



## THE DEBUT OF GENERATION Y IN THE AMERICAN WORKFORCE

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### Abstract

Those born in the United States between 1980 and 2000 and immigrants of the same age group make up the largest generation in U.S. history. Increasing attention is being devoted to understanding the impact of Gen Y on the American workplace. The purpose of this research is to explore the work/leisure values of Gen Y and some economic and legal issues expected to emerge in a workplace populated by the new generation. One important trait of Gen Y is diversity – one out of three is not Caucasian. Communication technology has impacted this generation like no other in history. They have “internalized” the Internet. Finally, the relative importance of work itself is much different for Gen Y than previous generations. Selected economic, legal and management issues related to these generational traits are explored.

### The Debut of Generation Y in The American Workforce

#### Introduction

Those born in the United States between 1980 and 2000 and U.S. immigrants of the same age group make up the largest generation in American history. Teenagers in today’s workforce represent the beginning of some dramatic changes in the U.S. workplace. The next few years will bring significant growth in the number of workers in the 20 to 25 age group. This growth in the number of workers in the younger age categories will continue at least until the year 2015. By this time the first wave of the boomer generation will be exiting the workforce in large numbers. These two developments point to a decline in the average age of American workers in the not too distant future. Can the American economy absorb a significant growth in younger workers without any offsetting growth in the unemployment rolls? Will there be an increasing shortage of skilled workers or will the younger employees be highly trainable? How will labor force participation rates adapt to changing conditions?

Perhaps an even more important impact of the new generation, Generation Y, is related to their values about work-life. How will a decline in the relative importance of work in the lives of these younger workers impact employment relations? Has the recent experience of the predecessor generation, Generation X, tainted perceptions about the newest members of the workforce? Are concepts such as company loyalty and linear work schedules going to survive the new wave of younger workers? How will older workers handle the fact that younger workers

know more than they do about communication technology's most dominant tool – the Internet? Answers to these and other questions related to the changing work values of America's younger workers may be beyond our understanding at this time. Even so, it is important to make the inquiry and at least develop the appropriate questions.

The purpose of this paper is to explore the issues related to the impact of a new and very large number of upcoming American workers. Some legal and economic issues will be identified along with some preliminary views about these topics. A brief review of the work values of the boomer generation and their successors, Generation X, will provide context for examining work values of Generation Y. A variety of sources will be reviewed in an attempt to understand more about what is important to younger workers.

### **Generational Landscape – Boomers and Xers**

Just what is a “generation”? Strauss and Howe (1991) define a generation to be a cohort-group whose length approximates the span of a phase of life and whose boundaries are fixed by peer personality. Peer personality is defined as a generational persona recognized and determined by common age location. Thus, it is the combination of being in an age cohort and sharing behavior and beliefs that define a generation. Today's American workplace is primarily populated by two generations. The largest of these, the boomers - 36 to 54 years old - represent about 50 % of the U.S. labor force, while Generation X falls in the 20 to 35 age group and represents some 33% of the labor force (Bureau of Labor Statistics, 2000). Many parents of Generation Y are boomers. A brief survey of boomers' workplace values will provide some insights into the parental environment experienced by Gen Y. Reviewing the work values of Xers will help develop some expected values of Gen Y.

Much has been written about the baby-boomers and their impact on society. They have certainly come of age by supplying the two most recent U.S. presidents. Three books served as primary sources for boomer and Xer generational values (Massey, 1979; Strauss & Howe, 1991; Smith & Clurman, 1997). One frequent characterization of boomers is the “me” generation. It is difficult to overstate the importance to boomers of self-fulfillment in the workplace. This may, in fact, be the single most defining work-life value for boomers. Some describe a personality ethic, in contrast to a work ethic, that best fits this age group. Social relationships are very important both on and off the job.

Personal identity, rather than playing a role, is the focus of attention for many boomers. In fact, they tend to reject roles and view social status as associated with situations and ability to perform. Some of these values can be explained by the relative affluence of the times in which most boomers grew up – the phenomenal economic growth era of the 1950s, 60s and 70s. Workplace decision-making was significantly altered by the boomers. Before their arrival, respect for hierarchical authority at work was the norm. Boomers demanded a role in making decisions that affected their lives. This particular trait was the source of tension between boomers and their elders. While many boomers demanded to participate in management decisions, they typically reciprocated with loyalty to their employer. Boomers may, in fact, be the last contemporary generation to display any significant loyalty to a corporate employer.

