

ASX 200 Roundtable  
Summary paper 2012

# The changing face of Australia



ASX 200 Supporting Partner

## Tackling the culture challenge with a new look workforce

*The Australian Institute of Company Directors hosted a series of roundtable events in February 2012 sponsored by the Commonwealth Bank, at which Avril Henry led discussions on the changing face of the Australian workforce outlining the motivations and traits of the Generation Xs and Ys and the implications for companies.*

*The Australian Institute of Company Directors appreciates the participation of ASX 200 directors in these roundtables. This paper provides a summary of key themes from the roundtable discussions. The ideas presented in this paper are not necessarily the views of the Commonwealth Bank or the Australian Institute of Company Directors and may not reflect the consensus view of roundtable participants.*

Generations are formed by the economic, historical and political changes impacting them during their formative years. The years defining generations differ slightly depending on research, for this discussion the generations were defined as:

Veterans: Born prior to 1946

Baby Boomers: 1946 - 1964

Generation: 1965 - 1979

Generation: 1980 - 1995

Generation: 1996 +

While personality traits vary amongst individuals, much can be learnt from understanding the frame of reference generations use.

### Who are Generation X and Y?

Generation X (Gen X) is now between the age of 33 and 47. They are a highly skilled generation with the average skilled worker holding two tertiary qualifications by the time they are 35.

Gen X is the most sceptical of the Generations and has a tendency to limit the information provided about themselves with their direct reports.

Generation Y (Gen Y) are between the age of 17 and 32. Gen Y is the most tertiary qualified generation there has ever been and of those graduating 56% are women.

Generation Y is also the most

multi-cultural generation to date. Despite an increased level of multiculturalism and socio economic conditions GenYs have the least variance (in global perceptions) within their generation. The similarities of the Gen Ys are driven by technology and the transformational communication platform of social media.

### What has shaped their view of the world?

Generation X are the generation of sceptics who have watched their parents work hard for their companies only to be retrenched or have harsh working conditions during the 1990s financial crisis, and then, they themselves were impacted by the dot-com bubble.

There is therefore a loyalty to their own careers instead of their companies and a high level of scepticism for the "the company line". However Gen X do have a high level of loyalty to their managers and leaders and will change companies to follow the right leader.

Having watched their Baby Boomer parents separate and divorce (at the highest rate of any other generation), Generation X have chosen to start a family later in life, with Gen X women often having only one child between the ages of 38 and 42.

Generation Y are a more optimistic generation having been raised in

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the digital era of constantly evolving new technology and a mantra from their parents that “you can do anything you set your mind to”.

Gen Ys are a team orientated generation who are also loyal to their managers but equally to their team members. Unlike the experience of Gen X, most of Gen Y graduated at a time of low unemployment and when graduate recruitment was quite high.

Many of the Gen Ys are from an increased migrant population, or have experienced the disruption of family from Baby Boomer divorces. This has created a greater reliance on external “family tribes” with increased loyalty to their work and

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sporting teams or extracurricular groups to provide the additional support traditionally gained from an extended family.

In contrast to Gen X, Gen Y women have been exposed to the difficulties and risks Gen X women face in conceiving and are choosing to marry in their late 20s and start their family at 30 – 32.

One of the impacts cited by our participants was that the Veterans were shaped in an age of little, and many of the successful directors and business men and women of this age were made to work hard as there was no “back-up plan”. However, today, with more profitable socio-economic conditions, many of these Veterans’ children (Generation X) are, subconsciously at least, aware that should times turn hard their parents will be able to assist.

Avril Henry sited that there is an increased population in Australia of 1st generational migrants (Generation X and Y) from Asia and the Middle-East who are more acutely aware of the need to pursuit careers without the benefit of the support of their parents.

### **What motivates them?**

Baby Boomers have had a “cradle to grave” approach to their careers maintaining the same profession

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that they entered their working lives with through to their retirement. In contrast both Generation X and Y have adopted a “zig zag” approach to their careers, changing professions and roles in order to expand their value and diversity of skills, to maintain value as an employee and provide them with options should they need to find new work.

This has led to a shift from the trend by Baby Boomers who stayed with the same company for as long as job security allowed, to a shifting labour force with Generation X holding a role for 3 to 5 years and Generation Y shrinking further to 12 months to 3 years.

While Baby Boomers have been motivated by their need for job security, both Generation X and Y are motivated by the leaders they work for. The perception of what constitutes leadership however differs between the generations.

Gen X want effective leaders who will “do what they say they will do”. This highlights their scepticism on issues and reflects a mistrust of the company when they know their leaders, don’t know details on a key issue.

However Gen Y are seeking inspiring leaders who are prepared to mentor, explain things and teach them and who respect their

ideas. They do not necessarily expect their leaders to adopt their ideas; however they do expect mutual respect in the relationship. Generation Ys want to work for someone who loves what they do.

Due to their orientation to “team”, Gen Y are the most collaborative of the generations which is driving an increase in a collaborative approach to innovation, teamwork and leadership.

