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**Can the Generation Gap be Explained Economically  
or Just Sociologically?**

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**Abstract**

*The aim of this paper is to see if the differences between the generations that live today across the globe can be explained by the psychological characteristics of the generations or by the fact that they are young and for example they spend more money on education than the old people, but this does not mean that they will be more educated than the previous generation.*

*For this purpose we gathered data for the main income sources and main expenditures for three main generations in the last century for the United States.*

**Keywords:** IGen, Millennials, Baby Boomer, income, expenditure.

**JEL Classification:** D00, I00, J00

**1. Introduction**

According to specialists, every generation has its characteristics. The World Bank and other institutions have generated a time line that can divide the living population into generations. It is considered that there are four living generations currently in the workplace at the same time. According to Hammill G. (2005) these are as shown in the next chart.

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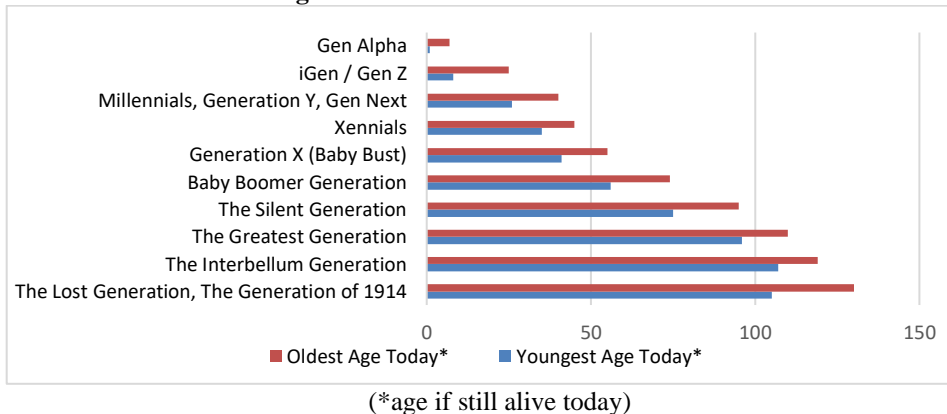


Source: <https://portal.fdu.edu/newspubs/magazine/05ws/generations.htm>

## 2. Problem Statement - What are the main characteristics that define the generations that are alive nowadays?

Generation delimitations are not the same for all cultures. The generation delimitations shown in figure no 1 are the delimitations of generations in the western culture. Japan and Asia, as well as some parts of Eastern and Western Europe, may have some other generational differences grounded on important cultural and in some cases political or economic guidelines, but mainly they accept the same delimitations as the U.S.

**Figure 1. Generational Delimitations**



Sources: <https://www.careerplanner.com/Career-Articles/Generations.cfm>

As can be seen nowadays in the case of most of the iGen's, they are too young to make a difference in today's world, but the elder ones could lead the war in Afghanistan. Hopefully the youngest are still studying and plan careers and jobs that are in high demand and open up new opportunities.

The main characteristics of iGen's are (J. Twenge):

- Accepting others of other backgrounds
- Prudent, not as much as risky
- Not as much alcohol and drugs use under 18 years old
- Not as much church going people
- They contest all authority figures
- Delay in starting long-time romantic relations
- Get pregnant later in life
- Less runs
- Delay in driving and fewer driving accidents among teenagers

- Less time in shopping centres
- Less likely to see a movie
- They use Instagram rather than Facebook

Meanwhile, the Millennials were raised to believe that they are special and could become whatever they dreamed of. Upon graduation, they found that was not true. iGen’s witnessed this and now they are much more careful and not so positive about life.

| PERSONAL AND LIFESTYLE CHARACTERISTICS BY GENERATION |   |                                      |  |  |
|--|---|--------------------------------------|--|--|
|  | Veterans (1922–1945)                              | Baby Boomers (1946–1964)             | Generation X (1965–1980)                     | Generation Y (1981–2000)                       |
| <b>Core Values</b>                                   | Respect for authority<br>Conformers<br>Discipline | Optimism<br>Involvement              | Skepticism<br>Fun<br>Informality             | Realism<br>Confidence<br>Extreme fun<br>Social |
| <b>Family</b>  | Traditional<br>Nuclear                            | Disintegrating                       | Latch-key kids                               | Merged families                                |
| <b>Education</b>                                     | A dream   | A birthright                         | A way to get there                           | An incredible expense                          |
| <b>Communication Media</b>                           | Rotary phones<br>One-on-one<br>Write a memo       | Touch-tone phones<br>Call me anytime | Cell phones<br>Call me only at work          | Internet<br>Picture phones<br>E-mail           |
| <b>Dealing with Money</b>                            | Put it away<br>Pay cash                           | Buy now, pay later                   | Cautious<br>Conservative<br>Save, save, save | Earn to spend                                  |