Success to many boomers is captured by the phrase, “self-actualization”. Many look for this result in their work while others seek self-fulfillment in causes of various types. Idealism is a prominent trait associated with boomers. Finally, one workplace weakness haunts many boomers in today’s setting – computer competence. A recent study found boomers to be 32 percent computer competent while their successors, Gen X, are 80 percent competent (Kennedy, 1998). Although technology is not the only challenge for boomers at work, it may be one of the most difficult. Few boomer bosses are willing to accept that younger employees are more knowledgeable about such a crucial issue. Just what are these younger workers like?

Perhaps the single most distinguishing workplace value of Generation X is the relative importance of work to them. Work is simply not as important a part of their lives as it had been for boomers and some previous generations. Xers do not find their identity in a work role. They do not generally expect work to be self-fulfilling. Like the implicit assumption of much economic theory, Xers view work as a means to an end. It is a mistake, though, to equate a decline in the importance of work with a decrease in the willingness to work hard. Contrary to stereotypical images, many Xers accept that they must work hard to survive. The diminished role of work is accompanied by an increased importance of family and other non-work relationships. Many Xers do not want their children to be “latchkey” kids.

While economic security is important to Gen X, it has a different meaning than it did to previous generations. Xers know they cannot rely on the federal government or large corporations to provide for their economic security. Lifetime employment and long career ladders are out. To many Xers, maintaining employability is their economic security. They expect to be contingent workers and to change occupations. They also do not expect to be as prosperous as boomers. The justification for this expectation is well documented in two articles in the February 1998 issue of *The Monthly Labor Review* ( Paulin and Riordan). Somewhat paradoxically, Xers concern about economic security does not translate into fear of job loss. They expect it.

Another label that clearly applies to Xers is “independent”. Many had to face problems on their own as children. They gained confidence in their ability to make decisions for themselves. In the workplace this experience translates into more than a desire to participate in decisions that affect them. Xers expect and often demand to have a meaningful voice in issues that affect their lives. Success to Gen X includes being able to build their lives and lifestyles on their own terms. One of these terms is that work should not be too serious and formal – work should be fun. This expectation of immediate gratification is probably the impact of TV viewing on their values. Xers are the first generation for which TV served as a regularly scheduled baby-sitter.

Other key Xer values include the acceptance of change and diversity in the workplace and the use of technology to process information. This is a generation conditioned to be materialistic, e.g. shopping is an important form of recreation, and money is a means to acquire the goods. Success for many Xers is survival, having a good time and making their own decisions and having enough money to enjoy the material goodies. Social status is not an important part of this picture. Will the succeeding generation share many of these values or has a major shift occurred? What is generation Y going to be like at work?

## Generation Y

Lots of labels have been used to describe the under twenty generation. Millennials, baby boom echo, the “net” generation, generation.com and on it goes. As a group Gen Y is unlike any other youth generation in memory. They are more numerous, more affluent, better educated and more ethnically diverse. Older generations are being surprised at the range of positive social habits exhibited by Gen Y. These include a new focus on teamwork, achievement, modesty and good conduct. Howe and Strauss (2000) cast the millennials as a generation set to replace the “can do”, “world’s greatest generation” who won WWII. Their prediction is based on a cyclical view of generations in which similar traits reappear every four generations.

Generation Y’s diversity is reflected in the fact that one out of three is not Caucasian. Other facts point to a different environment for Gen Y. One in four lives in a single-parent household. Three of four have working mothers (Neuborne and Kerwin, 1999). While boomers are still struggling with Microsoft Windows 98, their kids are tapping away at computers in nursery school. In fact the millennials are communicating like no other in history. E-mail, cell phones, and the Internet are the principal vehicles for person-to-person communication: group chats are the first choice as the source for many kinds of information. This generation is getting its information in an unfiltered way via TV and the Internet which often results in opinions being formed without discussion. While some of the life experiences of Gen Y are easy to describe, it is difficult to predict how these value-programming experiences will manifest themselves in the workplace of tomorrow.

