Business Ethics across Generations

Both ageing populations and the new generation entering the workplace are creating new opportunities and challenges for employers, especially in relation to embedding business ethics. For this reason, understanding the different characteristics of the generations is fundamental in building a culture founded on ethical values.

This IBE Briefing identifies the common attitudes to business ethics of the four different generations currently recognised in the global workforce and discusses what organisations can do to help such multigenerational workforces engage with business ethics, citing examples of good practice.

An intergenerational workforce

Evidence shows how diverse the UK workforce is in terms of age groups. According to the Organisation for Economic Cooperation and Development (OECD), the employment rate of British workers aged between 65 and 69 increased substantially between 2003, when only approximately 13% of the workforce was accounted for by this group of employees, and 2013 when it had risen to over a fifth (20%).[1] This can be attributed to a number of causes, including an ageing population and various policies promoted by the government, particularly the abolition of the compulsory retirement age (formerly set at 65) in 2011.[2]

At the same time, a new generation is entering employment and companies are acting in order to attract and retain this new talent pool. Indeed, Millennials (as defined below) already account for 25% of the workforce in the US and it is predicted that by 2020, they will form 50% of the global workforce.[3]

At present, four generations can be identified among the working population, and each is considered in more detail below:[4]

- Traditionalists (born between 1922 and 1945)
- Baby Boomers (born between 1946 and 1964)
- Generation X (born between 1965 and 1982)
- Generation Y or Millennials (born between 1983 and 2004).

There is a significant amount of research that supports the idea that there are large differences in assumptions, personalities and management characteristics between these groups.[5] These idiosyncrasies should encourage organisations to tailor their approach to business ethics, rather than adopting a one-size-fits-all policy.

Much of the literature and thinking at present appears to be related to 'preparing for Gen Y'. Whilst this is of course important in meeting the needs of the future workforce, organisations are advised not to go too far too quickly, as other generations will continue to represent a large proportion of the workforce for some time to come.

In this regard, there is an inherent risk of 'ageism'.[6] According to research by the Institute of Leadership and Management (ILM), older workers are often being overlooked when it comes to potential to progress through an organisation: those over the age of 50 are rated highly across the majority of skills and attributes, yet their potential for further progression is predominantly considered to be low (20%) or very low (41%).[7]

1 OECD Scoreboard on older workers: 2003, 2007 and 2013, 34 OECD countries.

2 BBC Compulsory retirement age at 65 fully abolished (01/10/2011).

3 PwC Millennials at work, reshaping the workplace (2013).

4 United Nations Joint Staff Pension Fund Traditionalists, Baby Boomers, Generation X, Generation Y (and Generation Z) Working Together and **University of Michigan** Work Ethics of Different Generations (2002). Age ranges for each generation differ slightly according to the source.

5 As an example, see **PwC** NextGen: a global generational study (2013).

6 HR Review Ageism in the workplace is widening the skills gap (09/06/15).

7 Institute of Leadership and Management Untapped talent: Can over 50s bridge the leadership skills gap? (2015).

Characteristics of the generations[8]

Traditionalists – 'hard work in hard times'
(born 1922-45)

Traditionalists were brought up during times of economic and political uncertainty, with life experiences that included World War II. As a result, Traditionalists tend to be hard working, financially conservative and cautious. Organisational loyalty is generally perceived as very important and they aim at keeping the same job for life. They are not very risk oriented, and have great respect for authority. This tends to lead to a command and control style of leadership. Formal letters and face-to-face meeting are the preferred communication channels.

Baby Boomers – 'live to work'
(born 1946-1964)

Baby Boomers were brought up in times of social and political change and economic prosperity. Work has been a defining part of their approach to life and they tend to see the workday as at least 8am to 5pm, sometimes finding it difficult to maintain a good work/home balance. Their long term commitment is more to their job rather than to a specific organisation and they seek personal growth, recognition and gratification. The telephone is their preferred communication tool.

