

Generational Understanding and Lifecycle

Learning materials for family businesses

Module no. 6



Erasmus+

In this module you will learn

The various generations currently in the workplace

A brief overview of a typical 'life journey' and how this relates

About stereotypes and meta-stereotypes of generations

Hints on how to work with generations including succession

How generational understanding relates to your business and succession planning

Introduction

Succession planning within family businesses can take many forms, as can the succession itself. The business can move between siblings within the same generation, across family groups and trees or down through familial generations.

Through the research of the SUFABU project, there have been some comments and concerns from the current leaders and owners regarding generations waiting to secede which led us to ask whether there were indeed, differences between generations that could affect family business succession?

This chapter will provide an overview of the potential five generations that could be involved in a family business, and what research and learnings are available to both help with succession planning, and to ease any existing concerns or fears.



Expectations

Before we start, take a few minutes to consider the following questions – write down your answers as we will use these for reflection later on. Be aware that this is an exercise for the current generation.

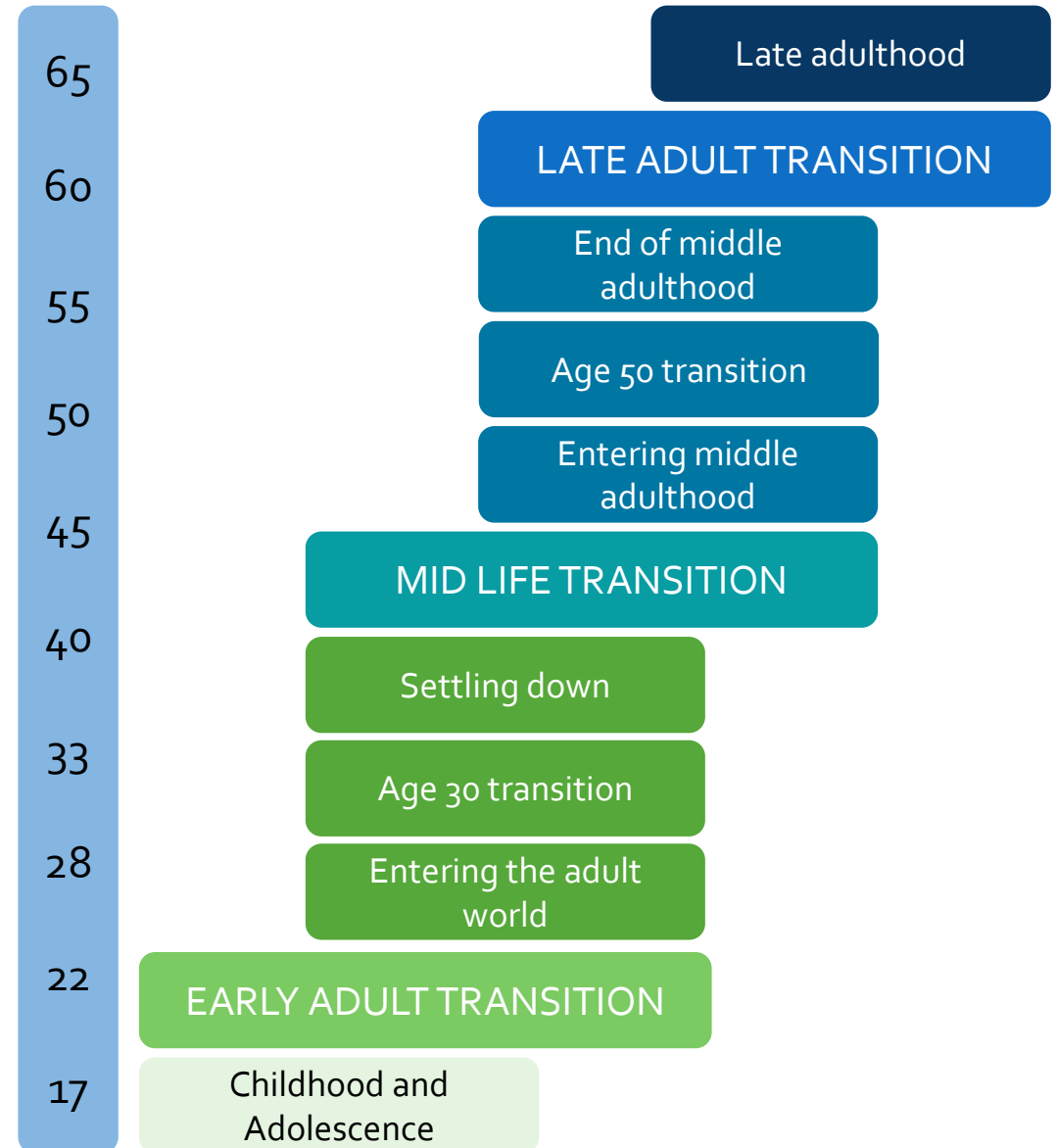
- 1 Are you considering a family business succession in the near future, and when?
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- 5 Are you worried that the younger generations will not look after the business like you did?
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Life Journeys