Perhaps two of the better sources of expected Gen Y work values are the few members of this generation who are in the workforce and selected values of their predecessors, Gen X. Few generations display abrupt changes in values and examining members who are close to the generation dividing line can provide clues to expected value changes. Teen-agers today make up 28% of the food service labor pool, (Perlick, 2001). As their Xers predecessors, Gen Y workers prefer a fun environment at work. Non-monetary perks are important to younger workers and will probably continue to be. Permitting flexible hours is one example of how employers are trying to retain these teen-age employees. Some employers have found that nurturing a “team” mentality is important to providing workers with a sense of acceptance and belongingness.

One of the clearest contrasts in Gen X and Y values is the issue of pessimism versus optimism. As a group Gen X was value programmed to be pessimistic about the future. They are survivors who do not expect to conquer the world or have a life style as affluent as their boomer and older parents. In the workplace this means they accept that ladders to success are probably not in their future. Gen X looks outside their work role for self-fulfillment. Gen Y, on the other hand, are definitely optimistic about what they can accomplish and how they will fare in life. There are clear indications they will tackle tasks at work with the expectation of consistently succeeding. They also have a greater tendency to engage in community service than their Xer predecessors. In part this reflects the expectation that success is likely. Gen Y will probably expect a broadened scope for the social responsibility of employers.

A second clear distinction in values of Gen X and Y is the relative importance of friends in their lives. Personal relationships are important to boomers and friends are important to Gen X. But the extraordinarily close bonds that Gen Y has formed with their friends are striking to some observers (O'Reilly, 2000). In the workplace this is likely to mean that groups of peers are an effective way to organize employment tasks and initiatives. Belonging to a group is so important for Gen Y that employers who overlook this trait may have little success in motivating these workers. One of the reasons millennials may cling to each other is that parents and role models are in short supply for many of them.

Sometimes survey responses can provide indirect information that is useful in speculating about contrasts in work values of Gen X and Y. *The Chronicle of Higher Education* makes an annual report on the attitudes of first-time college freshmen. An overwhelming number in this survey are the high school graduates of the survey year. The 18 year-olds of the fall of 1989 were clearly members of Gen X just as most of the freshmen in 1999 were the early wave of Gen Y. Examples of questions for which respondents answered: the objective is essential of very important; and results in percentage form are as follows (*The Chronicle of Higher Education Almanac*, 1990 and 2000):

	<u>Gen X</u>	<u>Gen Y</u>
• Having administrative responsibility for the work of others	43.6	35.3
• Being very well-off financially .....	75.4	73.4
• Keeping up to date with political affairs ....	39.4	26.0
• Becoming successful in a business of my own .....	45.1	38.3
• Helping to promote racial understanding .....	35.3	28.4
• Raising a family .....	68.8	71.3
• Becoming an authority in my field .....	65.8	58.7
• Influencing social values .....	41.1	35.8

One of the most noticeable features of these results is the lack of significant change for several items over the ten-year span of the survey. Perhaps the most noteworthy change is the decline in importance of keeping up with political affairs. This result reinforces the perception that Gen Y has little trust in government to resolve social problems. In the workplace this may also be consistent with not trusting corporate employers - especially in light of the downsizing front-page stories of their teens. The decline in importance for Gen Y of helping to promote racial understanding is somewhat paradoxical. This generation seems to accept an increase in diversity as the norm and may not see the need to promote racial understanding. On the other hand, this result could reflect some resentment of any implied need for preferential treatment of a minority group. Finally, the drop in interest in having responsibility for the work of others may be a manifestation of both a disregard for hierarchical authority and the relative importance of having responsibility for their own actions and not the work of others.

In summary, what can be said about Gen Y's future in the workforce? Like Gen X, their work role is not that big a part of their lives. They, first, look for a life style and then a job to support that living standard. The traits most admired by this generation are honesty and caring. The "Y" generation will thrive in an environment where they can have a direct say in how work is to be done and be given the ability innovate improvements. Gen Y knows

more than adults about the major communication device of our time – the Internet. They are the first generation to truly internalize the Internet, as opposed to other generations that have adopted it. Not only is Gen Y more diverse than previous generations, but they are more global in outlook. In fact, many have more in common with their peers throughout the world than with their boomer parents (Cetron and Davies, 2001). Next, what are some of the economic and legal issues one could expect to surface with the entry of Gen Y in the workforce?