Generation X – 'work to live'
(born 1965-82)

This generation experienced times of significant change. The institution of the family changed as divorce became widespread, while the economic and political situation became more unstable. As a consequence, they developed behaviours of independence, resilience and adaptability more strongly than previous generations, but also a little cynicism and distrust towards authority. Gen X members are more ethnically diverse and they are much more segmented as an audience, which was aided by the rapid expansions of cable TV channels (sometimes they are also referred to as the 'MTV generation')[9], satellite radio and the internet.

Millennials – 'digital natives'
(born 1983-2004)

Millennials have grown up in an electronics-filled and increasingly online and socially-networked world. This has had a strong impact on their approach to work. They were brought up with an 'empowered' style of parenting, which has led to them not being afraid to express their opinion as well as having a tendency to be self-confident. This group was also raised in a consumer economy and as such, expects to be able to influence the terms and conditions of their job.[10] They value a more flexible approach to work and social media plays a central role in their communication.

An outline of differences in workplace characteristics across the generations is set out in Table 1.

Attitudes to business ethics

Shaped by these common traits, each generation has also developed its own ethical standards and a unique understanding of what is right and wrong in the workplace. Some researchers talk about a 'values revolution' driven by the Millennial generation[11] while others refer to a clash of values between different age groups.[12] Business leaders are increasingly required to take these issues into account and develop tailored ways to encourage behaviours from each age group consistent with the organisation's core values.

In 2013, the Ethics Resource Center analysed data collected in 2011 for the National Business Ethics Survey (NBES) in order to explore the relationship between generations and the 'ethical health' of organisations.[13] The indicators considered included: pressure felt to compromise standards, rates of misconduct and experiences of retaliation as a result of reporting misconduct.

Distinct differences between generations were highlighted and some examples related to the use of technology and confidentiality are shown in Table 2.

8 United Nations Joint Staff Pension Fund Traditionalists, Baby Boomers, Generation X, Generation Y (and Generation Z) Working Together and **University of Michigan** *ibid* fn [4]. Age ranges for each generation differ slightly according to the source.

9 Yale University Generational Change in Student Clientele (2013).

10 *ibid* fn [3]. According to the survey, digital technologies offer Millennials an unprecedented opportunity for creativity and entrepreneurism. Right now 35% of employed US Millennials say they have started their own business on the side to supplement their income (Iconoculture 2011). Employers need to work much harder on understanding this generation and appealing to their needs to attract and retain. However they also need to accept that a rate of Millennial churn may be inevitable and build this into their manpower planning.

11 Global Tolerance The Values Revolution (2015).

12 Chief Learning Officer Two Sides of Retention Dilemma (11/08/2011).

13 ERC Generational Differences in Workplace Ethics (2013).

Table 1 *Differences in workplace characteristics across the generations*[14]

Workplace characteristics	Traditionalists	Baby Boomers	Generation X	Millennials
Work Ethic and Values	Respect authority Sacrifice Duty before fun Adhere to rules	Workaholics Work efficiently Crusading causes Personal fulfillment	Question authority Self-reliance Want structure and direction Skeptical Tolerant	What's next Multi-tasking Tenacity Entrepreneurial Goal oriented
Interactive style	Individual	Team player Loves to have meetings	Entrepreneur	Participative
Communications	Formal Memo	In person By phone	Direct Immediate	Email Voice mail
Feedback and rewards	No news is good news Satisfaction in a job well done	Money Title recognition	Sorry to interrupt, but how am I doing? Freedom is the best reward	Whenever I want it, at the push of a button Meaningful work
Messages that motivate	*'Your experience is respected'*	*'You are valued, you are needed'*	*'Do it your way, forget the rules'*	*'You will work with other bright, creative people'*

The research also revealed that **Boomers** and **Traditionalists** seem to be less prepared than other age groups, to work with the ethics officer to deal with dilemmas, as they developed professionally before such a function became commonplace. However, the attitudes and characteristics of these generations seem to be less accepting of unethical behaviour: only approximately one in ten (12%) of Traditionalists agree that they would turn a blind eye on witnessed misconduct to help save jobs, compared to over a third (35%) of Millennials.