Source: <https://portal.fdu.edu/newspubs/magazine/05ws/generations.htm>

On the other hand, iGen’s may have some negative characteristics as well:

- Not as much as "personal" with others because of the time spent on smartphones or on games
- Tend not to read as many books
- Focused on growth and protection, unlike the previous cohorts
- Do not work as much in their teens
- Tend to go to bed really late at night because of high use of smartphones and social media
- May be more depressed than previous generations
- They feel lonely and useless
- Could have a higher suicide rate

### 3. Research Methods

For the analysis in this paper we used the deductive method. First we established the hypothesis for our theme, namely the economic and sociological gap between the living generations. We collected the necessary data using deductive reasoning and then studied research on the issue at hand. We collected the necessary data and made graphs showing the evolution of the gaps between generations. To show that the gaps between generations have been exacerbating, we have used the available data as well as recent research or studies conducted by

various institutions that study the gaps between generations. The research results are presented using the descriptive method.

#### 4. Findings - Careers and sources of income

The differences between generations are visible in the workplace as well. The main characteristics of the four generations that are still working today are as shown in the next chart.

In the short term future, there will be fewer and fewer jobs for those with low skills, so they will be forced to develop a low-income family, therefore iGen's must start concentrating on school and lifelong learning.

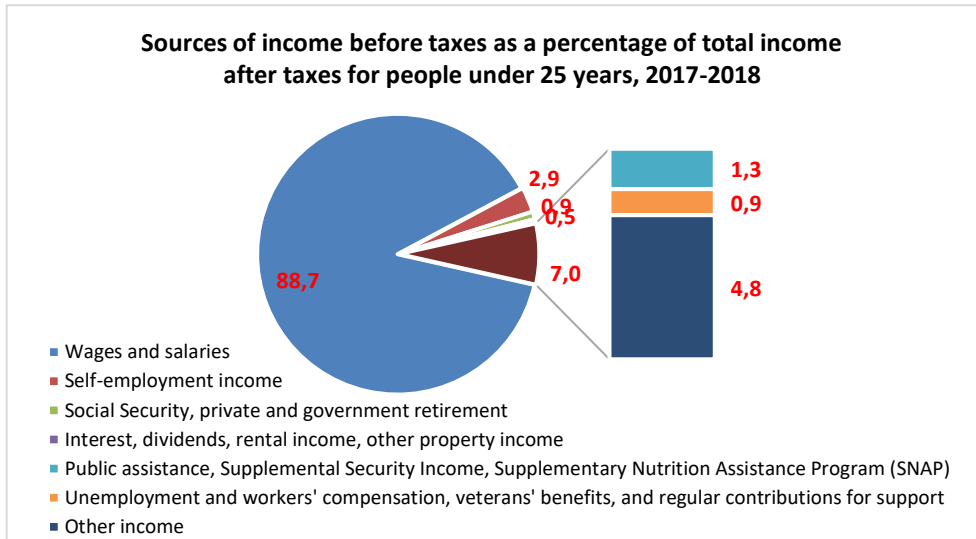
Nowadays are booming the jobs in healthcare and in those fields that use high technology. On the other hand, it is not a good idea to start a career in literature or any sociological field. Anything that has to do with software and electricity is a smart career plan. Civil construction offers very few jobs because we do not build many bridges and buildings. Motor vehicle engineering is difficult, there are not many opportunities in the US, except the green cars. Occupations that need to be completed by somebody, like waiters, hairdressers and electrical engineers, are going to be demanded even in the new century, even though they are paid less. Transactions are more stable than with many other caregivers.

