is a highly educated group, it

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is the senior level and highly remunerated roles that are most scarce in flexible work options. Hence Gen X male leaders are clearly positioned to be a voice of change, benefitting themselves and other generations.

Inclusive culture

All of the above factors help to build the scaffold for an inclusive culture. It sounds great to offer flexibility, but stigmas against those who take it can kill its benefit before it has a chance. Actively encouraging and rewarding core values of respect, fairness and welcomeness in the way employees treat each other and do business is key to changing cultures. Sharing and celebrating but not dwelling on differences delivers strong return and engagement, as does listening and acknowledging different views brought to the table[24]. There is a lot more than technology know-how that Gen Z and Gen Y's can teach Baby Boomers and Traditionalists. Where young people can bring vision and energy about making flexible workplaces perform, older groups may offer form and finesse. One of the benefits of an inclusive culture is a weakening of a

competitive culture, for example by replacing it with not just inclusive and shared learning cultures, but cross-generational mentoring where all generations gain. Actively supporting shared learning through formal or informal mentoring or establishing "communities of knowledge" also preserves critical skills before it leaves the workplace to retire. However of concern, is that knowledge management is an activity 75% of Australian HR professionals indicate they "sometimes", "seldom" or "never" do before older workers retire[25].

KNOWLEDGE MANAGEMENT 75% OF AUSTRALIAN HR'S ADMIT THAT THEY SOMETIMES, SELDOM OR **NEVER DO IT.** BEFORE OLDER WORKERS RETIRE

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Parting thoughts - intergenerational harmony

Responding to an aging population involves more than preparing the nations finances to pay for a rising pension bill, and is more than just asking employers to support the eldest workers in their workplaces. Businesses need to deliver on their plans and they need a high functioning workforce to do that. So what does intergenerational harmony look like when done right? Leaders are confident in enabling employees by improving access to existing entitlements and trying new ways to work that genuinely promote flexibility and culture change. Gen X and Gen Y employees need flexibility, and with most leaders coming from these cohorts, they are well placed to lead the way. Other innovations that appeal to multiple generational groups include on-site health facilities and wellbeing programs, flexibility for men, such as the Equilibrium Challenge[26], or research assignments and paid learning sabbaticals[27]. Older workers and their knowledge can be held tight by an organisation through programs such as Mercy Health's Stepping Stones Program which seeks to host an explicit conversation with an employee to find out their aspirations at work and make it happen[28]. The differences between generations may be evidenced and real, but the similarities between humans are larger. Authentic leaders enable workplaces to acknowledge the differences and move past them; they embrace the differences and similarities between people and across generations[29]. Industry leaders stand out by articulating the competitive advantage of diversity to be a core component of company strategy and vision. Five generations in the workplace may seem scary, but embracing it enables the benefits to flow, for individuals and the organisation.

INDUSTRY LEADERS STAND OUT BY ARTICULATING THE

COMPETITIVE ADVANTAGE OF DIVERSITY

INTERGENERATIONAL DIFFERENCE MAY BE REAL BUT THE

SIMILARITIES BETWEEN HUMANS ARE LARGER.

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Johnston & Goldsmith is a specialist business improvement consultancy. We work in partnership with our clients to identify organisational challenges and provide solutions that improve performance. From strategy to execution, Johnston & Goldsmith have the right resources and methodologies to support your corporate transformation.

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