



WHITE PAPER
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GENERATION Y

ATTRACTING, ENGAGING AND LEADING A NEW GENERATION AT WORK

DRAKE

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DRAKE INTERNATIONAL

For nearly 40 years Drake International has helped Australian businesses solve productivity problems and recruit the best people. We start by analysing business needs and pinpoint how we can best help you achieve your organisation's strategic intent.

Drake's operating philosophy is based on the principle that organisations and people are at the highest level of productivity when they are working with the right skills and behaviours, using the best processes and technologies, with staffing levels based on work requirements.

We aim to achieve optimum productivity, performance and profit standards through the effective use of people, and the application of proprietary technologies to help match workforce levels to workload.

ABOUT THE AUTHORS

Mark McCrindle MA, BSc. (Psychology), QPMR is a qualified social researcher in the area of generation diversity. Mark has been engaged by Drake International to independently research Generation Y. His research and experience has been embraced to form part of this overarching initiative of assisting employers to effectively manage the significant cohort.

Mark's understanding of the emerging generations has led to research and consulting work with some of Australia's most prominent corporations including AMP, Toyota, Accor, ANZ, Cadbury Schweppes as well as Redken, Donut King, Price Attack, Traveland, Tyco, American Express and YHA. He equips them with skills to better motivate, manage and market to the under 35's.

Dr Danica Hooper is Drake's residential organisational psychologist. Dr Hooper's research focusing on leadership and employee relationships is at the forefront of contemporary theory and has been presented at conferences nationally and internationally.

Dr Hooper has extensive experience in diagnostic employee surveying, recruitment, psychometric testing, stress management, motivation and more recently, exploring the issues and challenges associated with Generation Y. She has consulted to public and private sector organisations.

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The information contained in this white paper is general information meant to provide an introduction to the topics covered. To find out how this information applies in practice to any specific situation, readers are advised to seek a consultation with a qualified recruitment specialist at Drake.

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FOREWORD

Over the last couple of years the realities of massive generational change have dawned on Australian business leaders. While the issues of an ageing population and a new attitude to work have literally been emerging for a generation, it has been a sudden awakening for many organisations. In fact dealing with these demographic changes and most recently attracting, engaging and leading Generation Y are issues that our clients request assistance with.

We found that there was a lot written about Generation Y (born 1980-1994) but much of it is mere observation or opinion. So in early 2006, Drake International felt that it was important to conduct significant original research. Therefore we surveyed over 3000 Australians in all States and Territories and benchmarked the findings of Generation Y against the older generations. We followed this up with a series of in-depth focus groups, interviewing 32 Generation Y's. In addition, this white paper has been referenced against the latest Australian Bureau of Statistics data making this study one of the largest and certainly the most up-to-date analysis of Australia's Generation Y.

In releasing this white paper we provide employers with valuable insights into Generation Y and how they might approach generation diversity in their own organisations. Regardless, the statistics we have found support that engaging and getting the most from Generation Y is one of the greatest challenges for business today.

For nearly 40 years, Drake International has helped Australian businesses solve productivity problems and recruit the best people. We believe that this complimentary white paper authored by Mark McCrindle of McCrindle Research and Dr Danica Hooper, Drake International will be invaluable for you in this critical endeavour and at this time of great change.

Ron Urwin
Chairman, Drake Australia Board

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INTRODUCTION

Demography, not technology is creating the future.

“As the present now will later be past the order is rapidly fadin’.

For the times they are a-changin’ “. Bob Dylan 1964.¹

It is essential for business leaders to do more than just observe the changing times- they must understand the changing times. When it comes to keeping up with the trends and preparing for the future the focus tends to be on technological shifts. Clearly the ever-changing technologies in business and in life are redefining our world. Yet interestingly it is the sociological and demographical changes that have more profound implications on our future than even the massive technological ones. For example the paperless office is possible technologically, but psychologically people are tactile and at times still like to hold a report, handle a manual, and open a book. While telecommuting and virtual offices have long been touted as the new way of work, they can never replace the timeless social need to work in groups, meet physically and interact with others.

The key to business success therefore is to understand these human traits, attitude shifts, social trends, and the mindset of the ever-changing customer and employee.

Occasionally in history massive demographic change combines with relentless technological change and this “age quake” redefines the times. Today we are living in such an era.

A :: The 4 Big Shifts:

For managers there are four big shifts that have radically redefined the workforce and their recruitment, retention, and training strategies. They are: the ageing population, the transitioning generations, the increasing options for workers and redefined work life.

1. The Ageing Population:

Australia like most developed nations is experiencing a rapid ageing of the population. The median age of an Australian in 1976 was 28.3 compared to 36.4 today² and in a decade it will be 40.1.³ So in the space of 4 decades the median age of an Australian will have increased nearly 12 years- and the impact of this across society are huge. Nowhere are the implications more significant than in employment. An ageing population leads directly to an ageing workforce. This ageing workforce is even more

evident in some industries and occupations. For example while the median age of a worker today averaged across all industries is 39, for a Bookkeeper it is 43 and for a registered nurse it is 45.⁴ Planning now to deal with this ageing workforce is a key role of managers.

