

Generational diversity is on the rise, and those embracing it are gaining a competitive edge

*Major firms are experiencing a widening gap between their youngest and oldest employees. And frictions between people of different age groups are undermining the potential productivity benefits of generational diversity. **Daniel Jolles** and **Grace Lordan** write that the issue arises especially among younger workers with older managers. They suggest ways to overcome potential conflicts.*

Intergenerational frictions undermining productivity is not a recent phenomenon. More than 20 years ago, [Time Magazine](#) bemoaned the current generation of younger workers, who they considered “overly sensitive at best and lazy at worst”. Back then, workers aged 50+ represented around a quarter of the US workforce. They now represent one third, and the proportion of [workers aged 65+ has doubled](#). This means that major firms are experiencing widening generational gaps between their youngest and oldest employees.

This increase in generational diversity should be delivering significant productivity gains. After all, more [diverse workforces outperform](#), and employees from different generations can be expected to bring unique perspectives, skills and networks to their teams. However, frictions between team members of different generations too often [lead to conflict and undermine performance](#). Perceived gaps and tensions between generations at work have also risen alongside the advance of [smartphones](#), [remote working](#), and more recently, [AI technologies](#).

In our latest research, we find that 25 per cent of employees experience low productivity in their role. This is especially the case for younger generations, with low productivity reported by 37 per cent of Gen Z (born between 1997 and 2004) and 30 per cent of millennial employees (born between 1981 and 1996). Our data suggests that rather than leveraging the benefits of generational diversity, many leaders are missing out and letting generational gaps negatively impact the productivity of their younger employees.

Surveying [more than 1,400 employees](#) in finance, professional services and IT, predominately from large firms, we found lower productivity among younger workers due to frictions with older managers. Sixty-one per cent of employees reported having an older manager, with an average employee-manager age gap of 12 years. The greater the age gap between an employee and their older manager, the lower their productivity and job satisfaction. Specifically, employees with managers more than 12 years their senior are nearly 1.5 times as likely to report low productivity, and nearly three times as likely to report being extremely dissatisfied with their job. Older workers with large age gaps with their younger managers did not report lower productivity. This suggests that many leaders with employees from younger generations are failing to harness the knowledge and skills these younger team members bring to the firm.

For leaders, intergenerationally inclusive work practices are the key to correcting course and increasing the productivity of younger workers. We found that productivity gaps for younger employees with older managers could be effectively closed by three key inclusive actions;

- Creating a culture that develops and promotes workers based on merit rather than age and makes it easy for them to 'fit in'.
- Recruiting and developing managers who are skilled at leading diverse teams of employees across different generations.
- Demonstrating a commitment to hiring and retaining a generationally diverse workforce.

The productivity benefits of these intergenerationally inclusive work practices are significant, reducing the proportion of employees reporting low productivity from 37 per cent to 18 per cent for Gen Z, and from 30 per cent to 13 per cent for millennials. These productivity benefits are not limited to younger workers. Across the board, employees who experience intergenerationally inclusive work practices at their firm are more productive. They are also twice as likely to be satisfied with their job and less likely to look for a new role. In summary, intergenerationally inclusive work practices are likely to be good for all employees, but they appear especially important to younger workers in the early stages of their careers.

The productivity benefits of an inclusive work environment are well understood. However, too often ideas and strategies towards inclusion do not consider age and

generational tensions. Inclusive leadership requires a holistic commitment to inclusivity across all characteristics, yet too often the importance of generational diversity and experience is overshadowed by [unhelpful stereotypes](#). Younger generations are often unfairly viewed as 'sensitive' or 'lazy', while older generations are unfairly branded as 'out of touch' or 'resistant to change'.

It is well-evidenced that different generations can contribute to team knowledge, skills and connections in [complementary ways](#), and it makes sense that feeling included would be important to helping younger workers get the best out of themselves early in their careers. While intergenerational inclusion may have been largely overlooked thus far, our research underscores the significant potential gains from putting generational diversity on the strategic agenda and investing in intergenerationally inclusive work practices.

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- *This blog post is based on the research report, [GENERATIONS: Unlocking the Productivity Potential of a Multigenerational Workforce](#), produced in collaboration between [The Inclusion Initiative](#) at the London School of Economics and Political Science and the global consulting firm [Protiviti](#).*
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