As both Boomers and Traditionalists show great respect for authority, they appear more likely to listen to management, and others in formal position of power, on ethical matters. They are, therefore, most responsive to ethics programmes with a more formal structure and are more likely to be aware of corporate standards, systems and processes.

On the other hand, the study found that **younger workers** are more likely to represent an area of vulnerability as they are more likely to observe misconduct, yet are less likely to report it and have less experience to help them deal with it. However, younger generations seem more likely to use tools and resources provided by ethics offices, especially when they include social interaction and provision of support (such as helplines, mechanisms for seeking advice, training, etc).

Differences in generational sensitivities also have an impact. For example, Millennial employees are less likely to take note of breaches of privacy and feel less loyalty to their current employer.

The 'values revolution'

The Millennials' greater sense of empowerment has resulted in expectations for companies to deliver more **social and environmental change** and work more collaboratively to tackle global issues than ever before.[15] According to research carried out by consultancy Global Tolerance in the UK, 62% of Millennials surveyed want to work for a company that makes a positive impact, half prefer purposeful work to a high salary, and 53% would work harder if they felt they were making a difference to others.[16]

These findings are also reflected by one IBE subscriber who, in response to a recent IBE survey, said that younger employees "*tend to have a stronger ethical conscience than many older employees. We use that to promote discussion as to 'why' [ethics is important] and also to learn from the experiences or expectations of each end of the [age] scale*".[17]

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14 Amended from **Greg Hammill** Mixing and Managing Four Generations of Employees Fairleigh-Dickinson College of Business.

15 *ibid* fn [3]. According to this survey, Millennials are attracted to employer brands that they admire as consumers. In 2008, 88% were looking for employers with CSR values that matched their own, and 86% would consider leaving an employer whose values no longer met their expectations.

16 *ibid* fn [13].

17 Survey conducted in September 2014 for the IBE's most recent **Good Practice Guide** Communicating Ethical Values Internally (2015).

Table 2 *Differences in levels of acceptability of certain behaviours between the generations*[18]

Acceptable Behaviors	Millennials	Gen X	Baby Boomers	Traditionalists
Blog/tweet negatively about the company	14%	9%	5%	1%
Keep copies of confidential documents	22%	18%	13%	8%
Acceptable to "Friend" a client/customer on a social network	36%	32%	24%	15%
Use social networking to find out about company competitors	37%	34%	27%	9%
Upload personal photos on company network	26%	19%	15%	10%
Take a copy of work software home for personal use	13%	11%	5%	8%

Promoting shared values

In light of these findings, it is important for companies to find ways to engage with employees across a diverse workforce. Organisations should seek to find ways of leveraging the different generations' respective strengths, to create a working environment that values differences and bridges potential generational gaps. This should help to ensure a more consistent application of the organisation's core ethical values.

Box 1 gives some examples of how to emphasise a consistent core message to the different generations.

One company which has become aware of this is **National Grid**. According to Sharon Gaymer, Resourcing Manager: "*A lot of the energy industry is made up of male workers in their 40s, 50s and 60s. One of our big priorities is improving diversity and bringing in the next generation*".[19] In consideration of the importance given by Millennials to the ethics of their organisations, she pointed out that "*having our values up front attracts these individuals to the organisation, but it's not about just saying it, it's about presenting the evidence to support it.*" National Grid is achieving this through running educational activities in schools to encourage young people of all levels and backgrounds to pursue science, engineering, maths and technology careers.