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- Greater focus is required to effectively attract and recruit young people who relative to the total population are less numerous. Dedicated campaigns specifically targeting the interests and attitudes of this unique cohort does bring about more effective outcomes.
- However just focussing on the Under 27's won't solve the problem: In an ageing population accommodating an older workforce by setting up the right flexibility and Occupational Health & Safety requirements is also part of the strategy.⁵

2. Transitioning Generations:

Australia is currently experiencing the biggest generational shifts that have been seen for 6 decades. It was 1946 that began the births of the largest generation (as a percentage of population) that Australia has ever seen: the Baby Boomers. And so this year there will be more 60th birthdays than ever with over 218,000 Australians turning 60.⁶ Next year the number will rise by 40,000 with over 258,000 turning 60. The point is that over the next 18 years this huge generation will all sail past 60 and ease out of the workforce leaving a very significant labour and management void. Now is the time to begin the succession planning in businesses of all sizes.

In a growing economy there is a need to both fill the ongoing labour demands as well as replace retiring or downshifting staff. At the strategic level there is the need to ensure that the knowledge and leadership of the Baby Boomers is effectively transferred to the emerging Generation X managers, and the commencing Generation Y employees.

With all these generations mixing in the workforce at all levels there is a need to understand the generational differences and get the most out of this generational diversity. Having a mix of generations in the workplace is nothing new, however, traditionally the different age groups have been stratified with the older people in the senior managerial positions while the younger people were at the front desk, on the factory floor, or out in the field. Not so today. The new reality is one where teams of diverse ages work on

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a project, where older leaders manage across several generations, or increasingly where young graduates manage older workers.

Without an effective understanding of the different values and perspectives that each generation brings, this is a breeding ground for conflict. Indeed of all the diversity in the modern workplace it is the generation gaps that are causing most of the angst. We have had a few decades dealing with the gender diversity, and cultural diversity is nothing new in multicultural Australia but the emerging and disparate generations have brought new issues to the fore.

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- Age is just a number today. In the workplace it's not about age or life stage but one's mindset and understanding that matters. In our study while 27% of those aged under 26 stated that they preferred working with colleagues of a similar age, 32.7% said that a mix of different ages was better and a further 35.1% said that age doesn't matter at all. Therefore create a culture where interaction can take place, where those of different ages can mix, and thus where intergenerational perspectives are shared.
- The generation gaps need to be bridged from both sides. While Baby Boomers and Xers must better understand and engage with the emerging Generation Y's, it is imperative that the Gen Y's are facilitated to better connect with the older staff and customers.

3. Increasing options:

It has never been harder to attract, recruit and retain staff. The unemployment rate is the lowest it has been for a generation, sitting at 5.1% which is nearly half of what it was in the early 1990's.⁷ As we have seen this employees' market is unlikely to change with an ageing population and transitioning generations.

Further creating this employees' market is the increased number of options available today when it comes to vocation. There are more post-compulsory education options than ever for young people, opportunities to travel, to work overseas, or to retrain for yet another career. The statistics bear this out: those aged 20-24 are three times more likely to change jobs in a year than those aged 45-54. In fact nearly 1 in 4 of those aged 20-24 change jobs in any given year.⁸

This huge decline in tenure is often put down to a character flaw in Generation Y. Yet the cause is not a lack of loyalty, nor a poor work ethic but simply a response to the changed times. They have come of age in an era where there is little job security, a competitive environment, and no employment guarantees and so they have just played to the new rules of the employment world. By understanding this we can respond to the situation and overcome the massive expense of this high turnover.

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- The world for Generation Y has become incentivised. Customer loyalty is bought with frequent buyer programs, points, or discounts. And so is employee loyalty.
- By understanding and meeting their needs, and motivating through relevant reward and recognition strategies retention can be heightened.
- Mentoring is a great vehicle for values sharing and knowledge transfer. However rather than just the traditional "older manager mentors younger employee" set up, provide some reverse mentoring where the knowledge flows both ways. Let the older share experience and expertise while the younger can give insights into engaging with their generation and the new times.

4. Redefined Work life:

The 21st century life is rarely linear and sequential. Traditionally one would complete their education, move into their working years, and perhaps after a career change or two head into retirement. These days the lives of Generation Y are more of a mosaic of different roles, phases and careers. Today the education phase extends well into adulthood, and throughout the work life. This multi-career generation may retrain several times with these careers taking them to other states and countries.

For Generation Y the old adage has become their credo: "we don't live to work- we work to live". Therefore workers today look to have multiple needs met at work: sure it's about achieving task outcomes and receiving financial rewards, but it's also about fun, social connection, training, personal development, greater fulfilment and even environmental sustainability.

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- Ensure that the triple bottom line is more than a vague ideal. Generation Y truly want to help achieve profit outcomes, but environmental considerations, and socio-economic concerns mean that they are looking to make a difference to more than just the financial bottom line. By running a values-based organisation, making societal contributions, and empowering staff to actively support causes that they believe in, a company can become a corporate citizen. Increased commitment from Gen Y staff often comes directly by achieving congruency with the values and resonance with their causes.
- Rather than just announcing the values, or supporting the traditional charity, empower the employees to create and own the values and choose how and where any charitable contributions will go.

DEFINING THE GENERATIONS

Every organisation, every product and every brand is just one generation away from extinction.

It is self evident that unless we can understand and meet the needs of each new cohort of customers, as well as effectively engage with each new era of employees then we will edge towards irrelevancy.

So who comprises the different generations, and how are they labelled and defined?

Historically a generation has been defined as “the average interval of time between the birth of parents and the birth of their offspring”.⁹ Traditionally this places a generation at around 20 years in span and this matches the generations up to and including the Baby Boomers. However while in the past this has served sociologists well in analysing generations, it is irrelevant today.

