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**Conference Paper**

## Generational dynamics in the labor market: Global trends and local realities in Romania

**Provided in Cooperation with:**

The Research Institute for Agriculture Economy and Rural Development (ICEADR), Bucharest

*Suggested Citation:* Oprea, Mihaela-Georgiana; Vlădescu, Mihaela-Irma (2023) : Generational dynamics in the labor market: Global trends and local realities in Romania, In: Rodino, Steliana Dragomir, Vili (Ed.): Agrarian Economy and Rural Development - Trends and Challenges. International Symposium. 14th Edition, The Research Institute for Agricultural Economy and Rural Development (ICEADR), Bucharest, pp. 77-83

This Version is available at:

<https://hdl.handle.net/10419/301765>

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# GENERATIONAL DYNAMICS IN THE LABOR MARKET - GLOBAL TRENDS AND LOCAL REALITIES IN ROMANIA

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**Abstract:** *The world is constantly changing, which leads to changes in the labor market. Both globally and in Romania, the labor market is currently in an extremely difficult phase, but at the same time it offers many opportunities for reshaping, reinventing and optimizing. Globalization, automation, development, population growth, aging and organizational structures all contribute to an unpredictable labor market. Technological development and training adapted to digitalization have influenced the characteristics of each generation entering the labor market. Although there is consensus on the name and general time period of each designated generation, there is no agreement on the exact years each generation begins and ends. To understand how and why generational conflict occurs, it is important to know what characteristics distinguish each generation. Because of the specific characteristics of each generation, conflict can occur in the workplace. Challenges that have arisen in the labor market in recent years, such as the need for flexible and/or remote work have imposed adaptation to new technologies. This has led to an increase in demand for personnel familiar with the use of digital skills. Although there is a general trend toward digitization and adaptation to new technologies, Generations Y and especially Z use the Internet to a greater extent than the other generations, making them the most important source of workers in the IT sector.*

**Keywords:** *generations, labor force, inequalities, ages, labor market, digitization.*

**JEL classification:** J80, F82, J70.

## INTRODUCTION

Generations in the labor market refer to the various cohorts of workers who belong to different age groups and have experienced distinct economic, social, and technological conditions during their formative years.

These generational groups often exhibit unique characteristics, values, work preferences, and challenges that can impact the labor market in various ways (Gursoy, Chi, & Karadag, 2013). These characteristics give rise to differences in opinion and attitude that lead to misunderstandings in the workplace. The uniqueness and distinctiveness of each generation is determined by the events that produce the fundamental values. (Lewis, 2013). They affect everyone involved equally, both the leaders who seek solutions to these situations.

The changing demographics in the workforce, marked by the coexistence of multiple generations, have significantly impacted human resource management. Managing these generational differences has become one of the foremost challenges for employers (Prund, 2021). The dynamics of having Baby Boomers, Generation X, Millennials, and Generation Z working together have raised concerns for organizations.

Divergences are approached differently in each generation of managers, depending on the fundamental values specific to that time (Jennings, 2016). Although these core values may influence how managers view conflicts, they do not influence the methods used to resolve them. In this sense, conflict resolution strategies can be used by both organizations and managers.

In a study analyzing „The impact of a multigenerational workforce on HR practices” (Prund, 2020), it is noted that understanding the differences between generations in the workplace is essential

for organizations and HR departments to effectively manage their workforce and adapt to the changing dynamics of the labor market.

Each new generation entering the workforce is different from the previous generation due to education, technology, and the environment in which they developed (Raiu, 2021).

Differences in communication preferences (use of technology versus face-to-face meetings), attitudes toward work (a work-centered perspective versus a balanced perspective), and career aspirations represent aspects that define generational conflict, or upward mobility versus the desire for it to make a difference (Harris, 2015).

This article aims to analyze the differences and similarities of the new generations entering the labor market compared to the previous generations, what skills they have and how they can be supported.

## MATERIAL AND METHODS

**General context.** Generational differences have grown quite a bit lately within organizations, as there are more generations in the labor market than ever before who working together. According to Dimock, M. (2019), the current generations are defined as follows (Table 1):

**Table.1 Widely accepted generational model**

The generation	Period
Silently Generation	1928-1945
The Baby Boomer generation	1946-1964
Generation X	1965-1980
Generation Y Millennials / Nexters	1981-1996
Generation Z Mobile	1997-2012
The Alpha Generation	2013-until now

Source: Information collected from the specialized literature.