Daniel Levinson (1978) split a person's life up into stages and phases. Understanding these phases of a person's life (and be aware that Levinson only interviewed male participants for his research, therefore this model is very male gendered), can be helpful to identify optimal times for a potential family business successor to be integrated into the business.

However, as this model is based on males brought up in the USA in the 50's and 60's, we should **be wary of changes** that not only happen to individuals over time, but also to societies. Levinson's model may not be as valid with later generations as the 'Boomer' generation that formed the basis of the model.

In short, **basing decisions on existing expectations, such as generational differences, need careful consideration.**



Lifecycle Exercise

Instructions

1. List your family members with their birth year
2. Work out how old they will be in 10, 20 and 30 years
3. Align this with when you think your succession will take place, and Levinson's 'Seasons of Life' from the previous page
4. Be aware however, that everyone is different and we don't all fit into clear and concise life stages!

Gen.	Familiemedlemmer	Født	Alder 2018	Alder 2025	Alder 2030
1	Karin	1944	74	81	86
2	Anne Jorunn	1967	53	60	65
2	Alf	1965	51	58	63
2	Simone	1975	43	50	55
3	Magnus	1994	24	31	36
3	Katrine	1995	23	30	35
3	Simon	1995	23	30	35
3	Hanne	1996	22	29	34
3	Karianne	1999	19	26	31
3	Vilde	2003	15	22	27
3	Kajsa	2007	11	18	23
3	Ellinor	2011	7	14	19
4	Aurora	2017	1	8	13

Gen	Name	Birth Year	Age in 10 years	Age in 20 years	Age in 30 years

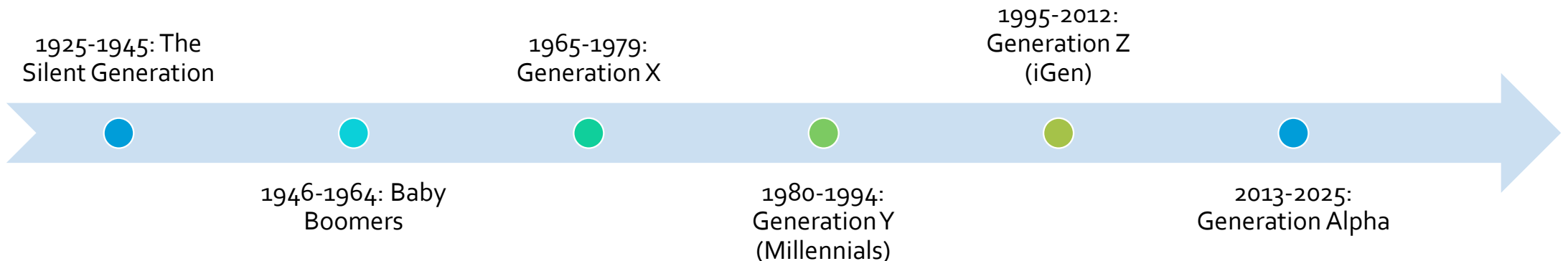
The Generations

First of all, **what is a generation?**

The Centre for Generational Kinetics defines a generation: "... a group of people born around the same time and raised around the same place. People in this birth cohort exhibit similar characteristics, preferences, and values over their lifetimes."

