

# New Generations at Work:

Attracting, Recruiting, Retraining & Training Generation Y





## foreword

Over the last couple of years the realities of massive generational change have dawned on many 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 specifically recruiting, retaining and managing Generation Y has emerged as one of the biggest issues facing employers today.

So in 2006 Mark McCrindle of McCrindle Research was commissioned to conduct some groundbreaking research into Generation Y and their attitudes to work. Mark McCrindle is regarded as one of the Nation's foremost social researchers and a leading authority on Australia's changing generations.

This whitepaper came as the result of the need for significant original research into Generation Y; both qualitative and quantitative. There is a lot written about Generation Y but much of it is mere observation or opinion. Therefore McCrindle Research surveyed 3000 Australians in all States and Territories and benchmarked the findings of Generation Y against the older generations. This was followed up with a series of in-depth focus groups of Generation Y's which were moderated by Mark McCrindle and assessed against ongoing research. In addition this whitepaper 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.

We believe that this complimentary whitepaper will be invaluable for you in this critical endeavour, and at this time of great change.

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## introduction

Demography, not technology is creating the future.

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 within a generation society altogether changes.

Today we are living in such an era.

As the present now will later be past,  
the order is rapidly fadin'. For the times  
they are a-changin'.<sup>1</sup>

Bob Dylan 1964.

## 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 changing tenure.

### 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 today<sup>2</sup> and in a decade it will be 40.1<sup>3</sup>. So in the space of 4 decades the median age of an Australian will have increased nearly 12 years and the impacts of this across the society are huge.

Nowhere are the implications more significant than in employment. An ageing population leads directly to an ageing workforce. Australia's population aged 15–64 years, which encompasses much of the working-age population, is projected to decline as a proportion of the total population. This ageing is true even though the population is continuing to grow. For example although the number of Australians aged 15–64 years will increase over the next 50 years (from 13.5 million today to around 16 million in 2051) the proportion of the total population aged 15–64 years will decline from 66% in 2006 to around 57% in 2051.<sup>4</sup>

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. Planning now to deal with this ageing workforce is a key role of managers.

#### Employer Insights:

- 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 Generation Y 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 an essential part of the strategy.

### 2. Transitioning Generations

Australia is currently experiencing the biggest generational shifts that have been seen for 6 decades. It was 1946 that began the birth of the largest generation (as a percentage of population) that Australia has ever seen: the Baby Boomers. So this year there will be more 60<sup>th</sup> birthdays than ever before with over 218,000 Australians turning 60. Next year the number will rise by 40,000 with over 258,000 turning 60<sup>6</sup>. 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.

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Now is the time to begin the succession planning in businesses of all sizes.

The complexity of Australia's changing age structure is affirmed by these latest ABS statistics: the proportion of the population aged under 15 years is projected to fall from 20% today to around 14% by 2051. Over the same period the proportion of the population aged 65 years and over will double, increasing from 14% today to more than 28% in 2051.<sup>7</sup>

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 but 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 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 of 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.

### Employer Insights:

- 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. This is particularly the case with younger leaders managing teams comprising some older workers.

### 3. Increasing options:

It has never been harder to attract, recruit and retain staff. The unemployment rate is the lowest that it has been for a generation, sitting at 5.1% which is nearly half what it was in the early 1990's.<sup>8</sup> 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.<sup>9</sup>



For Generation Y the old adage has become their credo:  
“we don't live to work - we work to live”

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.

### Employer Insights:

- This high job mobility is not just a factor of being young, but also a factor of the new career expectations, today's market opportunities and a solid job market created by these economic and demographic times. In other words don't expect the Gen Y's to “get over it” and settle down. We're talking lifestyle not life stage.
- 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 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 the education stage, move into the 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.

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.

### Employer Insights:

- 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 company values, or supporting the traditional charity, empower the employees to create and own the values, and choose where and how any charitable contributions will be distributed.

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

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# defining the generations

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 comprise the different generations, and how are they defined?

Historically a generation has been defined as “the average interval of time between the birth of parents and the birth of their offspring”<sup>10</sup>. 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 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<sup>11</sup>.

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 contracted significantly.

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.

