Generational Ethics: A Battle of the Ages

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The Traditionalist - born before 1944
The Boomers - born between 1945-1964
Gen X - born between 1965-1979
Millennials - born between 1980-2000
AGENDA

Discuss Generational Conflicts and Opportunities
Analyze the Impact of Ethical Culture and Employee Engagement
Discuss Events that Shaped Four Generations
Analyze Each Generations Perception of Ethics
Pressure Felt
Observed Misconduct
Reported Misconduct
Retaliation Perceived

Generations

- A generation is a group who shared common experiences at the same time in history

- Shared experiences do not mean common attitudes

- Not meant to stereotype or “pigeonhole”

- Use this information to develop context, empathy and understanding
Don’t think about what you wanted at their age
Worse than unproductive, going in the wrong direction
Each generation has its own specific influencers.
   Boomers raised by parents who lived through depression and WWII (thrift & hard work)
   Millennials raised by Boomers

**Why Do We Care?**

- Median age of workers in 2015 was 42.3, highest in history.
- Oldest “Boomers” have retired or near retirement.
  - Avoid “brain drain” and encourage intergenerational transfer of institutional wisdom
- Commitment to “age diversity” can make a company an employer of choice
- Lee Hecht Harrison survey found 60% of employees experiencing intergenerational conflict.
“Engaged” Employees?

• Companies with “highly engaged” employees have a strong tendency to outperform organizations with “less engaged” employees.
• Cost of “disengagement”
  – 2013 Gallop poll estimates cost of employee disengagement at $450 billion per year.
THE “TRADITIONALISTS”
aka - The "Silent Generation", Builders, Matures, Industrialists, Depression Babies, GI Joe Generation, The Greatest Generation

- 2015 - 30 million
- 73 years and older
- Communicate by letters, memos, personal notes

THE “TRADITIONALISTS”
Business Timeline of the Generation

Charles Ponzi owed $7 million
Stock Market Crash - 89% of DJIA
Great Depression Begins
SEA 1933-4

1920 10/29/29-7/8/32 1934
THE “TRADITIONALISTS”
How does this generation view ethics?

36% viewed misconduct at work
39% reported that misconduct

They have a positive impression of the workplace
Confident they can speak up honestly to management, without fear.
22% say they would turn a “blind eye” to misconduct that is intended to avoid layoffs and reduce benefits.

THE “TRADITIONALISTS”

For many, the defining event was World War II.
US and UK had a reputation as “Joiners”.
In the US “cradle to grave” employment
I take care of the company, company takes care of me
Strong sense of loyalty, progress through the system, respect authority
Rapid growth of the middle class
THE “BABY BOOMERS”
aka - Boomers, Vietnam Generation, Me Generation

• 2015 - 74.9 million
• Ages 53-72
• Communicate by phone calls, personal interaction

THE “BABY BOOMERS”

Business Timeline of the Generation

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market loses 45%</td>
<td>1/11/73-12/6/74</td>
<td>1970s</td>
</tr>
<tr>
<td>SEC Investigates foreign bribery, finds over $300 million in corruption.</td>
<td>1977</td>
<td></td>
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</tbody>
</table>
THE “BABY BOOMERS”

How does this generation view ethics?

44% observed misconduct
64% reported misconduct

Need to believe the compliance program is implemented well.
Need to use company standards of conduct, when confronting questionable activity.
Need formal systems to incentive ethical conduct
Encouraged to use formal channels to provide guidance.
Need to feel prepared to deal with problems, as they occur.
Boomers are in search of ethical leadership by management.

THE “BABY BOOMERS”

How does this generation view ethics?

Boomers and Traditionalists came of age professionally in a time before ethics and compliance offices were commonplace and/or well established. They are not as prepared to work with ethics and compliance offices to deal with a dilemma in the office as Millennials. They are not as likely to utilize the resources of the ethics and compliance office. However, Boomers are more likely to listen to management and take cues from company leaders on ethics matters. While the more experienced generations seemingly pose less risk based on their characteristics, they are more likely to make employers vulnerable to unethical conduct because of their attitudes and experiences regarding ethics and compliance programs. Boomers are most responsive to ethics and compliance program elements that involve formal systems; they are more attuned to the messages coming from people in formal positions of power, and more likely to be aware of corporate standards and systems of accountability.
THE “BABY BOOMERS”

BOOM in the post-war birth rate
West - social values - Civil Rights, Environmental Issues, Social Justice, Women’s Rights
Desire for change - anti-authoritarianism, idealism

GEN “X”

Baby Busters, Thirty-somethings
Thirteenth Generation (since the American Revolution), Post-Boomers

- 2015 - 66 million
- Ages 38-52
- Communicate by voicemail, email
GEN “X”

Business Timeline of the Generation

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<tr>
<th>Event</th>
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<tbody>
<tr>
<td>Lincoln S&amp;L Bankruptcy</td>
<td>1980s</td>
<td>1989</td>
</tr>
<tr>
<td>DJIA - Loses 22.61%</td>
<td>7/19/87-1/19/88</td>
<td>1989</td>
</tr>
<tr>
<td>Financial Institutions Reform Recovery and Enforcement Act (FIRREA)</td>
<td>1989</td>
<td></td>
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</tbody>
</table>

How does this generation view ethics?

45% observed misconduct
69% reported misconduct

Less likely to report without opportunity for formal advice
Do they know if there’s a helpline/hotline, ethics or compliance officer?
Can they report to the legal department? HR? Internal Audit?
Need to publicize ways of getting important information to the company.

GEN “X”

How does this generation view ethics?

