



THEMATIC INSIGHTS

# Millennials

Demographic change and the impact of a generation



# Contents

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- 04 Who are the millennials?
- 06 Where are the millennials concentrated?
- 08 How is the millennial generation different?
- 08 Millennials and the impact on society



# Who are the millennials?

In the long-term, by definition, few forces have influenced society more than demographic dynamics. After all, demography is the study of the size and structure of human populations, and the changes they undergo in response to birth, migration, aging, and death and a broad range of social pressures. Historically, population trends have been at the core of shaping societies because new generations have brought with them new ideas and new behaviors<sup>1</sup>. We have little reason to think the first half of the 21st century will be an exception to this well-established pattern. And the generation that is often flagged by commentators and institutional investors alike as potentially having the strongest impact in shaping societies in the coming years is the millennials generation.



In 2020, approximately 1.8 billion people worldwide<sup>2</sup>, or 23% of the global population, can be considered as belonging to the millennials – a cohort that spans the births from the early 1980s to the mid-1990s. The millennials' generation are, in size, larger than any other adult cohort. For example, worldwide, there are a quarter more millennials than in the preceding generation<sup>3</sup>, those born from the mid-1960s to the late 1970s, that is often tagged as generation X.

But it is not only the absolute size of the group that has made the millennials a key discussion topic for institutional investors. As a group, millennials have unique characteristics that in aggregate seem to place them at an advantage in determining social change, especially at a time of technological disruption. The fact of them being the first technology natives is what has given credibility to the popular idea that changing technology and the digitalization of lives could help millennials drive social change, in particular in contrast to other (older) cohorts. However, even though the millennials form a coherent group globally, there are also key variations across and within major world regions that we believe are important to highlight.

1 Ryder, N. B. "The cohort as a concept in the study of social change." *American sociological review* 30.6 (1965): 843.  
2 United Nations. 2019. ["2019 Revision of World Population Prospects."](#)  
3 United Nations. 2019. ["2019 Revision of World Population Prospects."](#)

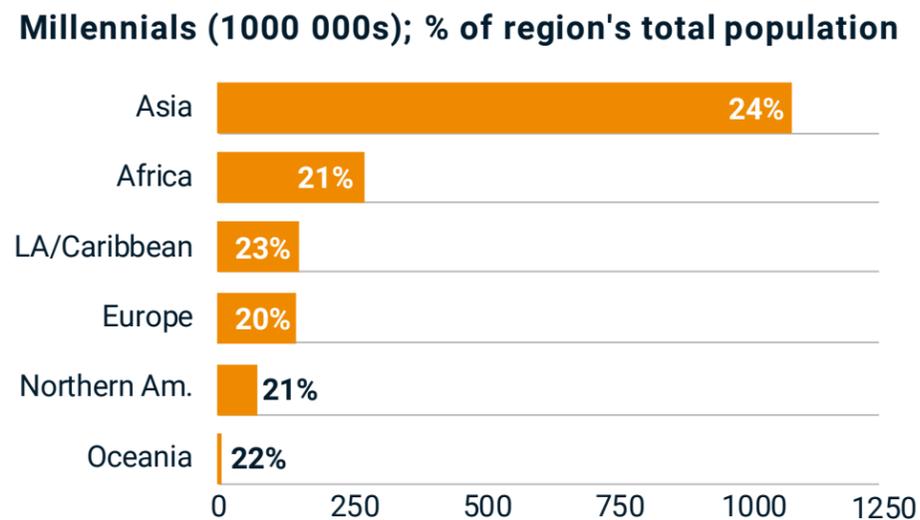


# Where are the millennials concentrated?

The millennials are not evenly spread across the globe. Clearly, where the millennials live their lives, form their families, work, consume, and exercise political power, is not without consequence. It's true that within major world regions the fraction of millennials does not vary enormously: the fraction of millennials of the total population ranges from 20% in Europe to 24% in Asia (see Exhibit 1). However, the absolute number of millennials shows startling variation across world regions. Of the global 1.8 billion population of millennials, 1.1 billion<sup>4</sup>, or more than 60%, reside in Asia, and 300 million or 16% in Africa. (Four of the five most populous countries in the world are in Asia – China, India, Indonesia and Pakistan – so this pattern should not surprise.) Of the remaining 400 million millennials, 150 million live in Europe and Latin America/Caribbean, with the rest in North America and Oceania. Given this uneven geographic distribution, a serious attempt to understand the behavior of millennials on a global scale should naturally pay close attention to Asia and Africa.