Firstly, because cohorts are changing so quickly in response to the new technologies, changing career and study options, and because of shifting societal values, two decades is far too broad to contain all the people born within this time span.

Secondly the time between birth of parents and birth of offspring has stretched out from two decades to more than three. In 1976 the median age of a woman having her first baby was 24 while today it is just over 30.¹⁰

So today a generation refers to a cohort of people, born and

shaped by a particular span of time. And the span of time has necessarily been contracting.

However when it comes to defining and labelling generations we must avoid subjective observations or marketing spin. In fact the generations as outlined below and widely referenced are demographically and sociologically defined.

A :: Australia's Generations- The Definitive Classification

Description	Born	Age	Pop'n (Mill)	(% of Pop'n)
Builders	Before 1946	61+	3.5m	17%
Boomers	1946-1964	42-60	5.3m	26%
Generation X	1965-1979	27-41	4.4m	21.5%
Generation Y	1980-1994	12-26	4.2m	20.5%
Generation Z	1995-2009	Under 12	3.1m	15%

ABS Population Pyramid 2006 & McCrindle Research Study 2006

Baby Boomers:

The key event that formed the social marker of the generations in the western world was the end of the Second World War. Rarely in history is there an event that so shapes a culture. The years after the war were the mirror opposite of the war years: the Depression and war period were replaced by economic growth and full employment. Austerity was overtaken by technological advancement and increasing freedom. Yet even more significantly in the years after the war there was an unparalleled baby boom and immigration program and this 19 year population boom literally birthed a generation.

The Australian Bureau of Statistics defines the Baby Boomers as “those who were born in Australia or overseas during the years 1946 to 1964”.¹¹ In fact the fertility rate began its rapid rise in 1946, peaking in 1961 and by 1965 it had dropped just below the 1946 level. Therefore the baby boomer demographic is clearly defined.

Boomers have lived through incredible change and have adapted to and in many cases created the change. They are therefore a very adaptive and flexible generation and this can be seen in everything from their embracing of technology (even if they couldn't all program their VCR's) to their changing collaborative management style. Therefore it is important that age stereotypes don't replace real research. This generation are likely to remain in leadership positions

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for longer than any previous generation and their experience combined with adaptivity will keep them relevant.

Generation X:

Generation X is also clearly demographically defined as those born from 1965 to 1979 inclusive. In 1965 the number of births began to increase from the post-baby boomer low hitting a peak in the early 1970's before dropping back to another low in 1979. Just to show how solid this definition of Generation X is in Australia, in 1965 there were 223,000 births and after a rise and fall there were in 1979 also 223,000 births.¹²

Originally labelled as the Baby Busters, Post Boomers, or the Slackers Generations only the label Generation X (or Xer) has stuck. It was in 1991 right at the time that this new generation were emerging that Canadian author Douglas Coupland wrote a book which he entitled "Generation X: Tales for an accelerated culture". Ironically the book was about a generation that defy labels – "just call us X" he said, and well the label has stuck, and spored the labels for Generation Y and Z also!

Generation X are the perfect bridge generation. They understand and usually adopt the work ethic and focus of the Boomers (remember the Xers began their economic life in the early 1990's when there was a recession and much downsizing of the workforce – very different to the near-full employment today). Yet they are closer in age to the Gen Y's and so can connect somewhat with their culture, views, and even values.

Generation Y:

Generation Y are those born from 1980 to 1994 inclusive. Again the definition is demographically reliable. In 1980 the number of births again began to increase gradually hitting a peak of 264,000 births in 1992 – the highest number of births since 1972. The births then dropped away through the rest of the 1990's before beginning a recovery in 2002 which signals the start of Generation Z.

There have been many attempts to give alternative labels to Generation Y from the trendy "Millennials" and the "Dot.Com generation", to the more disparaging acronym KIPPERS (Kids In Parents Pockets Eroding Retirement Savings!). But the global label that has stuck is Generation Y, and perhaps after Generation Z there will be the opportunity for some more creative nomenclature.

While derided as fickle, self-focussed, and transient the reality is that they just reflect their times. Economic cycles come and go, jobs aren't guaranteed, and profits are seemingly pre-eminent- so it is not an inherent selfishness but a response to the corporate realities. When managers step from behind the corporate image and build staff rapport

and relate to individuals then loyalty and commitment from Gen Y can indeed be garnered.

Generation Z:

As the birth rate at the end of Generation Y picked up in 1995 we have the beginnings of Generation Z. Marketers are tempted to begin a generation at a key year like say 2000. However there is no demographic or sociological justification to such date picking. It is the birth rates in addition to the social changes and trends that give a solid basis to generational definitions.

Generation Z are almost exclusively the children of Generation X. And so the Generation Z's are a powerful player in today's work culture as the maternity & paternity leave, childcare options, and the rostering flexibility offered to their parents are critical retention factors to the Generation Xers.