In 2020, there are potentially five generations of workers contributing to business success. This could be more likely in family businesses due to older family generations staying on past a 'normal' retirement age, and younger family generations entering the business at an early age during school holidays and similar.

So **who are these generations?**

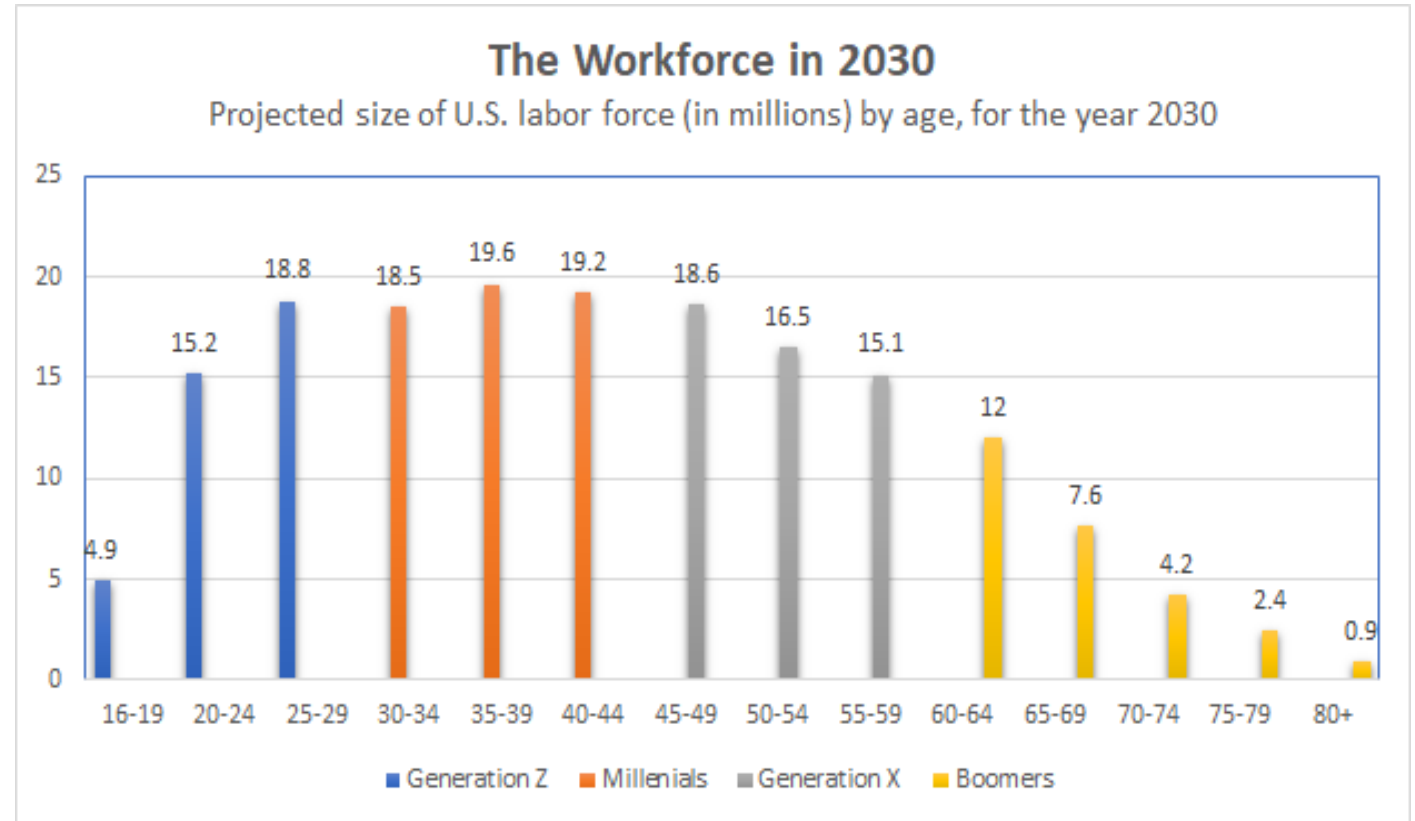


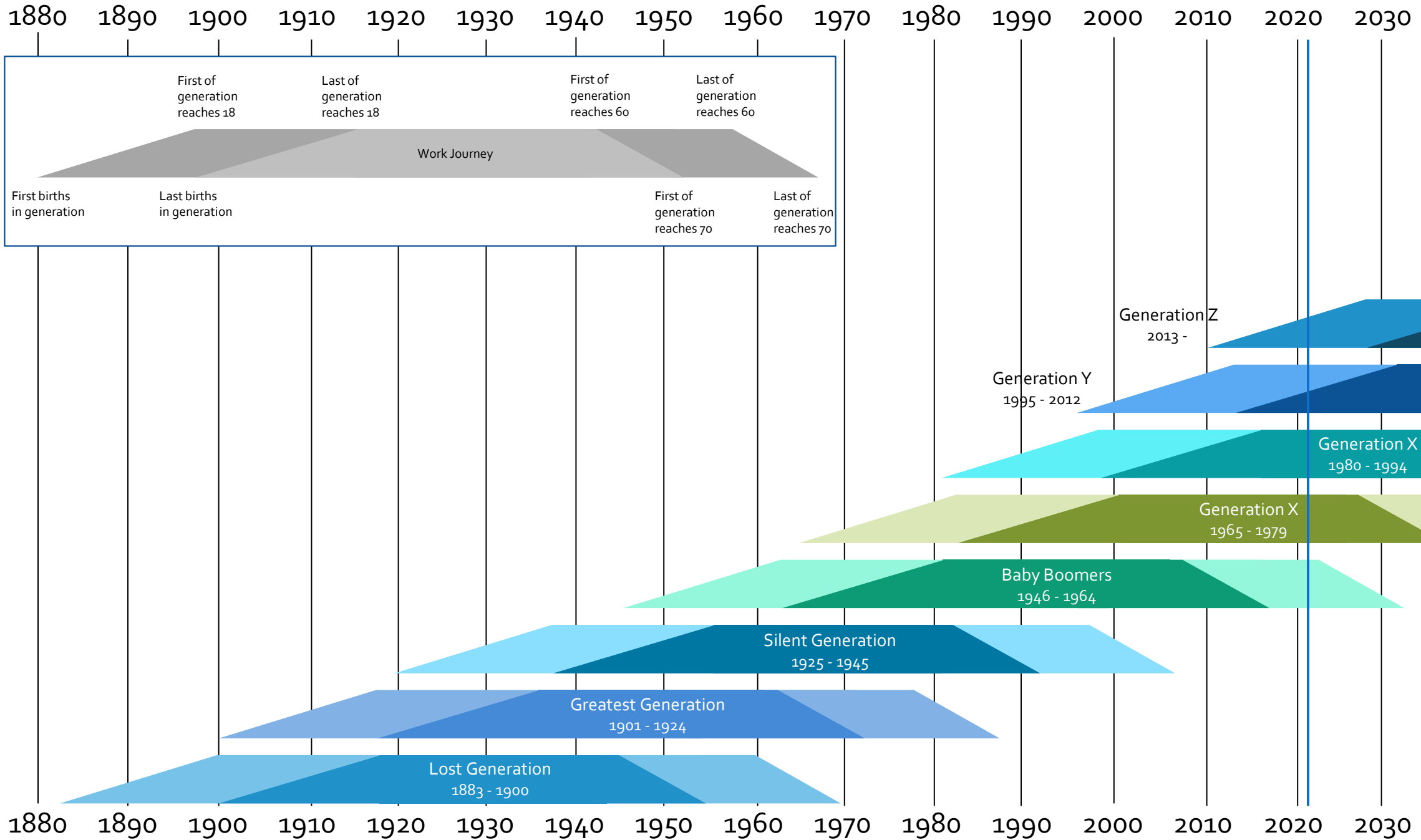
The Generations

Looking forward 10 years, the US Department of Labour is expecting the majority of workers to be Millennials with iGen just behind them.

Whilst this is US data, we can expect similar generational splits within Europe, therefore businesses need to consider these new demographics as customers, employees, clients and business owners.

You can see the approximate work journey of each generation on the next slide.





Generational Expectations

Each generation has 'expectations' that other generations place on them. These can vary across countries and cultures, but the table below outlines 'expectations' for Europe and North America. Bear in mind that these are purely 'expectations' and 'assumptions' at this moment in time.

Silent Generation	Boomers	Generation X	GenY (Millennials)	GenZ (iGen)
1925-1945	1946-1964	1965-1979	1980-1994	1995-2012