Globally, people between the ages of 15 and 24 represent approximately 22% of the working-age population (Gomis et al, 2020), where the age limits used internationally for this indicator are 15 and 64, respectively (NIS, 2021), while the share of young people in Europe is falling rapidly (Eurostat, 2020).

These are the most commonly discussed generations in the labor market:

- **Traditionalists (Silent Generation) (1928-1945):** This generation, also known as the Silent Generation, experienced the aftermath of World War II and the Great Depression. They tend to value loyalty, stability, and traditional work ethics. Many traditionalists have retired, but some are still in the workforce in their later years.

- **Baby Boomers (1946-1964):** The Baby Boomers were born in the post-war period, and their generation saw significant social and economic changes. They often value job security, hard work, and hierarchical structures. As they reach retirement age, there's a concern about the aging workforce and potential skills gaps.

- **Generation X (1965-1980):** Gen Xers grew up during the rise of technology and witnessed significant changes in family structures. They tend to be pragmatic and value work-life balance. They were the first generation to embrace computers and the internet in the workplace.

- **Millennials (1981-1996):** Also known as Gen Y, Millennials are often associated with the digital age. They value flexibility, diversity, and meaningful work. Their arrival in the labor market

has led to discussions about work culture changes, such as remote work and a focus on purpose-driven careers.

- Generation Z (1997-2012): The youngest generation in the labor market, Gen Z, has grown up in the era of smartphones and social media. They tend to be tech-savvy, entrepreneurial, and socially conscious. As they enter the workforce, employers are adapting to their unique communication and work style preferences.

- Generation Alpha (2013-until now): The demographic cohort born after Generation Z. This generation is the first to be fully raised in the 21st century and has grown up in a world characterized by rapid technological advancement, digital connectivity, and globalized information.

These generational differences can affect the labor market in several ways:

- Each generation may have different expectations regarding work culture, leadership styles, and career progression, leading to potential conflicts and the need for adaptable management strategies.

- Different generations may possess varying skill sets and knowledge, which can impact workforce development and training needs.

- The retirement of older generations like Baby Boomers can lead to skill shortages and the need for succession planning in certain industries.

- The pace of technological change can influence how different generations adapt to and utilize new tools and systems in the workplace.

- Generations may have varying perspectives on work-life balance, which can shape workplace policies and benefits.

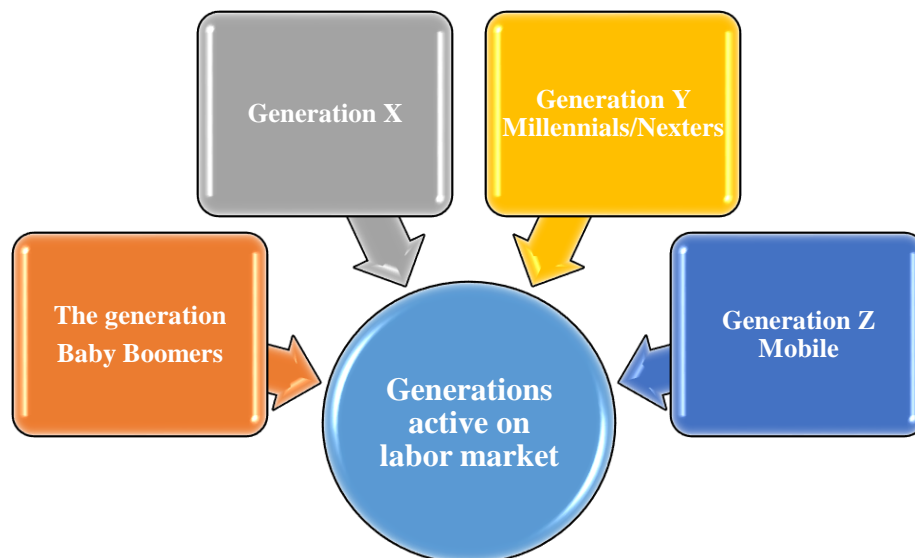
- Employers may need to tailor their recruitment and retention strategies to attract and retain talent from different generational cohorts.