### **Economic and Legal Issues of Generation Y**

Another label given members of Gen Y is that of “baby boomlet” and an examination of live birthrates over the past several decades reveals the accuracy of that description (Yardeni and Quintana, 1999). After falling by nearly one-third from the peak birth rate of the baby boomer years during the formation of Gen X, the birthrate has since recovered sharply to levels only slightly below those of the baby boom peak. In other words, the baby boomlet has replaced the baby bust and the impact of this will be seen in the decade ahead as more Gen Y members enter the workforce.

The winter 1999-2000 Occupational Outlook Quarterly (Bureau of Labor Statistics, 1999) pointed out that in the 1998-2008 period, the number of 35 to 44 year old Gen X labor force participants is expected to decline by 7%, while those in the 25 to 34 year old age category are expected to fall by 1%. Labor force participants in the Gen Y 16 to 24-year old age group, on the other hand, will increase by 15%. Moreover, Bureau of the Census population projections based on the 1990 census place the Gen Y population at 82.6 million in 2010, 41% greater than the 58.4 million members of Gen X.

In terms of size, Gen Y much more closely resembles the baby boom generation than Gen X and may exhibit labor force demographics more similar to the former than the latter. The Federal Reserve Bank of St. Louis (2001) points out that unemployment rose in the 1970’s as the boomers entered the workforce and the median age of the labor force declined. As the boomers reached middle age and members of Gen X entered the labor force after 1980, however, the trend in the unemployment rate began a sustained decline.

A major employment issue in the years ahead will be the extent to which rapid growth in the percentage of the labor force represented by relatively unseasoned Gen Y workers will place upward pressure on the unemployment rate. These pressures would undoubtedly impact economic, and specifically budget, policies over the next decade. The potential for wage-induced inflationary pressures as the economic expansion of the 1990’s progressed was muted by prolonged increases in labor productivity that helped offset developing labor supply problems. It now appears that the growing importance of the larger Gen Y population to the labor force may help to contain wage-push inflationary pressures in the years ahead even if the pace of productivity gains should slacken.

Not surprising is the fact that the legal and regulatory environment of work, as part of the political and cultural institutions which helped to shape the values of Gen Y, also reflects the values expressed in the *Chronicle’s* survey data of Gen Y. For instance, the percentage of students who agreed strongly or somewhat agreed with questions related to race and diversity were as follows:

	<u>Gen X</u>	<u>Gen Y</u>
• Racial discrimination is no longer a major problem in America	n/a	23.0
• Colleges should prohibit racist/sexist speech on campus	n/a	62.5
• Affirmative action in college admissions should be abolished	n/a	48.3

The students' answers to these questions on race reflect the changes in employment law over the past decade and are therefore not surprising. The decrease in the students' perceived need for racial understanding reflects the popular rhetoric on affirmative action in the U.S. This perspective has helped shape the law of affirmative action, beginning with the 1978, *Regents of the University of California v. Bakke*, which allowed a challenge to affirmative action based on reverse discrimination. Since *Bakke*, the Supreme Court has dramatically increased the level of constitutional scrutiny an affirmative action program must pass in order to be held constitutional (see *Adarand Constructors, Inc. v. Peña*). For college and university affirmative action programs, this trend culminated in the 1996, *Hopwood v. State of Texas* case that has largely been seen as signaling the end of affirmative action in college and university admissions.