## 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%
<b>Generation Y</b>	<b>1980–1994</b>	<b>12 - 26</b>	<b>4.2m</b>	<b>20.5%</b>
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 programme 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”.<sup>12</sup> 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.



## Employer Insights:

- 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 programme their VCR's) to their collaborative management style. Therefore it is important that age stereotypes don't replace real research. This generation are likely to remain in leadership positions for longer than any previous generation and their experience combined with their 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.<sup>13</sup> The peak year was 1972 when there were 268,711 births- the highest number of births ever in Australia and a record that will stand for decades to come. By comparison in 2005 there were only 254,341 births even though the population was 54% larger than it was in 1972.<sup>14</sup>

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, yet the label has stuck, and spored the labels for Generation Y and Z also!

## Employer Insights:

- Generation X is the perfect bridge generation. They understand and usually adopt the work ethic and focus of the Boomers (remember the Xers began their economic life when jobs were harder to get and keep in the early 1990's during which 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 birth 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 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.



### Employer Insights:

- 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 for such date picking. It is the birth rates in addition to the social changes and trends that give a solid basis to generational definitions.

### Employer Insights:

- Generation Z are almost exclusively the children of Generation X. And so the Generation Z's are powerful players 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. Expect the politics of child care, parental leave, and paid maternity leave to continue to dominate employment debates.



## The Generations defined sociologically<sup>15</sup>

	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 Aged: 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	Internet, Email, SMSing 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	Titanic Pay TV Reality TV
Popular Culture	Flare Jeans Mini Skirts Barbie, Frisbee 1959	Rollerblades Hyper colour Torn Jeans	Body Piercing Baseball caps Men's cosmetics
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
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	Café Style Music and Multi-modal
Sales & Marketing	Mass/ traditional media Above the Line	Direct/ targeted media Below the line	Viral/ electronic media Through the 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

# generation y - myths busted

When assessing any different cohort or group, it is important that the differences are not overstated, but nor must we brush over real differences. In dealing with the intergenerational workforce there are a number of fallacies that are raised and that must be addressed:

## “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 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 in Australia.

### 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.<sup>16</sup>

### 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 even 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.<sup>17</sup> After completing Year 12 almost half of all students go on to University and another quarter study at TAFE.<sup>18</sup> So hype and superficiality won’t cut it with this educated generation.

### Expenditure:

From an economic perspective this generation is 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.



“I’m not trying to cause a big sensation.  
I’m just talkin’ ‘bout my generation.”  
The Who, 1965.

## “Generation Y is just a label: they’re the same as the young people of my day”

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 X bands Oasis and Greenday, 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<sup>19</sup>

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 is 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 oft referenced paper Digital natives, Digital Immigrants<sup>20</sup>: 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 and technology is almost their first language. They are technological “natives” compared to say the Baby Boomer “digital immigrants” who migrate to the latest technology.

### Experiences:

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”.



“Give me a child until he is seven, and I will show you the man”  
Traditional Jesuit saying

## “Generation Y is just a passing fad- they’ll grow out of it!”

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 that 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.

Keep in mind that this employees market of today where it is competitive to attract and retain good staff is a creation of both a solid economy and changing demography. Therefore these new employment realities won’t disappear as soon as the economy slows- because the demography shows that demand for staff will outstrip supply for decades to come. For example while our population hit 20.5 million in February 2006, the population growth rate is now relatively low. In fact the growth of Australia’s population is projected to slow down even further during the next 50 years, from 1% per year over the next ten years to 0.2% per year between 2041 and 2051.<sup>21</sup>

### Employer Insights:

- 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 reveal permanent priorities.

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# the research findings

To ensure that our analysis of Generation Y was accurate a representative sample of working Australians were surveyed and 3000 surveys were completed. The responses to the 31 questions were then collated and analysed. Also 32 Generation Y employees were interviewed in research groups to validate the quantitative findings and to gain further explanation. The following findings were based on this extensive research.

## Attracting Generation Y

### Generation Y don't seek a job as much as they seek an opportunity

They have multiple expectations of an organisation- it isn't just the job description but the workplace culture, the variety, fun, training, management style, and flexibility that drives them.

