Strategic Direction

Emerald Article: The net generation: its impact on the business landscape
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The net generation: its impact on the business landscape

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David Dumeresque has over 25 years' experience as an advisor to a number of organizations, from large multinationals to small owner-managed businesses. After five years practice in London and Paris with solicitors Slaughter and May, David spent some ten years in investment banking with NatWest Investment Bank, Scrimgeour Vickers and Citicorp Investment Bank. He moved into headhunting with Tyzack in 1991, where he runs their Media and Entertainment division, acting for clients such as the International Herald Tribune, Decca Records, the BBC and for professional services firms such as PricewaterhouseCoopers, Arthur Andersen and numerous law firms. A qualified solicitor, David is a graduate of the University of Durham and is a member of the Harvard Business Review Advisory Council.

The Net Generation, also more commonly referred to as Digital Natives or even Generation Y, are defined as individuals born between 1980 and 1999 and are generally characterized by their use and familiarity with digital technologies, communications and social media.

I first came across the term Digital Native in Marc Prensky's paper titled 'Digital natives, digital immigrants' (Prensky, 2001). His paper addressed the supposed decline of education in America, and claimed the principal cause of the biggest single problem facing education today was being ignored. This cause, according to Mr Prensky, is that students have radically changed from those of the previous generation, and that they are no longer the people our education system was designed to teach. The basis of his claim is that today's students (Digital Natives) are the first generation to grow up in the digital era – the era of Web 2.0, social media and electronic toys such as digital music players, cell phones, video games *et al.* – and as a result, current teaching methods are incompatible with their widespread use of emerging technologies.

Interestingly, Marc Prensky is not alone with this theory. Others have documented that the digital culture in which this Net Generation has grown up has influenced their preferences and skills in a number of key areas related to education.

Digital Immigrants, on the other hand, could be classified as the Generation X – those born between 1960 and 1980, or people who were born before the introduction of digital technology. They came into the digital era but did not actually grow up with it from birth. Certainly, the majority have adopted many of the new technological developments that have emerged in recent times, and rather ironically, some of them actually created the digital technology used by the succeeding generation. As the term ''Immigrant'' connotes, like a foreigner who comes to live in a new world (in this case the digital world), they learned about technology whereas Digital Natives were brought up and learned with technology. Understanding this difference makes it a little easier to see where Mr Prensky and others are coming from.

Historically, when a major demographic change is combined with a massive and unrelenting technological change, a total transformation in society occurs within a generation – around 20 years. The world changed completely following the agrarian and industrial revolutions, and that is what we are experiencing today with the rapid advances in technology across a broad spectrum that includes education, healthcare and industry. Virtually every facet of our lives has been, and continues to be, impacted by these advances.

So if Marc Prensky is seeing these changes irrevocably affecting our education systems, what is the effect then on our businesses?

Since the new wave of employees are predominantly Digital Natives and senior management today are mostly Digital Immigrants, it is imperative that business leaders not only understand these changing times but that they also grasp how this ''technological revolution'' is redefining our world. A significant discontinuity has taken place within the

workforce and to understand the impact these differences are having on staff management, it is vitally important to have an in-depth understanding of what a Digital Native is; how they think, how they work and how they communicate.

Digital Natives do not seek a job in as much as they seek an opportunity. While the job description is important, what drives these people and keeps them motivated are the workplace culture, management style, fun, variety and flexibility (McCrindle, 2006). One major difference between the two generations is that Digital Natives have easily adapted to an environment where they receive and process information very rapidly, relying heavily on communications technologies to access knowledge and for professional and social interactions. They prefer non-linear or random access to information rather than sequential access, and they are also very capable of multi-tasking (Oblinger, 2003). A big part of their lives is spent networked, accessing social media sites such as Facebook and Twitter, and instant messaging is their preferred method of communication. Some experts have suggested that this environment has fundamentally changed the way the Net Generation thinks and processes information compared with previous generations.

While it is important for managers to understand that Digital Natives receive and process information differently, it is equally important to understand that how they share information is beginning to reshape internal methods of communications. It was not that long ago that management edicts were written in typed memos and posted on company notice boards. This quickly gave way to e-mails in the 1990s as technology improved office functions. To meet managers' and employees expectations today, instant messaging is beginning to impact on e-mails as the preferred method of communications, particularly with the ubiquitous use of mobile phones. Given the speed at which information can now be transmitted throughout an organization, human resources managers will need to reevaluate their traditional role as the conduit for disseminating internal information both downwards and upwards. Additionally, the communities and networks Digital Natives develop are based on informal relationships. This is an area that is antipodal to the more formal structures seen within commercial and professional organizations, resulting in the Digital Natives disengaging themselves from the hierarchical format.

If the Net Generation is irrevocably changing the relationships between students and teachers, managers and staff, then it must also changing the way in which goods and services are purchased by consumers. In the past, corporate value was created at a specific point in the life cycle of goods or services. Today, value is co-created at multiple points of interaction and the company-centric approach is facing critical review, driven mainly by technology, access to the internet and the increasing use of social and other new media (Urbick, 2012). It is here that Digital Natives can contribute significantly to their organization by providing the direction companies need to focus on to be competitive in the future, identifying at which point the most value can be leveraged. However, to attract and retain the necessary talent required to achieve success, management must develop new and collaborative methods of leadership. The command and control methods of management are too formal and it is a language (a pre-digital form of communication) that is both alien to Digital Natives and something to which they find very difficult to adapt.

While digital technology and social media remain uncharted territory for many business leaders, they are here to stay and may well be the tipping point for organizations. Like many opportunistic organisms human behavior is sensitive to and strongly influenced by its environment. No one doubts that we have entered a new era but this does not mean that management must give in to every whim and fancy of a new generation. Equally, neither should they enforce old principles and working practices and expect the emerging generations to conform. If managers are concerned about the personal gadgets their employees are bringing to work, or the time spent on the Internet, they should educate them about company rules, expectations and violations, rather than banning the technology altogether. Wharton Business School marketing professor Peter Fader believes that employees who bring their own technology into the workplace will actually help their companies find innovative ways to operate. Indeed, technology research firm Gartner predicts that by 2014, 90 percent of organizations will support corporate applications on

personal devices. The main driver for adoption of mobile devices will be employees – i.e. individuals who prefer to use their own smartphones or notebooks for business, rather than using old-style limited enterprise devices (Gartner, Inc., 2010).

By realizing the long-term potential of understanding and exploiting the opportunities that lie in a world where technology and social media are playing an increasingly important role, business leaders can establish the infrastructure that will allow Digital Natives to contribute significantly to their organization.

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