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B:: The Generations defined sociologically:

	Baby Boomers Born 1946-1964 Aged 40's & 50's	Generation X Born 1965-1979 Aged late 20's & 30's	Generation Y Born 1980-1994 Teens and 20's
Prime Ministers	William McMahon Gough Whitlam Malcolm Fraser	Bob Hawke Paul Keating	John Howard
Iconic Technology	TV 1956, Audio Cassette 1962 Colour TV 1975	VCR 1976 Walkman 1979 IBM PC 1981	The Internet, Email, Mobile Phones DVD 1995 Play Station/X-Box
Music	Elvis Beatles Rolling Stones	INXS Nirvana Madonna	Eminem Brittany Spears Puff Daddy
TV & Movies	Easy Rider The Graduate Jaws	ET Hey Hey Its Saturday MTV	American Pie Pay TV Reality TV
Popular Culture	Flare Jeans Mini Skirts Barbie, Frisbee 1959	Rollerblades Hyper colour Torn Jeans	Body Piercing Baseball caps Metrosexual Man
Social Markers/ Landmark Events	Decimal currency 1966 Neil Armstrong 1969 Vietnam War 1965-1973 Cyclone Tracy 1974 Advance Australia Fair '74	Challenger explodes '86 Haley's Comet 1986 Stock Market crash 1987 Berlin Wall down 1989 Newcastle earthquake '89	Thredbo disaster 1997 Columbine shootings 1999 New Millennium 2000 September 11, 2001 Bali Bombing 2002
Aspirational Figures	John F Kennedy Audrey Hepburn Muhammad Ali	Bono (U2) Princess Diana Andre Agassi	Richard Branson Tiger Woods Paris Hilton

Influencers	Evidential Experts	Pragmatic Practitioners	Experiential Peers
Training Focus	Technical Data/evidence	Practical Case studies/applications	Emotional Stories/participative
Learning Format	Formal Structured	Relaxed Interactive	Spontaneous Multi-sensory
Learning Environment	Classroom style Quiet atmosphere	Round-table style Relaxed ambience	Cafe Style Music and Multi-modal
Sales & Marketing	Mass/ traditional media Above the Line	Direct/ targeted media Below the line	Viral/ electronic media Through friends
Purchase Influences	Brand-loyal Authorities	Brand-switchers Experts	No brand loyalty Friends
Financial Values	Long-term needs Cash and credit	Medium-term goals Credit-savvy	Short-term wants Credit-dependent
Ideal Leaders	Command & Control Thinkers	Coordination & Cooperation Doers	Consensus & Collaborative Feelers

Source: McCrindle Research 2006 and Courtney Roberts

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GENERATION Y- COMMON MISCONCEPTIONS EXPOSED

When assessing any different cohort, it is important that the differences are not overstated, but nor must we brush over real differences. When it comes to dealing with inter-generational workforce there are a number of fallacies that are raised and that must be addressed.

A :: Generation Y is irrelevant: it's about engaging with an ageing population

As discussed it is an ageing population as shown by many measures from the increasing median age to the pending retirement of many Baby Boomers and this is precisely why Generation Y is so relevant.

Enormous: While there are increasing numbers of older people as a percentage of the population it must be remembered that Generation Y are still an enormous generation, comprising more than 1 in 5 Australians. Yes the population pyramid is beginning to look more rectangular but for now there are a massive 4.2 million Generation Y's making up 26% of Australians.

Employment: This is the very age group either entering employment or in the education system from which they will emerge into employment. From an employment perspective the 20 – 26 year olds have a labour force participation rate of around 90% which is second only to those in their 30's and 40's.¹³

Extrapolation: From a trend analysis this is the emerging generation of workers and they will continue to be the main generation of workers for at least two decades. In 20 years the youngest Baby Boomers will be hitting retirement age, closely followed by the oldest of the Gen Xers but the Gen Y's will then be in the prime of their careers.

Education: Greater sophistication is needed when engaging with Generation Y. We are dealing with the most formally educated generation ever. High school retention rates are hovering near an all-time high with 77.1% of year 10 students going on to complete Year 12.¹⁴ After completing Year 12 almost half of all students go on to University and another quarter study at TAFE.¹⁵ So hype and superficiality won't cut it with this generation.

Expenditure: From an economic perspective this generation are also growing in importance as they move into employment and their wealth accumulation years. As customers even now they punch above their economic weight because beyond spending their own money they influence government spending, corporate spending and even many of their parents' purchasing decisions.

B :: Generation Y is just a label: they're the same as the youth of my day

"I'm not trying to cause a big sensation.

I'm just talkin' 'bout my generation"

The Who, 1965.

It is interesting that the Pete Townsend authored hit "My Generation" that became an anthem for the Baby Boomers in their teenage years has over the last few years been re-recorded by the Gen Xer bands Oasis, and Green Day, and even the Generation Y singer Hillary Duff. Its lyrics highlight the age-old generation gaps that are felt by every cohort of young people. So how does Generation Y differ from the other generations, and from the twenty-something's of the 1980's or the 1960's?

Age:

"Children nowadays are tyrants- they gobble their food, contradict their parents, and tyrannise their teachers!"

Socrates, 425BC .¹⁶

Obviously the age or life-stage of this generation separates them from the older generations. The challenge of managing the young and bridging the generation gaps has been with us for millennia as illustrated by this Socrates quote.

Being young they have different priorities to older generations. For example the Australian Bureau of Statistics shows that Generation Y are the most likely to rent and the least likely to have children compared to any older generation. The point is that people operate in different ways because of their age. However age is not the sole reason for generational behaviours otherwise teenagers today would be indistinguishable from teenagers of a generation ago. Yet this is clearly not the case, and it is because life-stage is just one of three broad factors that differentiate the generations.