Although mobility for profit is perceived as a phenomenon of contemporary society with the tendency to increase labor mobility, it is seen as a form of ensuring efficient allocation of production factors (Vasile et al., 2019). The trend that is emerging with the entry of new generations into the labor market and, last but not least, through digitalization, is changing workplaces, organizational structures, and work models in which work is increasingly flexible (Nezami et al., 2021). This trend will continue to have a global impact in the coming years. The pandemic has contributed to the acceleration of these changes, requiring the presence of jobs with "physical proximity" on the one hand, while on the other hand the obligation to comply with certain distancing measures has led to a change in the work regime (Chivu & Georgescu, 2020), and the increase in the number of people working remotely in most sectors has accelerated automation and online shopping (EURES, 2021). Automation and other technological advances have the capacity to replace both routine and cognitive tasks, while increasing the need for new skills and creating unprecedented challenges and opportunities. In summary, digital skills are increasingly required to thrive in the new world of work (European Commission, 2017).

Taking into account the previously mentioned aspects, we emphasize the importance of the European Environmental Pact, which aims to change the way we live, work and produce in the EU, known as the green transition, through actions in the areas of climate, energy, agriculture, industry, environment, transport, in the field of finance and regional development and, last but not least, in the field of research (European Commission, 2019).

**National context.** An acute problem in the case of Romania is the high deficit of labor force, which affects economic growth and development. The mismatch between the demand and supply of labor can lead to an increase in the level of tension in the labor market (Chivu et al., 2020).

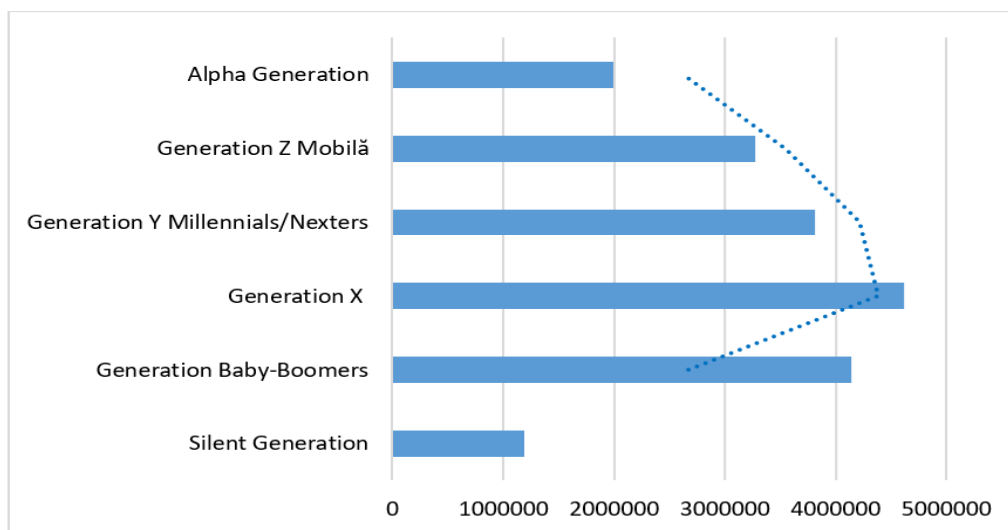
For the first time in history, four generations are currently working together, creating huge pressure on the labor market (Figure 1).



**Figure 1. Generations active on the labor market**

Source: Information collected from the specialized literature

At the level of 2022, according to INS data, Romania had a resident population of over 19.04 million people (figure2), with approximately 2.21 million people less than in 2006, the year before Romania's entry into the European Union. Considering this significant difference recorded over 16 years, we will specify the main causes that led to the decrease in the number of the population: the decrease in the birth rate but also the right to free movement obtained in 2007.



**Figure. 2 Resident population on 1 January 2022 (persons)**

Source: NIS data processed by the author. Note: The Silent Generation includes people over 94, as the available data did not allow us to delimit them.

It is important to mention that, according to the data from INS, the number of resident population in Romania increased by more than 9 thousand people in 2023 compared to the previous year. The population increase is exclusively due to immigration, in which case for the first time the number of immigrants was higher than the number of emigrants.

The Alpha generation consists of 61% of Generation Z and 43% of Generation X, which means that the number of people in the current and future generation is gradually decreasing and as a result the workforce is shrinking.

Members of Generation Z are also called right "mobile generation", being recognized as "the Internet generation [...] and the first one navigator mobile" (Iorgulescu, 2016). Into the compared to Generation Y, Generation Z places a greater emphasis on growth professional than on stability financial and has an entrepreneurial spirit higher (Farrell, & Phungsoonthorn, 2020).

With into the view that members Generation Y (Millennials), had access to technology, them treats information into the ways differently compared to generations precedents. These prefer to build the information in the form of the network model, in time what Baby Boomers think linear. Generation Z and Millennials communicate through various social media platforms (Table 2), substituting so the interactions face into the face preferred by Baby Boomers (Hart, 2017).