So let us see what are the main sources for the three main generations, the iGen's, the Millennials, and the Baby Boomers.

| WORKPLACE CHARACTERISTICS     |   |   |  |   |
|-------------------------------|---|---|--|---|
|                               | Veterans<br>(1922-1945)   | Baby Boomers<br>(1946-1964)   | Generation X<br>(1965-1980)  | Generation Y<br>(1981-2000)   |
| <b>Work Ethic and Values</b>  | Hard work<br>Respect authority<br>Sacrifice<br>Duty before fun<br>Adhere to rules | Workaholics<br>Work efficiently<br>Crusading causes<br>Personal fulfillment<br>Desire quality<br>Question authority | Eliminate the task<br>Self-reliance<br>Want structure and direction<br>Skeptical | What's next<br>Multitasking<br>Tenacity<br>Entrepreneurial<br>Tolerant<br>Goal oriented |
| <b>Work is ...</b>            | An obligation   | An exciting adventure   | A difficult challenge<br>A contract  | A means to an end<br>Fulfillment  |
| <b>Leadership Style</b>       | Directive<br>Command-and-control  | Consensual<br>Collegial   | Everyone is the same<br>Challenge others<br>Ask why                              | *TBD  |
| <b>Interactive Style</b>      | Individual  | Team player<br>Loves to have meetings   | Entrepreneur   | Participative   |
| <b>Communications</b>         | Formal<br>Memo  | In person   | Direct<br>Immediate  | E-mail<br>Voice mail  |
| <b>Feedback and Rewards</b>   | No news is good news<br>Satisfaction in a job well done                           | Don't appreciate it<br>Money<br>Title recognition   | Sorry to interrupt, but how am I doing?<br>Freedom is the best reward            | Whenever I want it, at the push of a button<br>Meaningful work                          |
| <b>Messages That Motivate</b> | Your experience is respected  | You are valued<br>You are needed  | Do it your way<br>Forget the rules   | You will work with other bright, creative people  |
| <b>Work and Family Life</b>   | Ne'er the twain shall meet  | No balance<br>Work to live  | Balance  | Balance   |

\*As this group has not spent much time in the workforce, this characteristic has yet to be determined.

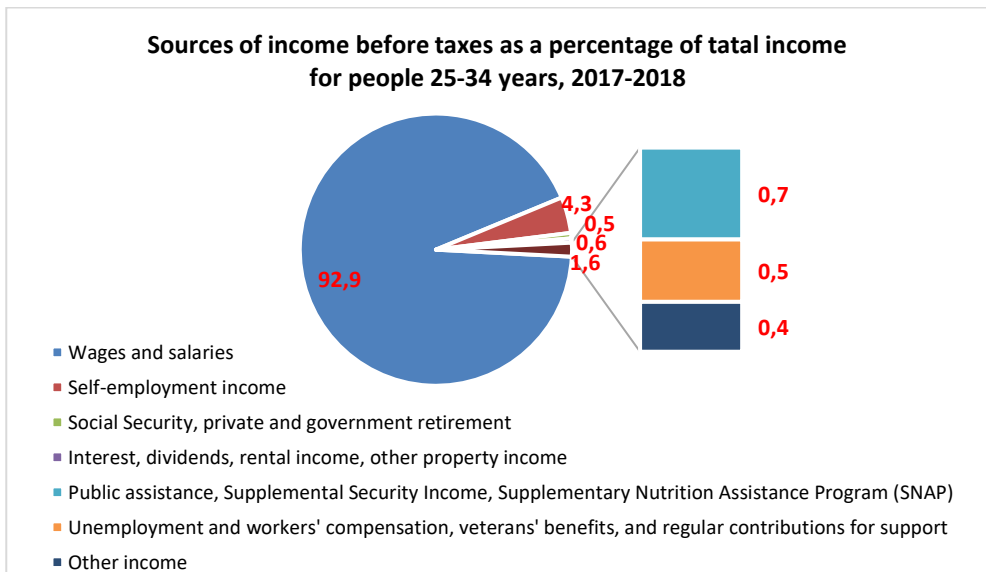
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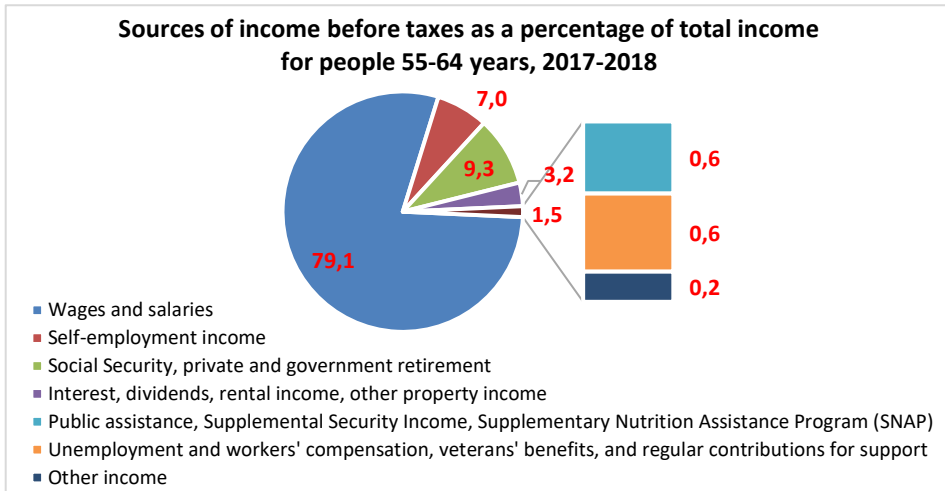
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As can we noticed, the main source of income for iGen`ers, as for the other generations, is still the salary, but the percentage is significantly lower because this generation is more likely to open up their own business.