Conditions: The current economic, social and political conditions which we all live under actually further divide the generations. The same conditions act upon people of different ages in different ways. This is the whole point of Marc Prensky's often referenced paper Digital natives, Digital Immigrants.¹⁷ While anyone can send a text message or access a pod cast, Generation Y have been exposed to these new options during their formative years and so the digital language is almost their first language- they are technological "natives" compared to say the Baby Boomers who "migrate" to the latest technology.

Experiences: People resemble their times more than they resemble their parents.

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Experiences that occur during the formative childhood and teenage years also create and define differences between the generations. These social markers create the paradigms through which the world is viewed and decisions are made. Baby Boomers were influenced by the advent of the TV, Rock and Roll, the Cold War, Vietnam War, the threat of nuclear war, and the decimal currency. Xers saw in the Personal Computer, AIDS, single parent families, the growth in multiculturalism, and the downsizing of companies. Generation Y's have lived through the age of the internet, cable television, September 11, globalisation, and environmentalism. Such shared experiences during one's youth unite and shape a generation. There is an ancient saying that bears much truth: "People resemble their times more than they resemble their parents".

C :: Generation Y is just a passing fad- they'll grow out of it!

"Give me a child until he is seven, and I will show you the man"

Traditional Jesuit saying

Another mistake is to view generational characteristics as merely a life stage, or fad that they will outgrow as they age. This was said of Generation X- that the high percentage of their income considered disposable (70%), the constant changing of jobs, and residence, their high priority on work-life balance etc were behaviours they would eventually outgrow. However with the leading edge Xers now in their early 40's there is little change in these areas. What has been proved is that values, attitudes, and priorities are established and identifiable early in life. Generations do not change over time to look identical to how their parents looked at the same age but rather a generation is a product of their current age, their times, and importantly the formative technologies and social markers that uniquely shaped them.

We should adapt our management and recruitment strategies to **better engage** the new generations rather than expecting them to conform to old styles.

Generational trends are not like a pendulum that swings back and forth. Their focus on: work/life balance, flexibility, flat structures, social environment, fun culture, and access to information reveals **permanent priorities**.

MANAGING THE GENERATIONS

"If you're leading, and no one's following- then you're just out for a walk" John Maxwell, Leadership Expert.

Before we can effectively manage Gen Y employees, we must first be able to understand what they are looking for in employment. Gen Y's are not only at a different life stage to most managers, but they have been raised and educated in a unique environment, resulting in different job attitudes, working styles, and expectations of leaders. In particular, Gen Y's do not seek jobs as much as they seek opportunities – they recognise that work constitutes a major chunk of their life, and as such, should be as fulfilling as possible. In the current labour market, if the work is not living up to Gen Y's expectations, they can quickly and easily move on to bigger and better opportunities.

The key features that Gen Y looks for in a fulfilling role include:

- Professional growth and development
- Work-life balance
- Variety
- Social interaction
- Responsibility and input
- Reward and recognition

Therefore, for organisations to be successful in managing and retaining Gen Y employees, they must promote and foster such opportunities in all aspects of the employee life cycle.

A :: Attracting Generation Y

In order to attract Gen Y's in a tight labour market, an organisation must be able to promote itself as providing a well-rounded and evolving opportunity to employees. Indeed, our research shows that Gen Y's respond best to job advertisements that convey a sense of fun, interest and variety - salary alone is not a strong attractor for Gen Y job hunters.

Question asked of Gen Y's:

"Why did you select the career advertisement chosen?"

"Sounds really interesting"

"Picture of an employee enjoying himself"

"The photo caught my attention- looks fun"

"Sounds like a fun place to work"

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Not only does an employer require a compelling and eye-catching job advertisement to attract Gen Y's, but they also need to position these advertisements in places where Gen Y's are likely to look. Today the younger generations are in favour of more centralised and efficient job search mediums. However, just under 50% of Gen Y's surveyed did use traditional job boards or newspapers to find their current position.

Gen Y's quest for complete efficiency (often labelled as laziness by other generational groups) leads them to rely heavily on one-stop solutions to job-hunting, including recruitment agencies and on-line job boards. According to one Gen Y job hunter, "unless you can find it (the job vacancy) in a few clicks you move on". Therefore, employers wishing to attract Gen Y applicants need to ensure that their advertising campaign includes such one-stop mediums, and a straight-forward application process.

Employers Insight: Best Practice for Attracting Gen Y

- Job advertisements need to be eye-catching and align with the desires of Gen Y (fun, variety, interest)
- Use on-line job boards and recruitment agencies as part of the recruitment campaign – that's where Gen Y look
- Applying needs to be a straight forward and simple process, otherwise Gen Y's will pass right over it.

B :: Selecting Generation Y

Employers are finding it increasingly difficult to accurately select talented Gen Y employees. They often comment that "those Gen Y's have no work ethic" and "the young ones always assure me they can do the job, but then I find out later that they can't".

Such difficulty in hiring talented Gen Y's is not because they don't exist, but because common selection practices are not effective at weeding out those applicants who say they can do the job, from those that actually can and will do the job. Through repeated coaching at schools and tertiary institutes, Gen Y's have become increasingly interview savvy – they know how to razzle-dazzle employers, even if they do not have the knowledge, skills, aptitude or personality to be successful in the given position.

