

Wrong numbers

Why a focus on age can mislead
workforce development

At Deloitte we believe people are an organisation's most valuable asset. Our Human Capital business uses research, analytics, and industry insights to understand and optimise how to best leverage the workforce to increase productivity, create value and deliver sustained results beyond the four walls of the organisation. When reimagined, work can be more than a process. It can be an outcome that drives value and impact by unlocking human potential, and creating an organisation that is resilient to risk, fit for the future and grounded in meaning for workers whose identity will drive sustained results. Learn more on [Deloitte.com](https://www.deloitte.com).

Contents

Introduction	2
The chaos and opportunity of COVID-19	3
Generational differences	4
Who has difficulty adapting?	5
Fear of the unknown	6
The value of trust	7
Coping with change	8
The New Age workforce	9
Inclusivity as a competitive advantage	10
Conclusion	11
Endnotes	12

Introduction

Before COVID-19 was declared a pandemic, one of the pressing human resource issues confronting organisations was managing an increasingly multigenerational workforce. The crisis provides an opportunity to examine if the traditional approach of segmenting by age groups remains valid in a time when the demographic profile of the workforce is changing dramatically.

ORGANISATIONS IN EUROPE are grappling with the consequences of a rapidly ageing workforce. Declining birth rates following the baby boomer generation (1946–64) means countries now face shrinking populations. This leaves organisations chasing a diminishing pool of younger talent. Meanwhile, improvements in health and mortality, as well as increases in the minimum age to access retirement benefits, in countries such as Germany, Italy, Ireland and the United Kingdom, means people are working longer.

These trends are dramatically altering the demographic profile of the workforce. For example, the number of workers in Europe age 50+ increased by 32 per cent from 2010–19, while those below age 35 declined slightly (-1%). Whereas the 27 countries in the European Union plus the United Kingdom had 58 million workers age 50+ in 2010, in fewer than ten years this number had risen to 77 million. At the same time, those below age 35 fell from 70 million to 69 million.¹

Managing an increasing multigenerational workforce brings a set of new challenges. Organisations must walk a fine line between creating opportunities for young employees to advance

(or risk losing them) while also ensuring veterans, whose skills are needed in tight labour markets, feel included. Further, to maintain productivity and innovation, organisations must persuade employees of different ages and backgrounds to collaborate. This demands an ability to identify the skills and strengths of individuals, recognise how they can contribute and understand how to engage with them.

However, the 2020 Deloitte Global Human Capital Trends reported that only 6 per cent of survey respondents strongly agree that their leaders are equipped to lead such a workforce effectively.² The issue is that age and generation have been the traditional lens through which organisations view their workforce. This demographic profiling forms the basis of talent management strategies. Programmes of career and leadership development, compensation, learning and talent acquisition are all premised heavily on employees' age.

As workforce composition becomes more complex, the question arises of whether traditional segmentation, anchored in a generational approach, should remain the focus of future human resources strategies.

Organisations must walk a fine line between creating opportunities for young employees to advance (or risk losing them) while also ensuring veterans, whose skills are needed in tight labour markets, feel included.

The chaos and opportunity of COVID-19

The COVID-19 pandemic has been an accelerator and amplifier of changes within the working environment. The unprecedented containment measures used to curb the spread of the virus forced organisations to rapidly enact radical new ways of working and operating. Remote working, flexible hours and digitalisation solutions have all been implemented rapidly and at scale for an extended period.

THIS PERIOD OF disruption provides an opportunity to examine how employees of different ages experience, react and adapt to intense change. Such an examination can serve to highlight possible flaws in relying on a generational lens to segment, manage and develop the workforce.

The Deloitte European Workforce Survey collected the opinions of more than 10,000 employees in seven countries across Europe. This article, the final in the series of three ‘voice of the workforce’ pieces, analyses the role age plays in the modern workplace.

Considering that the COVID-19 crisis has been global and experienced by whole populations, it could be assumed that there are major disparities between how different age groups within the workforce have experienced the pandemic.

