



Leveraging the Generational Potential

The Opportunity to Accelerate Growth in All Economies

When it comes to economic progress, both developed and emerging market economies possess tremendous opportunities to accelerate growth for a number of reasons. If businesses and governments start recognising these opportunities and invest accordingly, the potential for growth will likely be unprecedented.

Key dissimilarities define both economies, and they face challenges in different ways. At the same time, some of these challenges also represent opportunities. For example, in emerging markets:

- Individuals are generally more open to change, willing to attempt new approaches, and not afraid of taking risks because they are obliged to grow faster to catch up with the rest of the world.
- This characteristic, in return, forces individuals to be more creative and easily accept change because they recognise that the problems they face can only be

overcome by solutions that require innovative thinking and quicker adaptation to change. After all, they have been the champions of creativity thanks to the continuous daily pressure for survival and a hunger to improve their current state.

On the other hand, in developed markets:

- Individuals face tremendous pressure to keep what they have “built.” They are generally more risk-averse because they seek answers/solutions to maintain what they “have.”
- While this characteristic also forces individuals to be more creative, it does not necessarily put them at ease with change. After all, they believe that the problems they face should be overcome by incremental change and, consequently, do not see the need for drastic transformation.

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The Extra Challenge for Emerging Economies

Putting aside these differences, the playing field becomes nearly equal. The proclaimed advantage of low-cost labour in emerging markets is an archaic thought; no nation will win that race because there is no winner in the long run. Cheap labour is generally unskilled and likely to focus on products and services that are mass produced. The quicker that emerging markets realise this fact, the sooner they will start to build economies that are much more sustainable over time. Price competition at a national level will only result, ultimately, in despair and deception, even though people experience an uptick in their overall income level in the short to mid-term.

In addition, emerging markets face another dilemma. Investment in automation and robotisation of labour work have been high in emerging markets in recent years. Consider China. Its recent five-year plan promotes the usage of industrial automation, with robots and computer numerical controller (CNC) machine tools identified as important areas for development [1]. The Chinese government stepped up its investment in training and developing professionals for the robotics industry,

recognising that robots can help the manufacturing sector improve quality and efficiency, while reducing waste. As an example of the investments, a robot industrial complex is under construction in the Liaoning province; it was expected to generate revenues of US\$8 billion for robots and other automation equipment by 2017. Coming years may witness a trend that is quite different and not so familiar in terms of labour force transformation in emerging markets. For example, consider these questions:

- What will happen to people who are under-educated, self-ignorant, and unskilled if automation and robotisation will not allow them to contribute as they have in emerging markets over the last 20 years?
- What will happen to those people who enjoyed an uptick in overall income by moving to large cities and working in low-level jobs, but now lack the same opportunity?



The key success factor for the upcoming transformation is investment in education, learning, and training – three very different things. Education relates to the state in many of the markets; learning relates to the individual; and training relates to corporations. The quality of these three key ingredients of success will solely depend on governments' ability to stay up-to-date, the individual's ability to be more self-aware, and corporations' ability to be, at last, "truthfully" socially responsible.

The question of which population or employee segment in which to invest in order to grow the economy or business requires a crystal-clear understanding. Without that comprehension, a misunderstanding of this question may not only lead many nations and corporations into the dark for decades, but also potentially become a huge bill we will all have to pay. For example, if by ignorance, a nation or business leadership fails to invest in upgrading the knowledge of the elderly population or a specific employee segment, the nation or corporation in question will most likely perish. It is crucial to emphasise the importance of this understanding across all our nations and corporations.

As life spans continue to lengthen, society has an obligation to retain people in the workforce to ensure more continuity of contribution. However, a longer period of contribution does not necessarily mean forcing people to stagnate in the same job or career for another 20 or 30 years. New approaches and technologies can empower people and keep them as productive citizens as long as possible, while maintaining their interest and desire to contribute.

Identifying Two Key Employee Segments

The younger generation has a role to play in moving both developed and emerging markets forward through their view of the employee-employer relationship. Across developed and emerging markets, according to the 2016 Deloitte Millennial Survey, "millennials feel that most businesses have no ambition beyond profit. ... Millennials often put their personal values ahead of organisational goals."



When asked to cite the values that support long-term business success, millennials overall replied:

- Employee satisfaction, loyalty, fair treatment (26%)
- Ethics, trust, integrity, honesty (25%)
- Customer care, focus (19%)

According to the survey, millennials in emerging markets are the least loyal to their current employers. When asked whether they expect to leave their organisation in the next five years, for example, 82% of millennials in Peru agreed, 76% in South Africa and India, and 74% in South Korea – compared to 64% in the US and 52% in Japan.

But millennials are not the only segment of the population that bears watching – and tapping. Retired (or retiring) individuals often represent an unexploited resource in many markets, with few organisations viewing them as a potential source of growth and innovation.

Unfortunately, the term “retirement” does not connote an immediately accessible productive resource, which presents a number of issues:

- A very valuable experienced pool of talent is untapped and remains idle until it perishes.
- Viewing something as a cost instead of an asset leads to decisions that are not necessarily value driven.
- Wisdom, a most valued virtue, is not shared and disseminated with the rest of the population as it should be. Consequently, younger generations continue to make avoidable mistakes, triggering further persistent costs to society at large.



Bridging the Generations

But the situation does not have to remain this way. We can create a brand-new, value-oriented employee generation by facilitating a process and deploying a technology to bridge the experience, knowledge, and wisdom of the retired population with a younger generation who possess authentic inclinations. That untapped value can prove simultaneously beneficial not only to individuals, but also communities, organisations, and nations.

The key opportunity for all markets is to rapidly recognise the potential in all segments of the working population and facilitate the empowerment process for every citizen. That is the only sustainable growth model that can prevail in the long term. With the help of technology and novel approaches we could enable this process even at a national level, helping countries to accelerate growth in all markets.

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[1] Christoffer Enemaerke, "Global Megatrends: Automation in Emerging Markets," RBC Global Asset Management (2014)



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