The problem is that many employers rely solely on informal and poorly designed selection systems to make their hiring decisions. The internet and professional resume writing agencies make it easy for applicants to craft a resume of

little substance into a "blow your socks off" document - and when you combine such resumes with opinion-based interview questions such as "what are your three biggest strengths and weaknesses?" and "tell me why we should employ you?" you end up with a hit-and-miss selection process, costing your company thousands if not hundreds of thousands of dollars in lost productivity and employee turnover. In fact, research shows that employers will have more chance of selecting the right candidate by tossing a coin, than by relying on informal and poorly designed selection systems¹⁸.

By engaging in best practice selection methodologies, employers will significantly increase the probability of hiring the right Gen Y the first time, every time. Best practice selection involves drawing upon multiple selection activities, which assess job relevant knowledge, skills, abilities and personality attributes. Employers require a clearly defined job description, followed up by selection activities including objective ability testing, assessment of cultural and personality fit, structured behavioural interviews and reference checks.

Organisations need to ensure that personnel responsible for selection are appropriately trained to design valid selection systems, and objectively assess candidates. If time or resources do not allow personnel training in best practice selection, then it would be highly advisable to use the services of a professional recruitment firm. The expenses in using a recruitment agency are slight compared to the costs of getting it wrong.

As well as selecting Gen Y's with the appropriate abilities and fit, employers also need to ensure that they manage the expectations of their new hires. Gen Y's are renowned for having unrealistic expectations about salary, promotions and job requirements. As one CEO put it:

"They walk in the door and expect to own a Ferrari and be running the place within 12 months. When I take on 12 new graduates every year, that's a lot of CEO positions I need to create!"

Unrealistic expectations held by Gen Y leads to lowered morale and premature turnover. Best practice in selection requires that employers provide an up to date job description to candidates and candidly discuss the position, work environment, salary and advancement opportunities prior to making a job offer. Some employers fear scaring candidates away by being too frank about the position, but given the cost associated with mis-hires it is likely to be more cost effective to wait for the right employee rather than merely hiring whoever you can.

Employers Insight: Best Practice for Selecting Gen Y

- Make sure personnel responsible for selection are appropriately trained in designing valid selection systems and objectively assessing candidates
- If your organisation cannot offer a quality selection system in-house, engage the services of a professional recruitment agency
- Assess job relevant attributes using a variety of objective selection activities (e.g., skills tests, psychometric assessments, behavioural interviews and reference checks)
- Make sure you align candidate expectations with the reality of your organisation

C :: Retaining Generation Y

Many young people leave jobs not because there is a compelling reason to leave but because there is no compelling reason to stay.

Too many Australian organisations are investing time and money in Gen Y employees, only to find them walking out the door within the first six months of employment. Sound familiar? No previous generation began their working lives moving between jobs as frequently as Generation Y – indeed 63% of Gen Y's surveyed stay less than 2 years with a single employer.

While it would be unrealistic to expect that we could retain Gen Y's in our organisation for 20+ years, as was common with Baby Boomers, best practice retention strategies can help enhance the tenure of Gen Y employees.

To implement an effective retention strategy for Gen Y employees, we must firstly understand what it is that motivates this cohort of individuals. As described earlier in this white paper, Gen Y's are most responsive to work environments, that allow for:

- Professional growth and development
- Work-life balance
- Variety
- Social interaction
- Responsibility and input
- Reward and recognition

Professional Growth and Development

Gen Y is the most formally educated of the generational groups, and they recognise that the key to remaining relevant in these ever changing times is ongoing training. Ongoing training will not only keep them effective in their current job, but also ensure that they remain employable in the future. As such, the absence of professional growth and development is one of the strongest predictors of employee turnover for Gen Y - 79% of Gen Y's surveyed stated that career development through additional training was very important to them, and 90% of Gen Y agreed that if they received regular training from their employer it would motivate them to stay longer with that organisation.

Also going hand-in-hand with the need for professional growth and development, is Gen Y's desire for regular promotion. Gen Y are in a hurry and they are unlikely to stick around for long without a promotion. 38% of Gen Y's selected "opportunity for advancement" in a job as one of their top 3 must-haves, and 86% of Gen Y's expect a promotion within 2 years of taking on a role.

The problem is, however, that with flatter organisational structures, it becomes difficult to promote talented Gen Y's as fast as they would like. Thus requiring organisations to be more creative in the way they provide professional growth. Organisations can provide numerous opportunities for professional growth and development, not all of which require large financial investments on an employer's part:

- Individualised career plans
- Formal training programs
- Job enrichment
- Challenging stretch goals
- Project management
- Invitations to key meetings
- Job rotation/cross training
- Mentoring

Some employers shy away from offering training and development to Gen Y's for fear of losing their investment through staff turnover. However, research repeatedly shows that regular training increases employee tenure. Those that train, retain.

Work-Life Balance

For Gen Y's a career that allows them the opportunity to pursue other aspects of their life, whether that be educational, social, cultural, or entrepreneurial, is highly attrac-

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tive. Gen Y's often question why work schedules have to be so rigid - "If the work gets done, why does it matter how, when or where it is done?". Gen Y's are increasingly demanding greater access to unpaid leave; work from home options; time in lieu; and flexible work hours.

Successful retainers of talented Gen Y employees have accepted the need to adopt flexible working practices within their organisation, and as a result have reaped the rewards that work-life balance brings; including increased staff productivity and morale. This is not to say, however, that all flexible work options are appropriate for all organisations. Practices must be adopted wisely, according to the unique requirements of each business.