Indeed, the results show differences are present between the experiences of the various generations, but not in the manner that could, perhaps, be expected.

Considering that the COVID-19 crisis has been global and experienced by whole populations, it could be assumed that there are major disparities between how different age groups within the workforce have experienced the pandemic.



Generational differences

What is revealed is that there are distinct generational differences in how respondents perceive the changes wrought by COVID-19. Almost 80 per cent of all respondents report that they have experienced at least one kind of change to their working lives, but it is younger employees who are more likely to report experiencing at least one change to a moderate or significant extent.

IN COMPARISON, THE older the employee, the higher the likelihood is that they experienced no changes at all or only to a small extent (figure 1).

This pattern is also evident when specific changes are examined. The survey asked about nine specific workplace changes driven by COVID-19, including remote working for an extended period, shift in the skills needed, use of technology and requirement for a more flexible working schedule. The likelihood of having experienced a specific change to a moderate/large extent diminished with age – even when other factors that might explain the answers (such as country, family situation, industry or occupation) are accounted for.

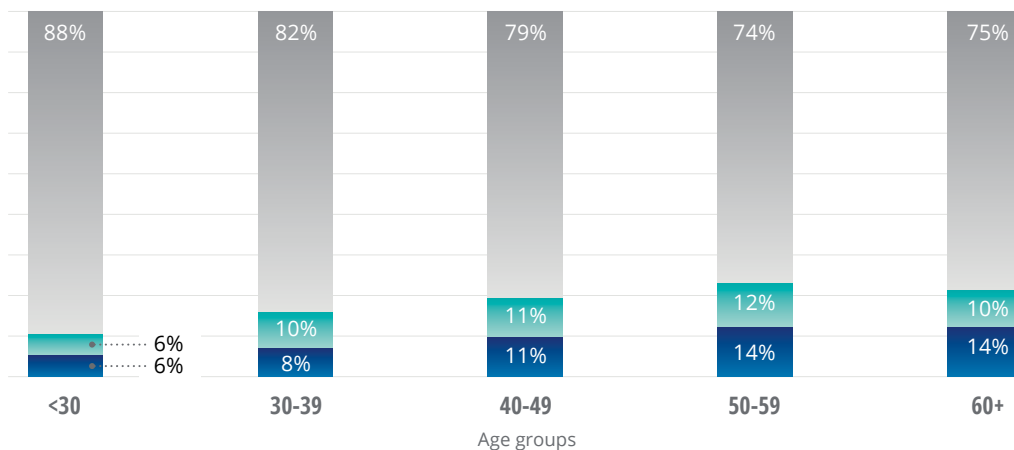
For example, while 46 per cent of respondents below age 30 experienced a significant shift in work priorities, only 28 per cent age 60+ reported the same. Similarly, while 44 per cent below age 30 experienced a moderate/large shift in the type of tasks performed, only 26 per cent of those age 50+ had a similar experience.

Although the pandemic has affected employees in diverse ways, it is difficult to imagine that older employees have been spared the effects in such a systematic fashion. What accounts for the difference in responses between generations could be the perception of how far reaching the changes are by the various age groups.

FIGURE 1

Share of respondents with different experiences of the pandemic, by age

- At least one change experienced at a moderate/large extent
- Changes experienced only to a small extent
- No changes experienced at all



Source: Deloitte European Workforce Survey, 2020.

Who has difficulty adapting?