When seeking a position 37.5% preferred a larger company of more than 50 staff compared with 27.3% of Baby Boomers.

In another part of this study a panel of Gen Y's reviewed 5 pages of career classifieds and selected over 100 of the most appealing jobs based on the advertising. As expected many responded to the recognised brands of larger employers. Yet size alone didn't define an employer of choice but rather perceived opportunity/challenge, as well as enjoyment/variety/lifestyle, which were often offered by small employers and sometimes even non-profit organisations.

#### Why did you select the career advertisement chosen?

- "Well known brand"
- "Well recognised organisation"
- "Great opportunity...promotion"
- "Secure and credible to work at"
- "A challenging role"

Interestingly salary alone wasn't a drawcard and out of the 100+ ads selected, remuneration was only mentioned a few times by the Gen Y's. The fun, interest, variety and ease of application were all regularly mentioned.

#### What attracted you to the job advertisement?

- "Sounds really interesting"
- "Picture of an employee enjoying himself"
- "The photo caught my attention- looks fun"
- "Easy to apply- just go online"
- "Slick...professional...stands out"
- "Sounds like a fun place to work"

Generation Y are inundated with job ads so in this competitive labour market employers need to offer a compelling Employee Value Proposition. The Gen Y's wanted a clear reason to join the organisations-



and one that resonated with their workplace priorities. As in any competitive marketplace branding is important and so today employment branding (and for certain job sectors industry branding) is essential.

Employer Insights:

- Some employers, after bad Gen Y experiences are tempted to focus purely on employing more mature workers with whom they get better loyalty and commitment. However only the Gen Y's can bring youthful idealism and energy, a fresh view to the industry, better connection with Generation Y customers, and a 21<sup>st</sup> Century perspective to life and technology. Generational diversity is the key to a balanced workforce that reflects the varying ages of customers and society.

## Recruiting Generation Y

### Generation Y are more of an outsourcing generation than a DIY one.

20.8% of Generation Y found their current job through a recruitment agency- a growing trend meeting the approval of both this generation of candidates as well as today's employers. A close second at 20.7% being through an online job board- very suitable for this net-savvy, connected cohort. Interestingly only 3% found their job through a company website. As we found out in our focus groups: the candidate is willing but the websites are weak! The 3-click rule is even more important for the fast-moving Gen Y's: if job opportunities or a click through to the employment section of the website is not simple to find and access (in just a few clicks) then its efficacy will be low.

Even though almost half of all respondents had been to TAFE or University only 2% found their job through their campus Careers Advisor or through a Careers' Expo. This is another case of lost opportunities- Generation Y are happy to get help in getting a job (as shown through their use of recruitment agencies) but the campus careers centres need to better engage with this generation. In the focus groups the Gen Y's discussed employment stands staffed by "older" HR professionals when they wanted to talk to recent recruits actually on the graduate program or just a few years ahead of them in the world of work.

#### Tell me about your experiences in finding your current job

- “I often look up companies (websites) that I know but most don't have a place to apply”
- “Unless you can find it (the job vacancies area) in a few clicks you move on”
- “We had to go to a careers day as part of our course but it was a waste of time”
- “A few big companies set up stalls on campus but nothing really came of it.”
- “They (online job boards) have great information- interview tips, resume help...”
- “I find recruitment agencies good- I still keep my details with a few (of them)”

### One interviewer and two interviews... max

Regarding the interview process Generation Y also had strong ideas. They almost exclusively preferred the traditional one-on-one interview. In fact this received 10 times the response of the second most preferred option: an interview by prospective team members.



## What is your preferred interview process?

“You just want an interview with the recruiter – an open and honest chat”

“They need to understand that we are also interviewing them”

“One or two interviewers is fine but 3 or more is just intimidating”

“It’s great to have an interview with your eventual manager- not just HR or recruiters”

“You’re prepared for all the typical questions so it’s better if it is just a real conversation”

“I definitely think that two interviews is the limit. Anything more starts getting ridiculous”

When jobs are readily available this instant generation don’t respond well to too many stages in the recruitment process. 67.4% of Generation Y believes that 1 or 2 interviews at the most are acceptable.