The students' agreement with the question regarding racist/sexist speech on campus may seem puzzling, particularly given their attitudes towards affirmative action. It does, however, seem to reflect the diversity present in today's workforce, particularly among this generation. As noted earlier, one in three Gen Y is non-white. The Equal Employment Opportunity Commission's statistics reflect a general increase in the number of complaints received for discrimination based on race or national origin filed with the EEOC during the 1980s and 1990s. This trend, arguably, indicates a greater awareness of and decreasing tolerance for racist and sexist actions in the work environment. For instance, from 1980 to 1989, complaints filed based on race and national origin, as a percentage of total receipts filed, were 1.5% and 0.4%, respectively; from 1990 to 1999, these percentages increased to 6% and 1.9% respectively (EEOC, 2000)

Another important change in the work environment has been the general increase in the number of complaints filed based on sex discrimination. As a percentage of total receipts filed with the EEOC, those based on sex discrimination increased from 0.9% for the 1980-1989 period to 4.8% for 1990-1999, reaching a peak in 1999 of 6.2% (EEOC, 2000). This trend reflects a general change in attitude about gender relations in the employment arena and also is reflected in the students' responses in the *Chronicle's* survey. For instance, the percentage of students who agreed strongly or somewhat agreed with the following questions related to sex and gender roles:

	<u>Gen X</u>	<u>Gen Y</u>
• If two people really like each other, it's all right for them to have sex even if they've known each other for a very short time	49.7	40.6
• Just because a man thinks that a woman has "led him on" does not entitle him to have sex with her	86.4	87.0
• Same-sex couples should have the right to legal marital status	n/a	52.4
• It is important to have laws prohibiting homosexual relationships	45.4	30.3

The Supreme Court has held that same-sex sexual harassment is actionable (see *Oncale v. Sundowner Offshore Services, Inc.*). This case helps explain a cultural climate which reflects the increasing tolerance of Gen Y for homosexual relations expressed in their responses to the above questions, as well as their responses indicating that prohibitions against hate speech are

appropriate. Litigation under the Americans with Disabilities Act also reflects the trend to extend protections to homosexuals and other groups with a high incidence of HIV/AIDS. For instance, HIV infection is considered a disability even when the employee exhibits no symptoms of AIDS (see *Bragdon v. Abbott*). These values emerge within a society whose need for technologically competent workers transcends any tolerance for previous generation's sexism, racism or bigotry.

Finally, Gen Y's responses to the *Chronicle* survey regarding privacy issues in the workplace are consistent with Gen X's responses and the legal environment generally. For instance, there was no change in the response to whether "employers should be allowed to require drug testing of employees or applicants;" 77.8% of both Gen X and Gen Y agreed strongly or somewhat agreed that this objective was important. Whether Gen Y will exhibit lower expectations for privacy in the workplace remains to be seen. Gen Y, however, will have to grapple with a work environment wherein technology has dramatically increased the ability of employers to monitor their employees. Under the Electronic Communications Privacy Act of 1986, an employer may monitor any electronic communication if the equipment was furnished by the employer and is being used "in the ordinary course of business," including an employee's e-mail, voice mail or Internet use.

### **Concluding Comments**

What is abundantly clear by now is the difficulty facing anyone who attempts to predict the work values of a generation before most of that age group actually enters the workforce. A basic issue is whether or not one can even generalize about the work values of a generation as if gender, ethnic and geographic diversity were not present. Certainly, this is a valid point. It can be argued that while generational work values are not homogeneous, mutual value programming experiences such as TV, music, movies and the Internet shape a number of commonly held work values. The influence of family, early home environment, and school on value formation is widely accepted but their relative importance is in question. One Gen Y distinction that is most appropriate for any in-depth inquiry about work values is segregating the ambitious, problem-solving types from a class of workers destined to be led and to fill unskilled positions. While the general nature of the present inquiry precludes such a distinction, the issue deserves further research attention.

Academics such as Strauss and Howe believe strongly that generational values and traits are cyclical and Gen Y, whom they call the Millennials, is the next great generation. A good self-image, an acceptance of diversity in the workplace, a pragmatic rather than an idealistic approach to problems and a leadership position in information technology are among the positive traits that Strauss and Howe ascribe to Gen Y. There is also much agreement among students of generational values that for both Gen X and Y, work is not a very important part of their lives. It is difficult to predict changes that may be associated with this condition. There may be a good fit between young workers who want to be contingent employees and employers who are looking for just that type worker. However, there is potential for friction between boomer bosses who believe they should call the shots at work, and younger workers who demand to have a say about when and what kind of work they will do. What seems definite is that employers, economists, legal scholars and others need to understand more about the huge wave of Gen Y that is poised to impact the American workplace in dramatic fashion.



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