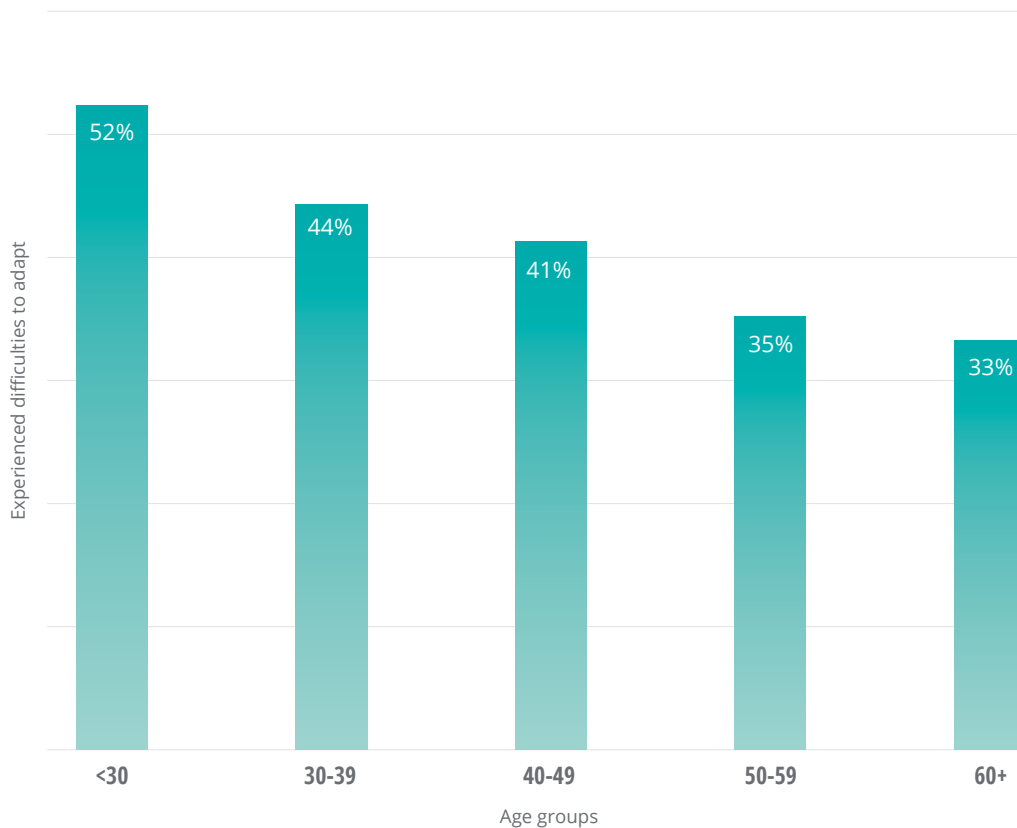
It could be assumed that older employees, set in their ways and used to routines, would struggle to adapt to the rapid changes needed in response to COVID-19, as well as the unusually flexible and digital manner of working required. This assumption is wrong.

HALF THE RESPONDENTS below age 30 experiencing at least one change reported they had difficulties adapting. This share drops constantly as age increases, to the point that only one in three respondents age 60+ who experienced changes to a moderate/large extent had at least some difficulties adapting (figure 2).

It seems older employees more easily adapted to the new working conditions. Does the experience of older employees mean that they have a different perception when it comes to structural change and crises? Or have they developed a more resilient capacity to adapt to changing circumstances?

FIGURE 2

Share of respondents who experienced at least one change to a moderate/large extent and who also reported at least some difficulties to adapt to the change, by age of the respondent



Source: Deloitte European Workforce Survey, 2020.