<ul style="list-style-type: none"> • Hardworking • Strong willed • Loyal • Respectful towards authority • Traditionalist 	<ul style="list-style-type: none"> • Goal-orientated • Competitive • Value relationships • Like hierarchies • Career focussed • Good interpersonal skills • Provided with easy opportunity 	<ul style="list-style-type: none"> • Flexible • Hard working • Hard playing (work/life balance) • Well educated • Ethnically diverse • Individualistic • Independent • Self-sufficient • Resourceful • Adaptable to change 	<ul style="list-style-type: none"> • Collaborative • Team focussed • No issues changing jobs for advancement • Not salary focussed 	<ul style="list-style-type: none"> • Digital natives • Tech-savvy • Value job security • Appreciate financial wellness • Autonomous

Expectations: Real or Imagined?

Harvard Business Review (2019) suggest that *“most of the evidence for generational differences in preferences and values suggests that differences between these groups are quite small.”* They conclude that generational differences in work may not be differences between generations, but rather beliefs that these differences exists – **a self-fulfilling prophecy?**

This point is reinforced by a review of 20 studies by David Costanza et al concluding *“relationships between generational membership and work-related outcomes are moderate to small, essentially zero in many cases.”*

▶ *Don't overthink what other generations think or do. Most studies suggest these stereotypes are incorrect.*

▶ *Research alludes that generational differences do not necessarily translate into differences in the workplace.*



Meta-Stereotypes

Meta-stereotypes are a new concept that looks at **what people believe others think about them.**

To provide an example, an older worker may believe the younger workers think of them as 'grumpy' or 'stubborn' or 'set in their ways', when they actually don't think that at all. However the older worker thinking that they do, can cause issues.

Finkelstine et al suggests that such stereotypes of older and middle aged workers are relatively positive, however those for younger workers encompassed a wider range and were more negative (inexperienced for example).

▶ *Whilst you may think other generations see your generation as x, y or z; the studies seem to suggest that this isn't correct.*

▶ *Be aware that some of your older workers may well have 'expectations' of younger successors based on their generation. These may well be incorrect and you should consider how to make them aware of this before any issues occur.*

“

Be aware of generational differences, but avoid generational bias.

”

External influences: Introduction

Generational differences can often be influenced by external factors. [Pew Research Centre](#) (2015) indicated that separate effects can cause differences in attitudes between age groups. The research divided these factors into three groups:

Life cycle or age effects

- Differences between younger and older people are largely due to their respective positions in the life cycle.