And as for the interviewer again age is not important for the majority (69.3%). Dispelling the myth that the best group to really understand and relate to Generation Y are Generation Y, only 4.4% felt most comfortable being interviewed by someone of the same age.

## Retaining Generation Y

### Dinosaurs, the Tasmanian Tiger and now long service leave

Could long service leave, the 10 year gold watch, and the 20 year club be heading for extinction? With Generation Y it seems so. As for how long one should stay with a single employer almost half of Baby Boomers believe at least 5 years whereas only one in four Gen Y’s would consider staying 5 years. The longitudinal studies back this up: in 1959 average tenure across all ages and industries was 15 years. Today average tenure is just over 4 years.<sup>22</sup>

### Promotion Promotion Promotion

Generation Y has a reputation for little company loyalty and poor job commitment. Clearly Generation Y have a shorter tenure in a job but the cause isn’t so much a lack of loyalty or commitment but a desire for variety, challenge, and change.

They are in a hurry and they are unlikely to stick around for long without a promotion. 86% of Gen Y’s expect a promotion within 2 years compared to 70% of Baby Boomers.

When observing Generation Y many people mistakenly believe that their regular rotation across jobs is just a factor of their age and that “I was like that once”.

Yet as cited above studies show that tenure is at the lowest levels ever across all age groups and no previous generation began their working lives moving between jobs as frequently as today’s Generation Y. So if it is partly a reflection of life stage, it is also a reflection of their times- high employment, economic growth, personal optimism, and career opportunity.

### Empowered and Optimistic:

Despite just beginning careers and still developing their employability, 52.3% of Generation Y states that it was currently “easy” or “very easy” to get a new job compared to 43% of the Baby Boomers surveyed.



# developing a retention strategy- the top 5

In both the discussion groups and the surveys there were many factors mentioned that led to attracting and retaining Generation Y to their jobs. However there were 5 that stood out.

## 1. Work/Life Balance:

For Generation Y their employment matters to them and it is a major part of their life. However it is not their life- but rather it provides the funds to fuel their life. Therefore a career that allows them the opportunity to continue the other aspects of their life stage whether they be educational, social, spiritual, or entrepreneurial is highly attractive.

One quarter of all focus group participants placed this at the top of their list.

### Attraction and Retention Issues: Work-Life Balance

“At the end of the day it’s just a job”

“I definitely keep it in perspective”

“Flexibility is the key”

“There is a lot going down in our lives today”

“If there’s going to be a clash with the work-life balance, life wins”

### Employer Insights:

- Gen Y generally has a strong relationship ethic. They are collaborative learners, enjoy working in teams, and thrive in a relaxed consensus-driven group.
- Gen Y can be considered Gen “Why?” Assess policies and ground rules and ensure that there are good reasons that underpin them. And keep in mind that providing a flexible workplace will meet the needs of not just the Y’s but of all of the generations. We all want work-life balance today- regardless of age. The main difference is that while it is a “want” for most it is an “expectation” for the twenty-somethings.

## 2. Workplace Culture:

This has to do with the relationships with others at work. 42% of all Gen Y survey respondents placed “relationship with peers” as one of the 3 top reasons for getting or keeping their job. An environment where they could interact socially and work collaboratively was highly regarded.

Interestingly they didn’t necessarily want a workplace full of people their own age: Gen Y’s have known nothing but cultural diversity, gender diversity, and respond well to generational diversity. 32.7% preferred colleagues to be of all different ages with a further 35.1% stating that age didn’t matter at all.



## Attraction and Retention Issues: Workplace Culture

“You’ve got to enjoy the people you work with- it’s a not-negotiable”  
“I suss it out at the interview to see if I’ll connect with the people”  
“They’re not colleagues - they’re workmates, friends”  
“Age isn’t an issue, it’s just whether you can fit in and enjoy the people”

### Employer Insights:

- Having a family or even being a valued part of a family is the experience of fewer young people today. And with less neighbourhood connections and declining membership of service clubs etc Gen Y’s are looking for a place to belong. The one social bottleneck through which most pass is the workplace and so ensuring social and connection needs are met here is essential for retention.
- Life today is non-partitioned, and holistic. Therefore there is less differentiating between work-life and social-life, or one’s corporate job and one’s personal values. Therefore ensure the prospective employee fits the role not just based on their Competence, but also that their Culture suits the organisations, and their Character is a values match.