*Source:*

[https://www.bls.gov/regions/midwest/data/consumerexpenditures\\_selectedareas\\_table.htm](https://www.bls.gov/regions/midwest/data/consumerexpenditures_selectedareas_table.htm)

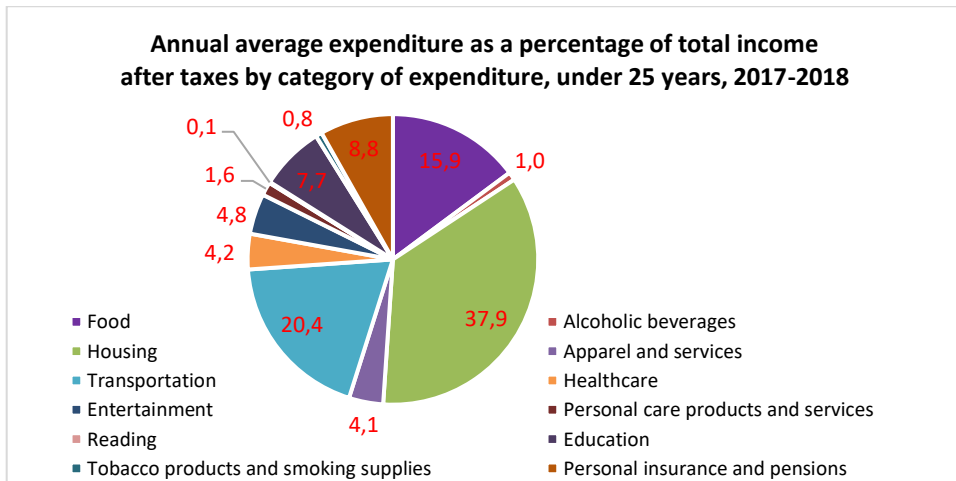


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### Average expenditure

Meanwhile, the **average expenditure** charts vary significantly for these three generations. Once with the adoption of automatic electric cars, the necessity for people to possess a vehicle is diminished. It is easier, cheaper and more efficient, for you just to have to go out, go to an application and be picked up by a Bolt without a driver to go where you need to. As long as a car can appear in about 5 minutes, this is the way to go. It will be interesting to see this new way of getting around shaping the automobile marketplace and how iGen'ers are going to respond to this.