**Exhibit 1:**  
Millennials<sup>5</sup> in total and as a proportion of regional population (2020)

Source: Analysis based on the [2019 Revision of World Population Prospects](#), United Nations (2019)



<sup>4</sup> United Nations. 2019. "2019 Revision of World Population Prospects."

<sup>5</sup> Total number of millennials, defined as those born between 1980 and 1994, in major world regions, and the fraction of millennials of the total region's population in 2020



# How is the millennial generation different?

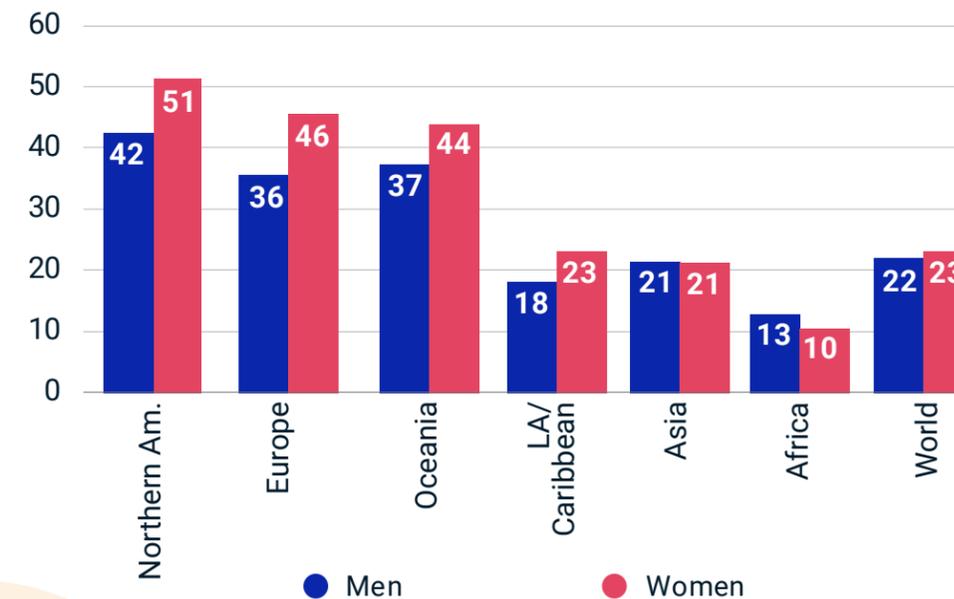
The societal impact of a generation like the millennials has historically depended not only on the size of the group, but also on other factors that characterize the generation. Social and economic characteristics, such as the level of education or life stage, seem likely therefore to be among the chief determinants ultimately of the broader impact of the millennials' generation. For example, no other adult generation has as high a level of education as the millennials. In 2020, more than half of the world's millennials have upper secondary education and almost a quarter have acquired post-secondary education. Previous generations fall far behind these educational levels.<sup>6</sup>

The educational level of the millennials also reflects a broader societal story globally. For the first time in history, at the global level, women are outpacing men in education<sup>7</sup>. In the millennials' generation, more women have post-secondary secondary education than men (Exhibit 2). This global change is occurring in almost all world regions. On this measure, in North America, Latin America, Europe and Oceania, women in the millennials' generation are more educated than the men. In Asia, the educational outcome differences between women and men is smaller but positive. Only in Africa do women millennials have lower educational level than men (Exhibit 2). As women reach higher educational levels than men globally, historical evidence<sup>8</sup> suggests that their impact on societies, from the political level to grassroots action to individual decision making, will likely to be higher for millennials than for preceding generations.