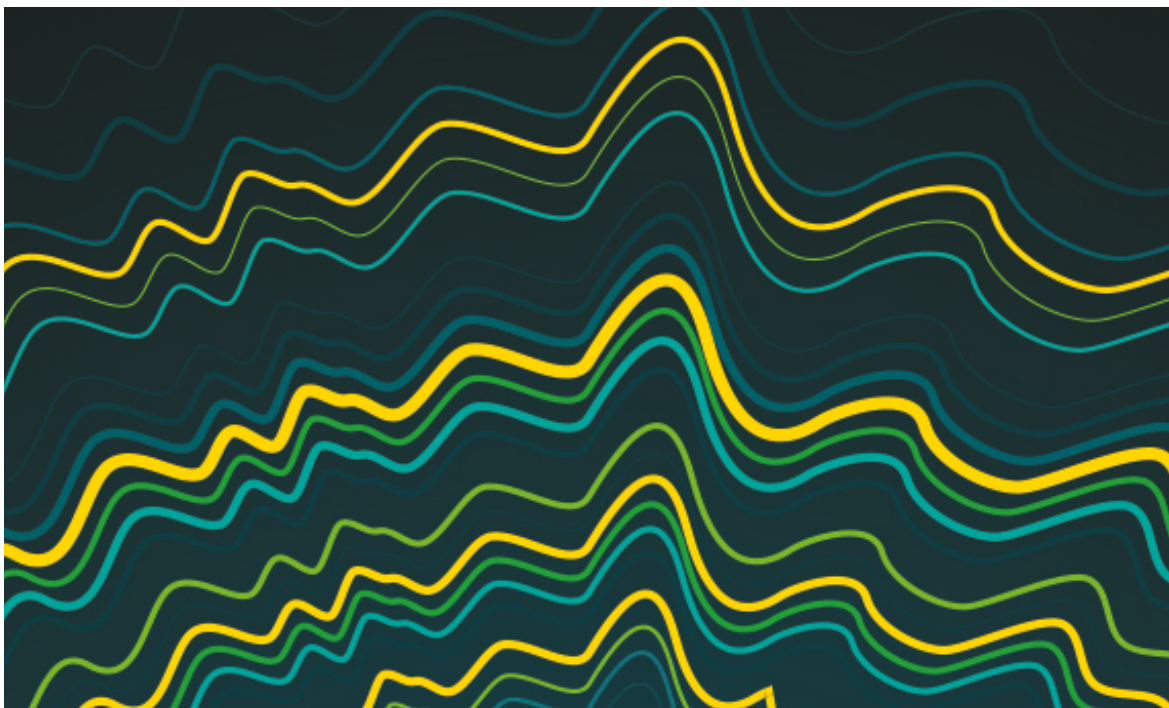
Fear of the unknown

An examination of specific changes forced by COVID-19 shows differences between age groups disappear once factors such as the type of occupation or the size of the organisation are considered. For example, no significant differences emerge between employees of different ages in adapting to new and unfamiliar technology tools.

THE SHARE OF people reporting at least some difficulties is constant across each age group – debunking a common notion that only ‘digital natives’ are tech-affine.

One significant area where older employees seem to have a harder time adapting is to a temporary loss of job or of being furloughed, particularly if their tenure at the current employer has been relatively short. This is possibly due to their fear of losing the job and the difficulties they expect to encounter with seeking another. This fear is not unfounded....³ But again, age differences disappear once other factors related to the organisation or the personal situation are considered.

One significant area where older employees seem to have a harder time adapting is to a temporary loss of job or of being furloughed, particularly if their tenure at the current employer has been relatively short.



The value of trust

What emerges from the survey is that a key element in the ability of employees to adapt may not be age, but rather trust and support. The first article in this series explains how trust from leaders and colleagues were among the top factors identified by employees as helping them deal with the changes COVID-19 has imposed.⁴ If employees feel a legitimacy in their role, have a sense of belonging to the organisation and feel involved, they show a capacity to manage the situation.

HOWEVER, THERE ARE two areas where an age gradient emerges: an increase in autonomy and the assumption of more leadership responsibilities. In both cases, the likelihood of reporting difficulties declines as the age of the respondent increases. In particular, the increase in managerial responsibilities and autonomy placed upon young employees, often experienced for the first time and undertaken in this uncertain environment, means many have struggled to deal with the situation.

Notably, younger respondents in organisations where older employees dominate the hierarchy and issue orders are more likely to report difficulties adapting to having more autonomy and an increased leadership role (figure 3). Forty-three per cent below age 30 working in hierarchical organisations report such difficulties; only 27 per cent in the same age group working in organisations where ‘workers of all ages work together’ report difficulties.