Period effects

- When events, circumstances or social forces simultaneously affect everyone:
 - Events (e.g. wars, social movements, economic booms or busts)
 - Circumstances (scientific or technological breakthroughs)
 - Social forces (such as the growing visibility of LGBTQ groups in society)

Period effects

- Differences between generations can be the by-product of the unique historical circumstances that members of an age cohort experience.

External influences: Introduction

- ❖ DeLucia C (2015) also suggested that formative (childhood) exposure to political, cultural, and social influences could potentially impact an individual's workplace attitudes and preferences.
- ❖ These factors fundamentally shape their experience, define their beliefs, expectations, and in turn affect attitudes and values.
- ❖ The ability to understand, learn and effectively leverage multigenerational diversity will be necessary for organisations to build and maintain high performance systems.

Understanding these factors and differences enable businesses and individuals:

To embrace the values and overcome the hindrances to different practices;

To adopt openness and transparency within organisations and management style.

Social, Culture and Geography Influences



Geography, social and cultural influences generational understanding but may differ depending on circumstances. This is supported by research conducted by Schuman and Scott (1989), where they suggested that **generational identities arise is based on collective memories of shared events** that take place within each generation's late formative years. The distinctive social, political and economic occurrences from each country shaped the population specific outlook and approaches.

Each generation's perspectives, worldview, upbringing and traditions (the things that make up a culture) is fundamentally different between different generations (Brinckerhoff P., 2007).



Social, Culture and Geography Influences



Erikson T. (2011) also indicated that **geography considerably influences the formation of generational beliefs and behaviour**, for example national circumstances such as World War 2 had heavily influenced the development of Traditionalists (born from 1928 to 1945) and Boomers (born from 1946 to 1960), and the outcome of the events differ from different countries (such as those from the US or UK versus Russia, East Germany, China).

Factors such as the state of **economy, education opportunities or the political environment** also contributed to the generation differences and the differences across each country. For example, the state of the local economy during their formative years had major implications for their outlook on life today for Generation X such as those witnesses in China and India due to economic reforms.