<sup>6</sup> Analysis based on data from the [Wittgenstein Centre Human Capital Data Explorer](#)

<sup>7</sup> Data from 1950 available from [Wittgenstein Centre Human Capital Data Explorer](#)

<sup>8</sup> Klesment, M. and Van Bavel, J. 2017. "The reversal of the gender gap in education, motherhood, and women as main earners in Europe." *European Sociological Review* 33 (3): 465-481. Subbarao, K. and Raney, L. 1993. "Social gains from female education: a cross-national study." The World Bank.



**Exhibit 2: Percentage of millennials with higher than secondary education (2020)**

Source: Analysis based on data from the [Wittgenstein Centre Human Capital Data Explorer](#).

## Millennials and the impact on society

What impact the millennials' generation may have on society will likely also depend on life stage. Two key dimensions of the life stage assessment are family and career. A major demographic and behavioral trend across the late 20th and early 21st centuries, in particular in advanced economies, and one that has influenced economic developments, has been the delay of family formation and childbearing<sup>9</sup>. As a result, the millennials' generation has remained single longer, and when they have formed partnerships, these have been increasingly less formal partnerships than formal marriages or civil unions.

Ultimately then, the millennials' cohort has had children later, and projections indicate that they will have fewer children than previous generations<sup>10</sup>. Part of this changing behavior may be a response to less certain or clear career development, and part of it may be due to the emergence of more individualistic or entertainment-focused values.

<sup>9</sup> Barclay, K. and Myrskylä, M. 2018. "Parental age and offspring mortality: Negative effects of reproductive ageing may be counterbalanced by secular increases in longevity." *Population studies* 72 (2): 157-173. Bratti, M. 2015. "Fertility postponement and labor market outcomes." *IZA World of Labor*: 117.

<sup>10</sup> Bohk-Ewald, C., Li, P. and Myrskylä, M. 2018. "Forecast accuracy hardly improves with method complexity when completing cohort fertility." *Proceedings of the National Academy of Sciences* 115 (37): 9187-9192.

## Millennials

The result has been that the life stage without family commitments has been extended to older ages than in the previous generations, and this is naturally likely to have important repercussions on all other dimensions of life, including changes in pattern of savings, consumption, travel, and so forth. Longer time without children, or without family commitments, leaves more time for both “work and play”.

The most important force seems to be education<sup>11</sup>. Postponement of family formation is critically important in particular for women. Childrearing responsibilities often interfere with education and career development. While this has traditionally been most true for women, in more recent times, many men participate more fully in childrearing<sup>12</sup>. Hence fertility postponement can also be important for them. As long as family commitments are not relevant, individuals can also more freely move after better jobs. Conversely, consumption patterns of people with small children versus childless are likely quite different. But having vs. not having children also changes savings incentives (especially in relation to inheritance).



Another characteristic of the millennials' life stage is that, professionally, in some ways they are just beginning. This is not just a function of age but also related to the millennials' overall postponement of family formation and raising children. Later family formation can give individuals more opportunities and time to invest in education and human capital accumulation more broadly before later building a career in a more flexible way<sup>13</sup>.

The millennials, currently aged between mid-20s and late 30s, are a larger cohort than any generation that has preceded them, have higher levels of education than any former generation, and are postponing family formation in order to invest in other aspects of life, including education, leisure, and careers. These changing patterns in social and economic behavior are likely to strongly influence economic outcomes for the broader society globally.

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11 Subbarao, K, and Raney, L. 1993. "Social gains from female education: a cross-national study". The World Bank. Kohli, M. and Albertini, M. 2009. "Childlessness and intergenerational transfers: what is at stake?." *Ageing & Society* 29 (8): 1171-1183.

12 Ma, Li, et al. "Fathers' Uptake of Parental Leave: Forerunners and Laggards in Sweden, 1993–2010." *Journal of Social Policy* 49.2 (2020): 361-381.

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13 Ní Bhrolcháin, M, and Beaujouan, É. 2012. "Fertility postponement is largely due to rising educational enrolment." *Population Studies* 66 (3): 311-327. Cohen, Joel E., Kravdal Ø. and Keilman, N. 2011. "Childbearing impeded education more than education impeded childbearing among Norwegian women." *Proceedings of the National Academy of Sciences* 108 (29): 11830-11835.



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