Intriguingly, this could indicate that programmes targeted at generations may have a misleading effect. Such programmes, when anchored in an age approach, may not be preparing the workforce to adequately deal with the challenges of a changing work environment.

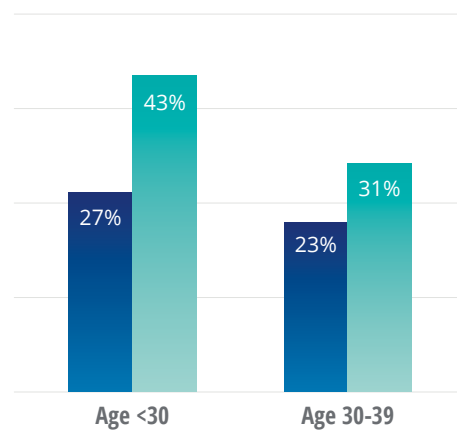
According to the 2020 Deloitte Global Human Capital Trends report, leadership development and learning are among the programmes most likely to be informed by age and generations criteria.

Yet, according to the European Workforce Survey, employees of all ages identify the ‘capacity to adapt’ as the most important capability for them to thrive in the labour market post-COVID-19. When organisations use generations as a segmentation criterion, they could be preventing employees from acquiring these capabilities. They could also be preventing employees from fulfilling their expectations and needs.

FIGURE 3

Share of employees reporting some difficulties adapting to more leadership responsibilities, by company culture type and age

- Colleagues of different ages work often together, each bringing their own contribution and elaborating/building on the ideas of the other
- Older workers are generally higher up in the hierarchy, issuing orders that younger workers execute



Source: Deloitte European Workforce Survey, 2020.

Coping with change

What helped people most cope with change was the human factor. Trust from leadership, trust from colleagues and time to adjust were all equally underlined by respondents as the most important aspects in helping them adapt. Across all age groups, the responses were similar.

WHILE TIME IS more relevant as age increases, younger employees are more likely to report that a network of colleagues helped them adapt. However, 'human factors' prevail over technology in terms of support for respondents in all age groups. What employees desire is a personal approach that provides emotional support.

Trust, help and time are invaluable to the ability to adapt to a changing work environment. Technology-driven tools are also important, such as the infrastructure to support remote employment, virtual communication and internal trainings, but it is the human factor that is overwhelmingly considered the most critical. It seems that the fundamental things people value at work do not change substantially with age.

Trust, help and time are invaluable to the ability to adapt to a changing work environment. Technology-driven tools are also important, such as the infrastructure to support remote employment, virtual communication and internal trainings, but it is the human factor that is overwhelmingly considered the most critical.



The New Age workforce

This quick deep dive into the data of the European Workforce Survey indicates that a pure generational lens is inadequate for organisations to understand the complexity of their workforce. Employees are not a monolithic block. Not all employees have experienced the effects of COVID-19 in the same way. Nor do traditional demographic characteristics such as age necessarily offer a guide to their thinking. This has implications for the types of target intervention programmes.

A MORE PROMISING APPROACH to understand and intervene with the workforce is to focus on attitudes and beliefs. As discussed in the first article in this series, when respondents are clustered based on their expectations and concerns about the post-COVID-19 work environment, three major groupings emerge.⁵

First, there are employees who see long-lasting changes in the work environment and are concerned about a deterioration in the interpersonal relationships at work. These we dub **SURFERS**. Second, there are employees who foresee no major shifts in their jobs nor have major concerns about the future work environment. These we refer to as **GROUNDED**. Finally, there are employees who see change coming and are concerned about their ability to survive in the future labour market. They fear rising insecurity and a reduction in opportunities. We call these **JUGGLERS**.

These groups skew towards certain age groups. For example, the **GROUNDED** tend to be older, engaged in administrative or technical occupations, and working in large companies (1,000+ employees) with an open-ended contract.

In comparison, the **JUGGLER** is more prevalent among younger employees in sales or customer service, as well as skilled trades and manual jobs, working on fixed-term contracts and in small- to medium-sized enterprises, particularly in retail and hospitality.