Harvard Business School has released research to demonstrate that organisations that have adopted a more collaborative internal approach to workplace culture, have been 250% more productive than their competitors, who have a more competitive approach.

### **The impact of the Global Financial Crisis**

Many amongst the Veteran and Baby Boomer (and indeed Gen x) had thought that the GFC would prove to be a “valuable lesson” for Gen Ys of the harsh demands of working life. While Gen Ys may now accept that they have fewer options than previously, the Gen Ys thrived during the global financial crisis by adapting to new roles and changing professions in order to maintain a living.

Generation Y has proven to be the most adaptable of the generations,

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*“Gen X have a strong desire for soft skill (leadership) training and are more likely to prefer investment in this training to other incentives such as a car.”*

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changing to meet the shifting environment. This may be part of the reason that Generation Y has created resurgence in entrepreneurialism.

The most successful young business women are in small businesses where they are able to gain the flexible working environment they desire, but also have the discipline of business plans, funding paths and seeking advice. This is a result of further education, technology and the positive belief that they will succeed attributed to Generation Y.

Since the GFC Gen Ys are more conscious that it is hard to pick and choose roles but they will not stay in a role that they are unhappy in and would rather do something different.

Companies who demonstrated commitment to their people during the crisis e.g. Deloitte who did not cut headcount or their graduate program, are receiving brand recognition as an employer recruiter of choice amongst Generation Y.

### **What leadership style do they have?**

Gen X have a strong desire for soft skill (leadership) training and are more likely to prefer investment in this training to other incentives

such as a car. They have a desire to be better managers and leaders than those they work for. Gen X wants greater flexibility in how and where they work.

In the past directors have come from CEO and executive positions where the individuals had to have personal drive and know how to operate within the political framework and competitive environment. Generation Y is much more team orientated and solution focused to determine how to make things more efficient and simplify complex issues. This highlights the value of having a younger representative on boards to provide greater diversity in thinking.

For Gen Y leaders they seek to create a sense of belonging through a collaborative approach.

Generation Y have identified that amongst the most valuable attributes in a leader they look for are:

1. They lead by example
2. They mentor & develop people
3. They inspire
4. They demonstrate mutual respect
5. They give direction

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***“As Gen Y hold greater executive positions they will wish to interact with the board and provide a new style of leadership within organisations.”***

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Today’s leaders consider the most valuable attributes to include:

1. Open and honest communication
2. Creating a vision
3. Maintain Integrity and trust
4. Courage

While some of these attributes are similar it is important to note the variations in expectations of leaders. As Gen Y hold greater executive positions they will wish to interact with the board and provide a new style of leadership within organisations.

### **The melting pot**

The changes in approach between the generations are creating conflict with 70% of the work force holding a poor perception (e.g. unrealistic and demanding) of Generation Ys. Add to this the extension of the retirement age of Baby Boomers choosing to continue their careers, limiting the ability for the impatiently waiting Generation X to take-on the leadership positions.

So how do leadership teams and the board create an effective culture with the various needs and demands of Baby Boomers, Generation X and Generation Y?

Avril Henry suggests that Baby Boomers are seeking to gain a

more balanced working life in their later careers and will be searching opportunities to work part-time and hold specialist roles. Thereby, allowing Generation X to take the more time-consuming executive leadership roles.

Generation X are also seeking to provide more flexible working arrangements which will work to satisfy both their needs, and those of Baby Boomers and Generation Y alike.

One concern raised is that there are currently limited opportunities available for Baby Boomers to work part-time, so many are choosing to leave their roles and return as contractors or consultants to re-establish new flexibility in their working hours.

There is also a suggestion that many of the Baby Boomers are transitioning into Company Directors roles as it is one of the few roles that allows the opportunity to provide experience and strategic engagement with the flexibility (to some degree) in part-time role.

### **Which companies are successfully striking the balance?**

SME companies employing 100 to 200 people are proving to have the greatest success with their diverse workforce. A survey of graduates identified that 49.8%\* of

\*Human Resources Leaders Magazine, Issue No. 187, 20 October 2009.

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*“Boards also need to consider the differences in leadership approach when considering their executive teams and their own board recruitment strategies.”*

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graduates prefer to work in organisations of 100 or less employees. Graduates acknowledge that smaller companies offered greater diversity in their role.

Larger organisations such as Apple, Google and Deloitte have been quite successful in creating positive workplaces and interestingly are leaders in collaborative innovation.

During the GFC companies such as Deloitte, Coca-Cola Amatil and e-Pharmacy responded well and retained trust and loyalty amongst their staff.

### What does this mean for boards?

While people management is a focus for the executive, boards need to be conscious of a shifting flexible workforce and guide their executive teams in their approach to managing this change in operating environment.

Directors must understand and gain new levels of comfort in the use of social media, and development practices within their organisations to guide the framework and monitoring of social media and technology.

Boards also need to consider the differences in leadership approach when considering their executive teams and their own board recruitment strategies. Boards need to embrace diversity of gender, age and culture in the composition of their boards.

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