How can societal change drive the next business shift?

The better the question. The better the answer. The better the world works.
Every generation deals with significant events, technological disruptions and economic uncertainties that shape and reshape their values, behaviors and beliefs.

The way each generation manages these disruptions creates a societal shift as well as major opportunities for entrepreneurship and new business thinking.
GENERATION:
Born from shared events and experiences that shaped the society they grew up in
Each generation resets societal norms thanks to their collective responses and reactions to the times and events during which they grew up.

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”

— Charles Darwin
<table>
<thead>
<tr>
<th>Generation</th>
<th>Birth Years</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOOMERS</td>
<td>1946-1964</td>
<td>15.5%</td>
</tr>
<tr>
<td>GEN X</td>
<td>1965-1980</td>
<td>28.8%</td>
</tr>
<tr>
<td>MILLENNIALS</td>
<td>1981-1996</td>
<td>43.9%</td>
</tr>
<tr>
<td>GEN Z</td>
<td>1997-2007</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

Source: Department of Labor
In less than two years the U.S. Dept of Labor forecasts that four generations will make up 99.6% of the United States workforce.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Born</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boomers</td>
<td>1946 – 1964</td>
<td>15.5%</td>
</tr>
<tr>
<td>Gen X</td>
<td>1965 – 1980</td>
<td>28.8%</td>
</tr>
<tr>
<td>Millennials</td>
<td>1981 – 1996</td>
<td>43.9%</td>
</tr>
<tr>
<td>Gen Z</td>
<td>1997 – 2007</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

Source: Department of Labor
Generations in the workforce in 2030

<table>
<thead>
<tr>
<th>Generation</th>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOOMERS</td>
<td>1946–1964</td>
<td>8.7%</td>
</tr>
<tr>
<td>GEN X</td>
<td>1965–1980</td>
<td>25.1%</td>
</tr>
<tr>
<td>MILLENNIALS</td>
<td>1981–1996</td>
<td>43.7%</td>
</tr>
<tr>
<td>GEN Z</td>
<td>1997–2007</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

By 2030, Millennials and Gen Z will represent more than 65% of the workforce.

Source: Department of Labor
By 2030, millennials and Gen Z will make up more than two-thirds of the workforce, mainstreaming new beliefs and behaviors that will change every business as well as daily life.

“The youth of today are the leaders of tomorrow.”

– Nelson Mandela
Influence is richer and more profound than stereotypes

- **Boomers**
  - "Hippies"
  - "Spoiled"
  - "Idealistic"

- **Gen X**
  - "Slackers"
  - "Cynical"
  - "Directionless"

- **Millennials**
  - "Entitled"
  - "Self-obsessed"
  - "Noncommittal"
“Hey, Boomer” doesn’t help anyone or anything.

Each generation gets stereotyped by the one that came before, and the 24-hour news cycle and social media amplify the falsehoods. Let’s not fall for that.
External influences shape the values, beliefs and behaviors of every generation – which ultimately lead to societal and business shifts.

- Societal influences: Technological, Environmental, Economical, Political
- Generational themes: Values, Beliefs, Behaviors
- Societal shifts: Trailblazers and rebels
- Business shifts: New economies, Business models, Tech adoption, Leadership, Company culture
The values, beliefs and behaviors of a generation ultimately lead to three primary societal shifts:

**Live:** the things that define lifestyle, education, home and family

**Play:** the sports, hobbies, volunteerism and travel experiences that enrich us

**Work:** the career or jobs that fuel our lifestyles

These societal shifts ultimately lead to a shift in business — the economies of the time, the business models, technology adoption at scale, and leadership and cultural norms.
Baby Boomers | Born: 1946-1964

**INFLUENCES**
- TV: Rise of marketing and consumerism
- Post-WWII children
  - Vietnam
  - Civil and women's rights
  - Petrodollar

**GENERATIONAL THEMES**
- American Dream
- Company loyal
- Workaholics
- Anti-establishment
- Living for the cause

**SOCIETAL SHIFTS**
- Trailblazers and rebels

**BUSINESS SHIFTS**
- Go-go economy
- Suburban growth
- Consumerism
- Rise of data processing and computer language
- Retail, manufacturing and services industry expansion
Baby boomers and the work ethic that changed the world

Baby boomers experienced, and drove, a period of intense societal change. In the aftermath of WWII, they rolled up their shirt sleeves and got to work chasing the American dream and the material gains of a newfound consumerism and middle-class wealth. Others, however, challenged the establishment. Trailblazers of their generation focused society's attention on civil and women's rights, and we saw the birth of rebel tech companies that changed technology and the future. Boomers sacrificed play for work, which had enormous personal and societal impact on their families and relationships, but created the go-go economy and fueled the American dream for others.
Gen X | Born: 1965-1980

**Influences**
- Cable, internet and PCs
- Latchkey kids
- AIDS
- MTV
- Berlin Wall
- Dot-com startups - paper millionaires

**Generational Themes**
- Work life balance
- Independence
- Dual incomes
- Diversity

**Societal Shifts**
- Trailblazers and rebels

**Business Shifts**
- Digital economy
- E-commerce
- DIY
- Globalization (ERP)
- Outsourcing and offshoring
Gen X and the benefits of balance

Gen X, or the forgotten generation, were the latchkey kids of workaholic or divorced parents. By the time they entered the workforce, balance was critical. They created and valued an increasingly diverse workforce and prioritized play as much as work. The last to know life before the internet and the first to embrace modern computing in the workplace, Gen X drove massive change as technology exploded. The internet, global 24-7 news and communications, and the meteoric rise of e-commerce, all happened on Gen X's watch. Gen Xers were fiercely independent, fluid and loyal to their professions not their employers. They broke the mold of lifelong careers, chased innovation and helped give birth to major tech and retail giants that continue to shape our experience today.