Organisations which take ethics seriously are aware of the fundamental importance of creating an organisational culture based on shared values. The outlined differences in perspectives and work styles can make this difficult task even more challenging, as misunderstandings and contradictions may arise. For younger workers, culture is the sum of their interactions with other individuals and co-workers. Older workers, on the other hand, are more influenced by the company's stated values, messages from the top and their beliefs about the organisation as a whole.[20] If an organisation has identified a specific group of employees which requires particular attention, it is worth considering utilising bespoke tools and strategies including using technologies such as social networks or short videos.[21]

The global beverage company **Diageo** provides a good example of effective use of social networking. Its objective was to re-engage its people around the world in Diageo's purpose to 'Celebrate Life Every Day, Everywhere'. To achieve this, they used the company's social networking platform 'Yammer' and organised a series of 'Yam Jams', where they asked their employees what the company's purpose means for them in their daily job. The Yam Jam was about embedding Diageo's values, but also acknowledging the diversity within the business and to engage and inspire staff across the globe.[22]

Another example is **Sodexo UK & Ireland**, the services provider, whose initiative has been shortlisted for the newly established Business in the Community (BITC) '*Championing an Ageing Workforce Award*'.[23]

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18 *ibid* fn [13].

19 The Guardian Millennials want to work for employers committed to values and ethics (05/05/15).

20 *ibid* fn [13].

21 *ibid* fn [17], see p. 65.

22 *ibid* fn [17]

23 BITC How businesses are harnessing the power of age diversity.

Box 1 *How to emphasise ethics to the different generation*[24]

Millennials

- Communicate the company's commitment to ethics in terms of people, relationships and integrity in the way people treat each other.
- Focus on messaging from colleagues and immediate supervisors – those individuals who are more similar to Millennials and therefore more likely to be influential to them.
- Emphasise the resources of the ethics/compliance programme as opportunities to interact with knowledgeable people who can provide guidance and support.
- Build opportunities for discussion and interaction into ethics and compliance training programmes.
- Provide ways for Millennials to give input into company standards and systems.
- Communicate that when employees report misconduct, they can check back and interact with the ethics office throughout the investigation process.

Generation X

- Make advice and standards easily accessible; when facing an ethical dilemma, Gen X-ers' ability to review codes of conduct and standards will make big difference in how they handle the situation in front of them.
- For those who supervise Gen X-ers, make sure they are aware that this group needs advice. Gen X-ers need to know that counsel is available when it is needed.

Boomers and Traditionalists

- Communicate the company's commitment to ethics in terms of principles and the provision of formal systems.
- Focus on messaging from the hierarchy above this generation (i.e. business executives).
- Emphasise the resources of the ethics programme as established systems and trusted leaders.
- Provide ways for Boomers and Traditionalists to share their experiences using the company standards and systems with other employees.
- Communicate that when employees report misconduct, they will be protected and informed throughout the investigations process.

In 2014, the company launched its 'GenERAtions' employee network using GenMatch, a specially designed board game aimed at helping employees appreciate the diversity of the workforce, as well as the opportunities and challenges this can present. In the game, players had to match statements about work motivation and style, technology and lifestyle to the relevant generations.

This project has helped Sodexo improve employee engagement, especially amongst 20-30 year olds. In its most recent employee engagement survey, the proportion of employees who agreed that Sodexo values diversity in the workplace rose to 78%, up from 66% in 2012. This was 14 percentage points above the external UK benchmark and the highest response rate on the survey.

Conclusion

The challenge posed by a multigenerational workforce means that businesses need to ensure they understand the main characteristics of different generations and act to attract, inspire and retain talent from each age group.

Research has shown that it is particularly important to understand and address generational differences and tensions, but also to seize the opportunities that a multigenerational workforce can offer.

The use of metrics and benchmarking to segment the workforce can be useful to understand the employee's expectations from their job at different stages of their career. However, it is also important to focus on the similarities among age groups, encouraging them to work together and learn from each other.[25]

The implementation of an effective ethics programme and a strong ethics culture that reaches all generations is a way to motivate employees to do the right thing and increase employee engagement.

The use of employees from different generations as ethics ambassadors is an effective way of achieving this. Some suggest that Millennials can be effective ethics ambassadors as they are natural networkers and familiar with new technologies, but at the same time older employees may have a more established reputation for integrity.[26]

24 *ibid* fn [13].

25 Harvard Business Review Hitting The Intergenerational Sweet Spot (27/03/2013).

26 *ibid* fn [17].

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