Generation X (or Gen X’ers) are the “bridge” cohort. They resemble the older Baby Boomers when it comes to observing misconduct and the likelihood of experiencing retaliation for reporting. But the Gen X’ers act more like Millennials in terms of reporting and feeling pressure. Overall, Gen X’ers look more like Millennials than Boomers, most notably in the sense that they are more likely to respond to the elements of ethics and compliance programs that include social interaction and provision of support (e.g., helplines, mechanisms for seeking advice, training). They are less likely to turn to formal systems and corporate standards to help with their ethics questions, but still do so more than Boomers and Traditionalists.

Economic struggles throughout the world
1981 recession caused many US layoffs
   No longer cradle to grave
      GEN X saw their parents fired after dedicating their lives to the company
GEN “Y” - “Millennials”

Internet Generation, Echo Boomers, Boomlet, Nexters, Nintendo Generation, Sunshine Generation, and Digital Generation

- 2015 75.4 million of them
  17-37
  Text messages, blogs, emails

GEN “Y” - “Millennials”

Business Timeline of the Generation

<table>
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<th>Event</th>
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<tbody>
<tr>
<td>Housing Bubble</td>
<td>2006-2007</td>
</tr>
<tr>
<td>DJIA loses 777.68 in one day after no bailout</td>
<td>9/29/08</td>
</tr>
<tr>
<td>Bernie Madoff $65B Ponzi</td>
<td>12/11/08</td>
</tr>
<tr>
<td>Dodd-Frank</td>
<td>7/21/10</td>
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</table>
How does this generation view ethics?

**GEN “Y” - “Millennials”**

49% observed misconduct 
- An unfavorable result 
67% reported misconduct

Need to feel prepared to handle the situation. 
Without effective training, less likely to report. 
Best training allows interaction with colleagues. 
Need to know the resources for seeking advice.

Millennials appear to observe fewer boundaries than previous generations and are more flexible about when and how to apply them. In being more open and transparent, they become more likely to discuss work activity with a wider range of people both in public and in private. Their flexibility might make Millennials more likely to engage in or tolerate behavior that many consider unacceptable. Additionally, they are the most at-risk group of the four generations, as they are more likely to observe misconduct and experience retaliation after reporting it. However, there is some encouraging news about the youngest generation. Millennials entering the workforce have shined the light more readily on misconduct than the youngest entrants in previous years. In fact, Millennials were more likely than their older cohorts to utilize the resources of ethics and compliance offices. Finally, Millennials are more likely to respond to the elements of ethics and compliance programs that include social interaction and provision of support (e.g., helplines, mechanisms for seeking advice, training).
GEN “Y” - “Millennials”

After 2008 Housing Bubble burst, realization that houses and the stock market don’t always go up. In most countries, Y’s have had almost lifelong access to digital technology.
**GENERATIONAL COMPARISON**

**How do the generations compare to each other?**

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Baby Boomers</th>
<th>Traditionalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felt Pressure</td>
<td>13%</td>
<td>*</td>
<td>13%</td>
<td>9%</td>
<td>22%</td>
</tr>
<tr>
<td>Observed Misconduct</td>
<td>45%</td>
<td>49%</td>
<td>**</td>
<td>44%</td>
<td>36%</td>
</tr>
<tr>
<td>Reported Misconduct</td>
<td>65%</td>
<td>67%</td>
<td>69%</td>
<td>64%</td>
<td>39%</td>
</tr>
<tr>
<td>Perceived Retaliation</td>
<td>22%</td>
<td>29%</td>
<td>21%</td>
<td>18%</td>
<td>*</td>
</tr>
</tbody>
</table>

Note on reading table: Colors indicate statistically significant differences between age groups for each outcome. Green indicates most favorable result. Red is the least favorable result, and yellow is between the most and least favorable results.

* Not statistically different from Gen X & Traditionalists (Millennials, 15 percent)
** Not statistically different from other generations (Gen X, 45 percent)
*** Not statistically different from other generations (Traditionalists, 16 percent)
BACK TO THE FUTURE

1966 - Person of the Year - (25 and under)
Cutting edge knowledge, and technology

2006 - Person of the Year - (You, You control the information age)

2026, 2036, 2046 - Who or What will be the Person of the Year? What new technology that has not even been dreamed of, will form the basis of the next generation(s) business needs, social needs, cultural needs?

Managing Generations - Business

• Have open conversations about generations
  – Respect longevity, but reward productivity
  – Develop ways to transfer knowledge (institutional wisdom) from one generation to another (mentoring, reverse mentoring)
• Ask employees about their needs and preferences
  – Job rotations and horizontal movements to improve skill sets
  – Alumni programs to welcome back returning employees
• Offer options
  – Consider “phased retirements” - reduced capacity for a few years
  – Long-term care policy may be important to one group, tuition reimbursement and child care to another
• Pursue different perspectives - do more than tolerate differences, embrace it and use it as a competitive advantage for recruitment, retention, career development, client marketing and customer satisfaction.

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Managing Generations - Ethics

• Targeted Training for Younger employees
  – Help identify and address common ethical issues
• Supervisors help develop younger employees professional ethics standards
  – Provide support & guidance
• Develop Millennial’s appreciation for confidentiality
  – Explain policies about information sharing and intellectual property

CLOSING THOUGHTS

Posterity: you will never know how much it has cost my generation to preserve your freedom. I hope you will make good use of it.

John Quincy Adams

We need diversity of thought in the world to face the new challenges.

Tim Berners-Lee (British Physicist)

Few will have the greatness to bend history itself; but each of us can work to change a small portion of events, and in the total; of all those acts will be written the history of this generation.

Robert Kennedy