One example of a work-life balance strategy was put in place by an Australian engineering company that was losing many of its young employees to the lure of travelling overseas. Instead of accepting resignations, this company began offering Gen Y's the option to take an additional four weeks unpaid leave every year on top of their annual four weeks paid leave. This strategy was designed to allow Gen Y's the option to spend 2 months of every year travelling around the world. As a result of implementing this strategy, the company reported increases in Gen Y attraction to the organisation, employee morale and retention - Gen Y's went overseas and returned back to work 8 weeks later, rather than quitting their jobs, going overseas and not returning to work at all.

Variety

There is a significant trend for Gen Y's to have shorter tenure in a job but the cause isn't so much a lack of loyalty or commitment, but in part, a desire for variety, challenge, and change.

Gen Y have been described as "stimulus junkies"¹⁹. They grew up in an environment full of entertainment and activities. They had school, television, DVDs, computer games, after-school activities, weekend sport, movies and parties. Such need for stimulation has extended to the workplace, resulting in Gen Y becoming easily bored with routine activities.

Organisations now see the value in offering variety and flexibility in roles - "Why have them change jobs by moving to a new organisation when they may be able to change jobs within their existing organisation?". Many a graduate program now includes job rotation in order to maintain a multi-skilled and stimulated Gen Y workforce; and project work to break up the monotony of a daily routine.

Social Interaction

42% of all Gen Y's surveyed placed "relationship with peers"

as one of the top three reasons for getting or keeping their job. An environment where they can interact socially and work collaboratively is highly regarded by Gen Y's - "Life is too short to spend your life at work and not have fun with your workmates".

Gen Y are collaborative learners, enjoy working in teams, and thrive in a relaxed consensus-driven group. As such, successful people managers adopt strategies to encourage social interaction and relationship building in the workplace. In addition to regular social activities, such as the social club, sporting teams and Friday drinks, employers are using inter-personal type training to raise awareness of the different personality and communication styles within a team, and how to successfully interact with diverse individuals. Such training helps to promote positive interactions among team members and reduce the occurrence of unhealthy conflict. This strategy is particularly useful for generationally diverse work.

Responsibility and Input

For Gen Y's to feel valued and content in an organisation they need to be given meaningful responsibilities and a voice in decision making processes. Gen Y's were brought up in an environment where they had a significant say in family decisions and their own life choices, and they believe that this should be carried over into the workplace.

Even if a decision does not go their way, individuals who have been given an opportunity to voice their opinion are more satisfied with the outcome and the fairness of organisational processes. By removing all aspects of control from Gen Y's role, you are effectively creating a feeling of injustice, and when individuals feel unfairly treated and not valued, they tell everyone how badly they have been treated, withdraw from productive work and eventually leave.

Reward and Recognition

While money is undoubtedly an important part of working life, it is not the strongest motivator for Gen Y employees. As long as remuneration is fair and competitive in the market place, other motivators will be more important for Gen Y, such as recognition.

Gen Y's yearn for recognition, as it feeds their self-esteem. This generation of individuals was raised in an environment where the maintenance of self-esteem in children was viewed as paramount. Children were continuously praised and encouraged. The only criticism they received was relayed positively and constructively. As such, many Gen Y's believe that if they are not being regularly recognised, they are doing a bad job, lowering motivation and morale.

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Best practice in Gen Y retention requires employers to ensure that remuneration packages are kept up-to-date and in line with market values, and to ensure that formal and informal recognition programs are in place. Leaders of Gen Y employees need to recognise and acknowledge the effort and performance of Gen Y employees on a regular basis.

D :: Developing a Gen Y Retention Strategy

To develop an effective retention strategy, an organisation must not only be aware of the major predictors of retention for Gen Y employees (as outlined above) but also recognise that their own employees are in some ways unique to those of other organisations. In order to understand what motivates and retains employees in your organisation, you need to ask that question of them.

It is recommended that organisations conduct employee opinion surveys annually to assess levels of morale and satisfaction with various aspects of the work and organisational life. Such information allows employers to tailor their retention strategy to the specific motivations of their employees.

Whilst members of Gen Y tend to be similar in many ways, they are all still unique individuals. In order to ensure that we retain our talented Gen Y employees, we also need to give individualised consideration to what motivates and retains each of them. Individual employee needs discussions held 3-6 monthly between a leader and an employee is a fantastic way to stay connected with your Gen Y employees and ensure that you are continuing to offering them opportunities in line with their expectations.

Finally for those Gen Y's that do decide to leave your organisation, best practice requires that they be exit interviewed to determine their reason for leaving. If left uncorrected, the same reason may prompt other talented staff to eventually leave the organisation. Exit interviews are best conducted by external parties, as it helps ensure frankness and honesty in responses.

Employers Insight: Best Practice for Retaining Gen Y

- Understand what motivates Gen Y members as a whole
- Identify what motivates Gen Y employees in your organisation, by conducting regular employee surveys, and using the results to inform your retention strategy
- Hold regular employee needs discussions with each Gen Y member of your organisation to identify their individual needs and aspirations. Implement a developmental plan for each individual
- Conduct exit interviews with departing Gen Y employees

LEADING AND MANAGING GENERATION Y



When it comes to managing and retaining Gen Y's in the workplace, leadership practices are vitally important. Leaders have the capacity to neutralise any retention strategy put in place by an organisation. According to large analysis of exit interviews, approximately 70% of departing employees cited leadership and management practices as their primary reason for leaving their organisation.²⁰

Drake's own research on the causes of employee turnover further supports the central role that leadership plays in employee retention. Specifically, 42% of Gen Y's surveyed reported that poor management and leadership was the main reason for leaving their previous role.