However, while these groups skew towards certain age groups, they do not overlap. Looking at employees through these behavioural and attitudinal lenses provides a more meaningful tool to understand the workforce and to target possible interventions and strategies, making them more personal and dynamic.

For example, **GROUNDED** employees are less likely to see the need to develop new skills and capabilities (irrespective of age). If organisations want to reskill or upskill these employees, offering a rich learning curriculum will be pointless unless effort is also put into communicating the need for developing new capabilities.

Inclusivity as a competitive advantage

As stated in the 2020 Deloitte Global Human Capital Trends report (section 'Knowledge Management – creating context for a connected world'), organisations must provide both infrastructure and a culture that encourage employees to use emerging technologies without losing information or a sense of belonging. Being able to initiate policies that help employees achieve this, particularly in uncertain times, can be a catalyser for motivation and inclusivity, and thus create a genuine competitive advantage for an organisation.

HOWEVER, UNTIL NOW, organisational policies and incentives have often used age to roughly categorise employees to define their preferences. But the COVID-19 crisis and the European Workforce Survey highlight how employee perceptions and needs are more complex than simple demographic delineations allow.

What enhances workforce understanding is encompassing the complexity of the employees that constitute that workforce: Do they work far from home? How long have they been working within the structure? What types of transport and infrastructure do they have access to? What are their main responsibilities? Were they trained to have the skills and abilities to fulfil these responsibilities?

These are all questions that relate to their attitudes and behaviours, as well their views about and concerns around the future.

By asking such questions and deep diving into the resulting data, organisations can gather valuable insights and predict the best way to support employees. This is essential. Organisations need to acknowledge the complexity of their workforce and understand individuals' characteristics better. They will then have an opportunity to help develop more personalised policies and programmes based on a deep understanding of the employees' attributes and needs to foster a greater sense of belonging and knowledge-sharing.

Organisations need to acknowledge the complexity of their workforce and understand individuals' characteristics better.

Conclusion

Age and generation are the traditional lenses through which organisations view their workforce. The COVID-19 crisis shows there are indeed distinct generational differences in how employees perceive changes, but not necessarily in the way that could have been imagined. Older employees, for example, have more easily adapted to the new working conditions. But overall, the European Workforce Survey reveals no significant differences between employees of different generations in adapting to new and unfamiliar technology.

WHAT EMERGES FROM the survey is that a key element in the ability of employees to adapt is not age, but rather trust and support. If employees feel a legitimacy in their role, have a sense of belonging to the organisation and feel involved, they show a capacity to manage the situation. Trust, help and time are invaluable to the ability to adapt to a changing work environment. Among all factors, it is the human that is overwhelmingly considered the most critical.

What does this mean? For a business to succeed, it not only has to be among the most technologically advanced, it also has to be among the ones that are the most human. Yes, there are differences between age groups, but people should not be

prejudged – numbers can be wrong or lead to false assumptions. Instead, organisations should listen to and interact with their workforce to understand where differences in expectations might be. Understanding the human factor is probably the biggest challenge that organisations face today.

The global pandemic that hit in 2020 created chaos across the globe and is reordering professional lives every day. Employees have responded by being flexible and resilient to ensure organisations continue to function in these extraordinary times. Organisations need to support them by seizing the opportunity to help them thrive, in all their diversity.

ABOUT THE RESEARCH

In June 2020, to amplify the 'voice of the workforce', Deloitte conducted the European Workforce Survey, reaching out to more than 10,000 employees across seven European countries (France, Germany, Italy, Portugal, Poland, Spain and the United Kingdom). The survey was conducted online, and the sample was restricted to people currently employed (even if currently furloughed or on a zero-hours contract). Fifty per cent of the sample was made up of workers age 50 or older and the other half, workers older than 18 but younger than 50. Within these two major age groups, the age and gender composition of the sample was set to resemble the current composition of the workforce in each country. Professional translators adapted the questionnaire into local languages, and native-language professionals refined the translations to optimise the comprehensibility of the questions.