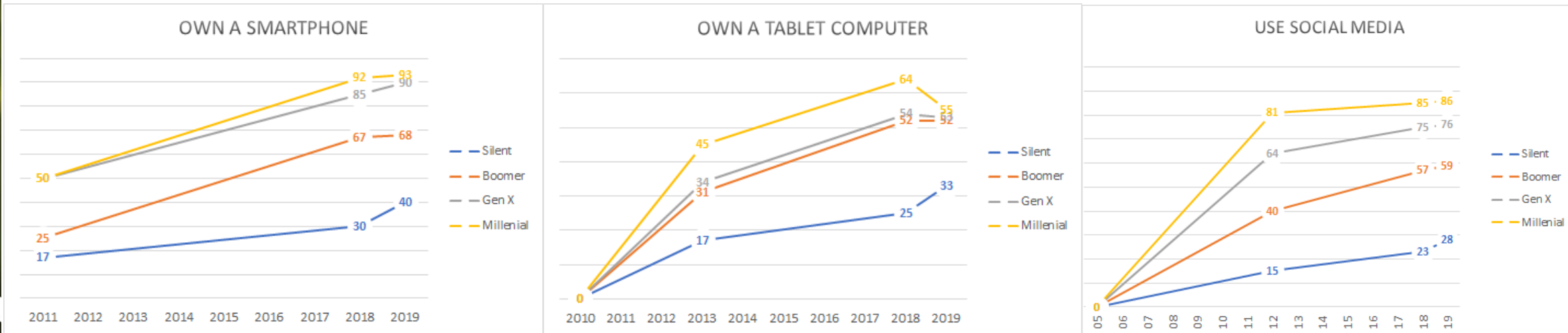


Technology Influences

- ❖ The development of digital and new technologies influences on the generation gap. However, Generation Y across the world had the greatest number of shared experiences of any of the generations due mainly to access to digital technology (Erikson, 2011).
- ❖ According to Vogels E. 2019 in a Pew Research [paper](#), 92% of Millennials own smartphones, compared with 85% of Gen Xer and 67% of Baby Boomers. Baby Boomers (aka “digital immigrants”) typically get their news from TV, whereas Generation Z is more akin to social media updates and trending like hashtags.
- ❖ While different generations share similar ambition, motivations and drives, CompTIA [research](#) highlight a **rapidly growing technological generation gap and difference in digital literacy**. There are ways technology influences generational differences ([Entrepreneur, 2019](#)):
 1. **Communication**
 2. **New skills**
 3. **Perception of work-life balance**
- ❖ Understanding these differences, businesses could embrace the diverse values and motivation to overcome the limitations to digital innovation, and adopting these into the organisational’ s governance and management.

Technology Influences

Millennials lead on some technology adoption measures, but Boomers and Gen Xers are also heavy adopters
% of U.S. adults in each generation who say they...



Note: Those who did not give an answer are not shown.
Source: Survey conducted Jan. 8 – Feb 7, 2019. PEW RESEARCH CENTER

“

*Generation Z and later Generation Y are the **FIRST** generations in many years who are **NOT** expected to have more financial security than their parents.*

”

Motivations

Understanding the motivations for your younger workers, as well as your successor leaders or owners will be critical in ensuring both a successful transition, and future prosperity. What motivates you may not motivate your successor or your workforce in the same way.

Over 16,000 respondents took part in a Universum worldwide study of Millennials which showed 73% chose work-life balance over higher salaries, and 82% value work-life balance over their actual position in the company.

Whilst other generations lived to work, data is showing us that **future generations are wanting to work to live**, and this could have big implications on both your future business success AND your succession planning.

The study by Universum, EMI and the HEAD Foundation also found that 42% of respondents would rather have no job than one that they hate. This goes directly against previous generations who worked poor quality jobs purely to survive.

▶ *What is motivating your potential leadership and ownership successors? Are you fulfilling those motivations?*

▶ *Are you completely certain that your chosen successor wants to take over the business? If not, they could be more likely than previous generations to just exit the company!*

Engagement across generations

It was already suggested that generational stereotypes can be wrong, however, various studies have shown that there are some consistent methods of getting the most out of the generations – whilst this can be mainly aimed at employees, it also applies to leaders and owners.

Boomers	Generation X	GenY (Millennials)
1946-1964	1965-1979	1980-1994
<ul style="list-style-type: none"> • Note the successes and inform them. Don't wait until something goes wrong – give them information. • People want to continually learn so provide mentors, even to the older workers. Aligning a boomer to a younger worker as a mentor can be beneficial all round. • Even boomers want opportunities to develop their skills – give them good CPD options 	<ul style="list-style-type: none"> • Ensure you provide opportunities to try new things and provide new challenges. • They want to be given the chance to self-start, use their initiative and develop their skills – give them the opportunity to do so. • They can be individual but ensure someone in the business understands their individual requirements to keep them engaged. 	<ul style="list-style-type: none"> • Provide frequent feedback, especially when positive. • As with the boomers, a mentoring scheme can really link generations together. Studies show GenY like this. • Provide them with technology and give them the option to teach you about technology. • Flexible hours link into the GenY understanding of technology. Do they need to be in your workplace during set times? • Provide them with opportunities to do social good.

What this means for your business

Randstad's global Workmonitor report from 2018 provides some interesting generational insight into the workplace. Three key findings that are relevant to family businesses are:

1. That 86% of the respondents preferred to work in a multi-generational team,
2. that 83% of the respondents didn't care about their direct managers age as long as they were inspirational and,
3. 80% of the respondents believed the main differences working within a multi-generational team was the styles of communication.