As leadership is such a strong predictor of employee morale and retention, it is vital that organisations be aware of how different leadership practices affect members of Gen Y. Such knowledge can be leveraged to prolong the tenure and increase the productivity of your top Gen Y employees.

Unlike the baby-boomer generation, Gen Y's do not respond well to hierarchical leadership structures. Gen Y's have been raised in an environment where they were encouraged to independently evaluate the rationale behind other's decisions. They were not told what to do - they were presented with options and encouraged to make choices. They were taught the ideals that everyone is equal and all opinions are valuable. They were not told to be "seen and not heard" - rather they were encouraged to interact and contribute to discussions.

As a result of their upbringing, Gen Y has brought new values to the workplace. Gen Y's expect to be treated as equals, they expect to have choices and input into decision-making processes, and such expectations run counter to

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hierarchical systems of leadership. Instead of “command and control” leadership, Gen Y’s respond to “consensus and collaborative” leadership.

Indeed, 97% of Gen Y’s surveyed valued a leadership style that involved empowerment, consultation and partnership, and would leave if they did not get it. When asked what qualities they value in leadership, Gen Y’s reported valuing leader honesty, reliability and loyalty. They desired leaders who were energetic and inspiring, who maintained their confidentiality and a team-focus. In order to attract and retain top Gen Y employees, organisations need to provide leaders that espouse these qualities.

A :: Walking the Talk

Gen Y has grown up with leaders stating one thing but living another. A recent study of 1400 Australians shows that business leaders fair poorly in a study of “Which Professionals are the most worthy of trust?”. This generation has seen the demise of companies due in part to character flaws in the management. So the leaders they are looking for need to be authentic- they need to walk the talk. Gen Y’s are very cynical of leaders who do not live up to organisational and societal values and will quickly leave an organisation that doesn’t provide such authentic leadership.

B :: Consultation and Empowerment

Gen Y can be considered Gen “Why?”. They do not take decisions on face value, and insist on assessing the rationale behind policies and rules to ensure that there are good reasons that underpin them. More traditional leaders can find such “insubordination” frustrating. However, questioning the status quo can be the first step towards positive change and enhanced efficiency in an organisation.

Gen Y’s expect their leaders to consult with them when making decisions, and earnestly listen to their ideas and suggestions.

C :: Recognition and Feedback

Recognition and feedback is vitally important to Gen Y employees. Far too often leaders do not value the effect that a simple “well done” can achieve. Leaders ask “why should I congratulate people simply for doing their job”? The simple answer is because individuals respond to positive reinforcement and are more likely to continue and further improve the behaviour as a result – and isn’t that the goal of effective people management?

Providing Gen Y’s with recognition for work well done, does not mean that leaders should avoid providing feedback about work that could be improved. Talented Gen Y’s crave constructive feedback about their work as it is the first step to them developing their skills further (remember profes-

sional development is a major motivator for talented Gen Y’s).

Leaders need to feedback performance information in a non-threatening way. Rather than scolding Gen Y’s for less than optimal performance, they should highlight behaviours that could be improved, and provide them with guidance about how improved performance can be achieved.

D :: Emotional Intelligence

Leaders who have emotional intelligence (EQ) are better able to understand and manage the aspirations and motivations of Gen Y employees. Emotional intelligence involves being able to understand and manage one’s own emotions and behaviour, as well as being able to understand and manage those of other people.

The danger of having low EQ leaders is that they may not understand or value the strengths that Gen Y brings to the workplace. Instead of working with Gen Y’s to capitalise on their unique strengths, they are simply likely to butt-heads with them, creating an unhappy, unproductive and continually turning-over workforce.

EQ is something that can be objectively assessed for leaders, and training programs can be used to help enhance these skills. Organisations wishing to enhance leadership effectiveness are increasingly turning toward tests of EQ to aid in selection of their new leaders, and the development of their existing leaders.

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SUMMARY

Gen Y brings different values and attitudes to the workplace than those of the generations before it. Like all generations, however, these values and attitudes have their pros and cons. In order for organisations to survive and remain competitive with this ever changing (and shrinking) workforce, they must adapt their people management practices to meet the needs of the up and coming generation of workers. Fighting this change will only make your business less competitive in the long term.

Providing challenging, fun and stimulating work, opportunities for professional development, flexibility, recognition and respect can be a rewarding process for everyone involved – Gen Y, Gen X, Baby-Boomers and management. When staff attraction, morale, productivity, and retention increases as a result of your efforts, you will be glad you decided to embrace the future, rather than reject it.

Invest in your people today so they can grow your business tomorrow and into the future.

For more information about Generation Y in your business, contact Drake today on 13 14 48.

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NOTES

NOTES

AUSTRALIAN CAPITAL TERRITORY

CANBERRA

NEW SOUTH WALES

ALBURY

NEWCASTLE

PARRAMATTA

SYDNEY

TAREE

TUGGERAH

WOLLONGONG

NORTHERN TERRITORY

DARWIN

QUEENSLAND

BRISBANE

CAIRNS

GLADSTONE

SHERWOOD

SOUTHPORT

TOOWOOMBA

TOWNSVILLE

SOUTH AUSTRALIA

ADELAIDE

TASMANIA

HOBART

VICTORIA

BALLARAT

BENDIGO

ESSENDON

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