Endnotes

1. Author analysis based on data from Eurostat, Labour Force Survey (LFS) annual survey results on employment by sex, age and citizenship (database lfsa_egan), https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_egan&lang=en, data accessed on 9 December 2020.
2. Erica Volini et al., “The postgenerational workforce: From millennials to perennials”, Deloitte Insights, 15 May 2020, <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/leading-a-multi-generational-workforce.html>.
3. Hila Axelrad, Miki Malul and Israel Luski, “Unemployment among younger and older individuals: Does conventional data about unemployment tell us the whole story?”, *Journal for Labour Market Research* 52, no. 3 (18 March 2018), <https://link.springer.com/article/10.1186/s12651-018-0237-9>.
4. Will Gosling, Dr Michela Coppola and Kate McCarthy, May the workforce be with you: The voice of the European workforce 2020, Deloitte Insights, 22 October 2020, <https://www2.deloitte.com/us/en/insights/focus/technology-and-the-future-of-work/impact-covid-19-european-workforce.html>.
5. Ibid.

Acknowledgements

The authors would like to thank **Clémence Levinson** for her significant contribution to this article.

About the authors

Gildas Poirel | gpoirel@deloitte.fr

Gildas has more than 20 years of experience helping to align people and organisations with the organisations' strategy. He has worked on various projects covering strategic alignment, organisational design and effectiveness, employee engagement and communication, change management, talent attraction, and classification and reward systems.

Dr Michela Coppola | micoppola@deloitte.de

Michela is a senior economist and the research lead within the EMEA Research Centre. She liaises with partners around the firm to identify, scope and develop international thought leadership. Michela leads Deloitte's European CFO Survey, working closely with local teams to ensure the European report provides relevant and valuable insights from both regional and national perspectives. Before joining Deloitte, Michela developed thought leadership for Allianz Asset Management, with a focus on demographic changes and long-term savings and investments. Before that, she worked at the University of Mannheim and at the Max-Planck-Institute as a postdoctoral researcher. Michela has a PhD in economics.

Contact us

Our insights can help you take advantage of change. If you're looking for fresh ideas to address your challenges, we should talk.

Country contacts

Philippe Burger

Partner, Human Capital Leader, Deloitte France
+33 1 40 88 24 60 | capitalhumain@deloitte.fr

Stefan Weiss

Talent Group Leader Workforce Strategies and Solutions, Deloitte Germany
+49 40 320804882 | steweiss@deloitte.de

Drew Keith

Partner, Human Capital Leader, Deloitte DCM
+39 283326840 | dkeith@deloitte.it

John Guziak

Partner, Human Capital Leader, Deloitte Poland
+48 22 511 0736 | jguziak@deloittece.com

Will Gosling

Partner, UK Human Capital Consulting Leader, Deloitte MCS Limited
+44 20 7007 8132 | wgosling@deloitte.co.uk

Joan Pere Salom


Partner, Human Capital Leader, Deloitte Spain
+34 932533632 | josalom@deloitte.es

Nuno Carvalho

Partner, Portfolio Human Capital, Deloitte Portugal
+351 210 422 500 | ncarvalho@deloitte.pt

Deloitte. Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.

 Follow @DeloitteInsight

Deloitte Insights contributors

Editorial: Sara Sikora

Creative: Mark Milward

Promotion: Maria Martin Cirujano

Cover artwork: Daniel Hertzberg

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. This publication and the information contained herein is provided "as is," and Deloitte University EMEA CVBA makes no express or implied representations or warranties in this respect and does not warrant that the publication or information will be error-free or will meet any particular criteria of performance or quality. Deloitte University EMEA CVBA accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2021 Deloitte University EMEA CVBA.

Responsible publisher: Deloitte University EMEA CVBA, with registered office at B-1831 Diegem, Berkenlaan 8b