**Table 2. Weight to people aged 16-74 who accessed Internet in the last 3 months, after age group, on purpose accessing Internet 2022 (%)**

The goal accessing Internet	Age group		
	16-34 years	35-54 years	55-74 years
Sending/receiving emails	63,1	51	28,6
Finding information about goods or services	61,9	61,2	45
Online reading of news sites/newspapers/magazines	49,1	54,1	45,8
Searching for information about health (eg: injuries, diseases, nutrition, health maintenance, etc.)	29,9	36,4	34,5
Participation in social networks (creating a user profile, posting messages or other contributions to Facebook, Twitter, etc.)	88,6	81,9	67,4
Participating in online consultations or voting to support civic or political issues (eg: town planning, signing a petition)	7,8	5,8	3,5
Posting opinions on civic or political matters through Websites (eg: blogs, social networks, etc.)	19,9	15,3	9,1
The sale of products and services, for example, by auction (eg: eBay)	7,5	5,4	1,7
Internet banking	25,8	26,2	10,8
To make an appointment at a hospital or a health care center, via the Internet	8,9	11,6	6,1
To play or download games	41,5	19,7	9,2
To listen to or download music (eg: online radio, online music, YouTube)	63,8	39,7	19,8
Internet viewing of TV broadcasts (live or recordings from televisions)	28,2	20,4	10,7
Viewing video files through online video streaming services (e.g. Netflix, Mubi, Amazon, HBO GO, FILM BOX, etc.)	25,9	17,3	7,4
Viewing video content from sharing services (eg You Tube)	36,4	24,2	12,3
Making voice or video calls over the Internet, e.g. via Skype, Messenger, WhatsApp, Face Time, Viber.	79,7	72,5	64,9
Use of instant messaging e.g. via Skype, Messenger, WhatsApp, Viber (communication via SMS is not included).	74,9	66,1	52,8
Accessing personal health records online (eg: results of medical tests)	8,3	12,4	7
Using other health services through a website or an application, instead of having to go to a hospital or visit a doctor (eg: receiving a prescription or an online consultation)	3,7	5,2	2,2
To listen or download podcasts	19,3	11,1	3,2

Source: INS data, TEMPO\_TIC111B\_11\_10\_2023.

In the above table can be observed in most cases that the values are inversely proportional to age in the indicator percentage of older people between 16 and 74 years included, who accessed the Internet in the last 3 months. After analyzing the above data regarding the purpose of accessing the Internet, we have identified three situations that can lead to interesting conclusions:

- Searching for information about health (e.g.: wounds, diseases, nutrition, health care, etc.) was found in the preferred age category 55-74 years compared to the 15-34 age group.

- During the period, Internet banking and online reading of news sites/ newspapers/ magazines were found to be in the preferences of the 35-54 age category.

Each generation is characterized by values, goals, education levels, and different work styles. Skills and adaptability have become extremely important for working in the marketplace. The rapid advancement of technology, global and economic changes have led to a reconfiguration of the structure of jobs.

Over time, digitization has become an essential part of the society we live in, providing new opportunities for growth and innovation to achieve the 2030 Agenda for Sustainable Development goals.

Recently, researchers have drawn attention to the fact that technological development has led to the emergence and inclusion of some occupations in the nomenclature of professions. Although, according to NIS, Romanian universities train more than 7,000 professionals annually in the field IT, our country has a workforce deficit of about 15,000 people annually.

However, experts point out that the desire of young people to work in areas such as IT and digitalization is leading to a lack of interest in older professions and, at the same time, to their disappearance. (Dumitrescu & Prisecaru, 2020).

## **CONCLUSIONS**

Since it is such a wide-ranging and complex phenomenon, a thorough analysis is needed to help understand the causes and outline the measures and strategies to reduce its magnitude and impact. Research conducted over time shows that intergenerational conflict still exists, but its dimension is often exacerbated.

Even though there are inter- and intragenerational differences in the labor market, each generation has its role in the development of society. For example, the existing generations on the labor market (especially the employers of the new generations) are trying to adapt to the challenges posed by young people through digitization and technology. Another important aspect is the professional experience of baby boomers and Generation X, which can make an important contribution to the training of new generations in the labour market.

It's important to note that while differences between generations can provide insight into workforce dynamics, individual differences within each generation are significant and stereotypes should be avoided. Successful companies recognize the diversity of their workforce and strive to create an inclusive environment that meets the needs and preferences of all generations.

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