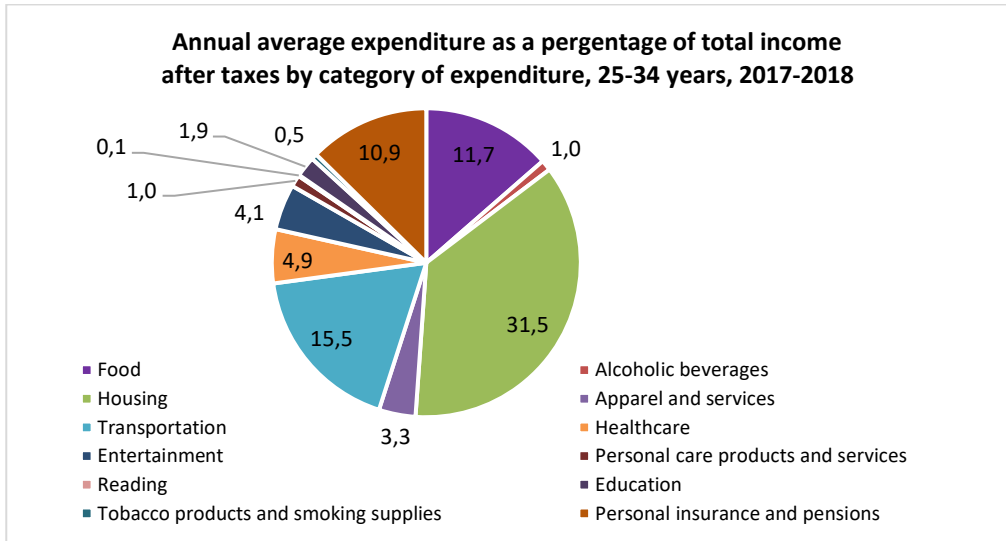


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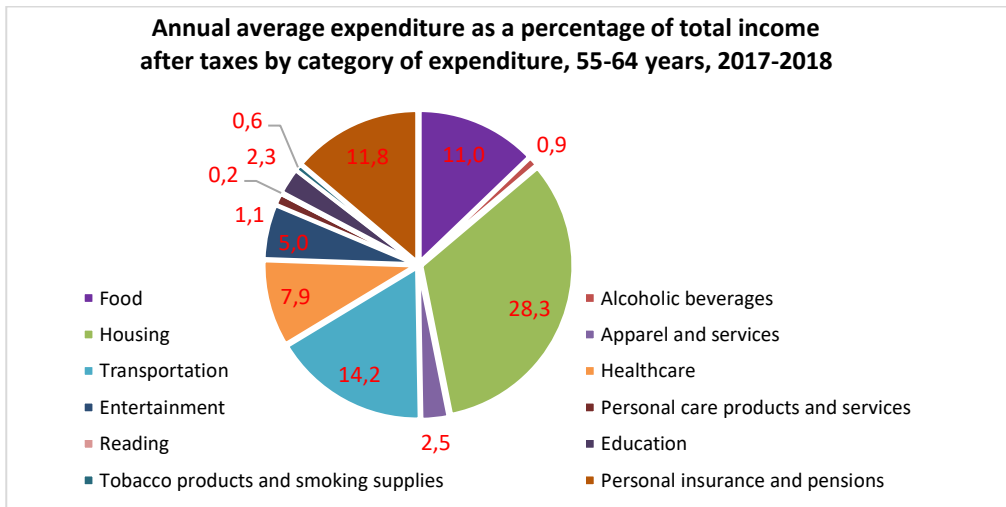
The gap between the expenditures for these three different generations can be explained also from the point of view of the psychological characteristics.

As the young generation is more attracted towards high-tech apparel than the other two generations, they are inclined to spend extra, approximately 1pp more than the Millennials and 1.5pp more than the Baby Boomers.



Source:

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It can also be noticed that the new generation is less inclined towards reading and more disposed towards drinking and smoking than the last two age groups, in spite of having all the information on how harmful these habits are.

## 5. Conclusions

The new generation will have more and more jobs related to space travel because they will concentrate on creating the first human establishments into space, given that iGen`ers are more open to the new.

Geological professions, especially in connection with the search for minerals on other planets, are likely to grow. Jobs related to virtual reality are growing because this technology is universal. iGen'ers are going to be the first ones that grow up with it and find it perfectly natural.

The newest generations will shape and reshape the world more than the previous ones did, until it will match their own unique features.

In conclusion, all the employers must understand the differences in the characteristics of all generations, in order to increase their productivity and to work effectively and efficiently. However, not only the employers that want to increase productivity have to know each generation's characteristics, policy makers too have to comprehend them, so they can better understand the needs of every generation in order to effectively deal with each individual.

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