**Influences**
- Text, smartphones, social media, and 4G
- Helicopter parents
- The great recession
- Climate change
- Terrorism, 9/11
- War on savers

**Generational Themes**
- Seeking purpose and job security
- Demand companies and government to “do better”
- Insta-worthy, “live out loud”
- Patriotic

**Societal Shifts**
- Trailblazers and rebels

**Business Shifts**
- Gig economy
- Mobile commerce
- Digital and social media adoption
- Rise of influencers
- Made in America
Millennials and the rise of social media

Millennials grew up the kids of schedule-driven, helicopter boomer parents and recipients of everyday technology in their hands. Many started college or work during the Great Recession, graduating to enormous student debt and an unaffordable housing market. Compared with boomers ages 25-35 who accounted for 21% of total wealth, millennials own just 5%. Dogged by financial challenges, they seek job security but with the balance Gen X ushered in and the affirmation of friends and community. It’s hardly surprising, then, that millennials fueled the birth of social media, online communities and the now pervasive flexibility of the mobile, gig economy.
Gen Z
Gen Z and the next great shift

Gen Z just grew up. The last of them have turned 16 – and all are of working age. An incredibly diverse and cause-focused generation, they’re just 16% of the world’s population but outpunch in terms of influence. Connected, ultra-networked, online constantly and socially conscious, they’re poised to create widespread change in the workplace and the world. It will be crucial for businesses to avoid stereotyping Gen Z and understand their motivations, beliefs and potential.
Gen Z – digital natives and leaders of change

If millennials were tech-savvy, Gen Z is digitally native. They’ve never known life without mobile, let alone the internet. Online friends are valued equally to school and real-life relationships. But with enormous potential in a digitally expansive world, Gen Z is stressed unlike any other generation at their young age. Environmental worries, financial instability, global conflict, social justice and their own mental health concerns all weigh heavy. Smart, pragmatic and intuitive with the ability to harness rapid technological advances, Gen Z are agents of the next big change.
Understanding the generational themes that define Gen Z

- **Ubiquitous technology**: Expect immediacy, intuitive and seamless processes, policies and procedures.
- **Health matters**: Admittedly high-stress, anxiety-ridden and fearful of failure — and want to address it.
- **Inclusivity and transparency**: A generation of skeptics, authentic connections and transparency are critical attributes.
- **Intentional consumerism**: They are financially pragmatic and will push brands to be more ethical and sustainable.
- **Multiple economic pathways**: Always looking to do more with less — painting economic pathways that aren’t fully paved.

*Source: EY 2021 Gen Z Segmentation Study*
Five factors shaping Gen Z behavior and beliefs

1. Technological connections – Technology is about connecting with people in Gen Z's always-on world.

2. Health awareness – Almost half of Gen Z believe they don’t receive the emotional and social support they need and are ready to address it.

3. Authenticity and transparency – 92% of Gen Zers believe being authentic and true to themselves is critically important. They value diversity and absolute inclusivity.

4. Intentional consumerism – With easy access to information and technology, Gen Z values brands that are socially and environmentally conscious, and 71% purchase pre-owned clothing – an industry growing 24 times faster than other retail segments.

5. Economic pathways – 77% of Gen Zers are savers. Some have an average of $33k in retirement savings already, and all embrace the idea of making money through creator, collaborative and virtual economies.
Gen Z will create a societal shift where live-work-play is in balance.
Gen Zers want it all: the perfect balance of live, work and play. But they can’t see and don’t recognize the boundaries between. For Gen Z ultimate mobility, gig-based work and flawless technology will reshape their careers and lives.
GEN Z WILL FLIP OUR TRADITIONAL MODELS UPSIDE-DOWN
The change is already here. Or underway. Completely remote jobs. Digital nomad programs. The blending of vacation and business travel. And new educational principles based upon building skills vs. academic discipline. As this progress occurs, Gen Z remains concerned over mental health and overall wellbeing and is looking for the support to help them break or manage digital wellness. It’s one of the reasons we’re seeing a rise in digital health and wellness startups as well as rebels and trailblazers calling for more digital ethicists in businesses.
Gen Z will flip the work model for every business

You may have seen the video of a toddler trying to treat a magazine page like a tablet touchscreen. This is the same dynamic Gen Z is facing in workplaces that weren’t designed around them or their digital fluency. It’s now essential that every business become a truly digital company to be attractive to Gen Z workers and stay relevant as the world of work evolves rapidly.
How are you preparing for the shifts in front of us to reshape your customer, product, employee and brand experiences?

For more on Gen Z, visit our content library: www.ey.com/GenZ
Human connection for all

Whatever generation, whatever life stage we’re experiencing from retiring boomers to Gen Zers stepping up, we are all connected. We are all part of the amazing human experience and bear the responsibility of helping each new generation propel society and our businesses forward to greatness.
EY refers to the global organization, and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2023 Ernst & Young LLP. All Rights Reserved.

SCORE no. 19217-231US
2302-4190030

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com