▶ *Don't be overly worried about different generations leading or owning.*

▶ *Studies show that employees want 'inspirational' leaders and managers, and age isn't the issue you think it is.*

What this means for your succession planning

A recent study by Universum identified varied self-described characteristics of Generations X, Y and Z. For all three of these generations, a reason for avoiding leadership positions was stress – indeed, over 50% of each generation surveyed stated that stress makes leadership roles unattractive.

Calabro, Minichilli, Amore and Brogi (2018) identified that family businesses should (if in place) **break the 'first-born taking over' rule in order to find the right candidate**. Their research shows that following a pure first-born succession with no review of other candidates can put the long term future of the business at risk.

For real stories of family business succession read our [Case studies!](#)

▶ *Consider how the successor generation views business-related stress amongst current leaders. Can you make changes to alleviate this?*

▶ *Ensure you review ALL candidates for leadership and ownership succession. Consider breaking any existing primogeniture (first born) rules that may be deemed as 'what we always do'.*

Reflection

After reading this chapter, take some time to reflect on what you have learned. Remember the questions you answered at the beginning and ask yourself whether you would now answer differently.

- 1 Are you considering a family business succession in the near future, and when?
- 2 Do you yet know who in the family will secede?
- 3 Does passing over the ownership or leadership of the business concern you?
- 4 If it does concern you, why does it concern you?
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- 7 Have you considered any differences there may be between you and your potential successor?
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Learning Recap

- ▶ *Consider where your successor is within their life journey and ask yourself, and them, whether they think they are ready.*
- ▶ *Do they or you, have any other issues in their life currently that could take focus away from the stressful process of family business succession?*
- ▶ *There could be five different generations within the workforce at the moment. Consider your staff and how they would welcome a new owner or leader.*
- ▶ *Remember that your pre-existing expectations of the different (and specifically younger) generations, may not be backed up with facts.*

Learning Recap

- ▶ *Stereotypes can be destructive. Consider the individual and what you know about them, not the stereotyped expectation of their generation.*
- ▶ *Meta-stereotypes are real and could impinge on your decision making process. Remove your assumptions and pre-conceptions and consider who will be best to take over.*
- ▶ *There are differences between the generations but do not fall into the trap of generational bias.*
- ▶ *Remember that younger generations could be your future market or customer, and that they may well have strong ideas how to move the business forward. You may need to let go of what you have found normal.*

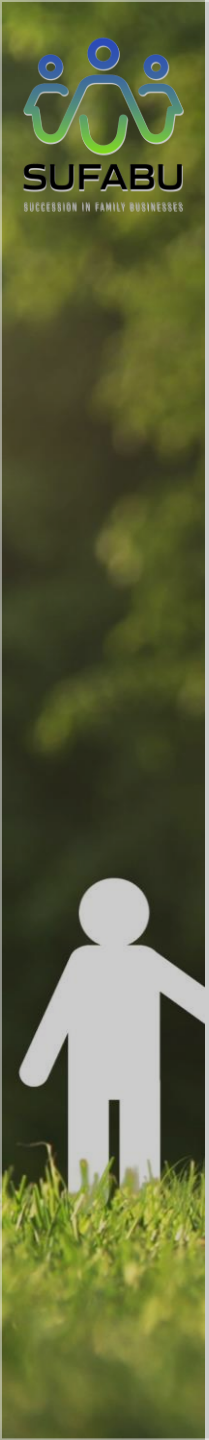


Learning Recap

- ▶ *Does your successor actually want to take over the family business or could they be feeling pressured into it?*
- ▶ *Motivations can be different amongst the different generations. Consider the motivations of the potential successor before making your final decision.*
- ▶ *Remember that the decision on whom should take over the family business needs to be agreed with you as well as the potential successor!*
- ▶ *Age really isn't the issue you think it is. Consider the skills and experience before the age.*

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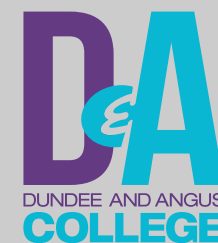
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