### 3. Varied Job role:

A job description involving variety and the opportunity for advancement was critical for Gen Y. 38% of respondents selected “opportunity for advancement” in a job as one of their top 3 must-haves. It was selected by half of the focus group participants too. Clearly a job that doesn’t lock them into a narrow task but offers variety, change, and the chance of a promotion is sought after.

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

Offering variety and flexibility in the role provides this. Why have them change jobs by moving to a new organisation when they may be able to change jobs within their existing organisation.

## Attraction and Retention Issues: Varied Job description

“Unless I’m loving the job- sure I’ll be looking around”  
“If everything is fine I’ll stay but only up to a point”  
“I love a change. I always tend to keep a look out”  
“Yeah if there is lots of variety and challenge it’s great.”  
“In my graduate programme we have rotations every few months. I like that.”  
“They get us involved in things even outside our area which is great- it keeps you sharp”

For Generation Y change is like the air they breathe. They keep up with the changing technologies, move house more frequently than the average and they have just come out of an education system that has offered greater subject choice than ever before. So at this stage of their life variety is all they’ve known.



### Employer Insights:

- The reality is that there will always be lower retention rates of young staff than the older generations but retention can be improved. Here's what will help: **Accessibility:** take the mystery out of how decisions are made, **Variety:** give junior staff greater responsibility/ roles in their work, let them conduct exit interviews, give presentations, and organise staff events.
- Understand the revolving door: if they leave for a new job, or further study: keep in touch- they may later want to return. They don't view leaving an organisation as an act of disloyalty but a simple life change and so they see no problem with returning should circumstances change.

### 4. Management Style:

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

Before we can manage and lead we must be able to understand and connect. Generation Y are not only at a different life stage to most managers, but they have been raised and educated in a very different era. Their expectations of a boss, attitudes to the job, and preferred styles of work have all been shaped by their times- not ours.

Also it must be remembered that while we are ageing, the new recruits from University or TAFE are invariably in their early 20's and so the gap between the employers and the new next generation of staff is ever-growing.

The findings are clear: unless their direct supervisors and the leadership hierarchy manage in an inclusive, participative way, and demonstrate people skills and not just technical skills, retention declined.

Their ideal manager is one who values communication and creates an environment of transparency and respect for staff. Their preferred leadership style is simply one that is more consensus than command, more participative than autocratic, and more flexible and organic than structured and hierarchical.



#### Attraction and Retention Issues: Management Style

"They've got to walk the talk- that's for sure"

"Their age doesn't matter- I had an old manager once but he took time to get to know us"

"Not the old-school styles of authority and the closed door"

"Our senior managers hardly ever appear and it isn't good for morale"

"I want to share my opinions. We have good ideas so they have to include us."

### Employer Insights:

- In the focus groups stated that their ideal leader gives public affirmation, pats on the back –both figurative and literal, remembers names/interests of their staff, and creates an emotionally safe, friendly, collegial environment where people feel free to contribute ideas.

- This generation are definitely keen to lead in new ways, but they first need effective leadership role models who can engage with them. The ever-present generation gap is very visible when we attempt to lead Gen Y in our old method. Traditional leadership stresses controlling, they want relating. We focus on structure, they are influenced by style. We think framework, they think freedom. The answer is to take the time to better understand them, and then we are well on the way to being able to engage, train, and lead this emerging generation.

## 5. Training:

Generation Y have heard the mantra of lifelong education all through school and they've come to accept it. After all many of them are today working in industries and with technologies that didn't even exist when they were beginning high school- web design, multimedia production, VoIP telephony etc.

Therefore the key to remaining relevant in changing times is ongoing training. This will keep them effective in their current job, but also employable for their future careers which after all may be just a few years away.

### How important is training and development to you?

"You have to keep your skills up today and if the boss is paying I'll be there"  
 "I like training that helps you in your job but is also for personal development"  
 "We've just come out of years of education so we're used to it. It is important"  
 "I took this job because they offered support to help complete further studies"  
 "If I was getting good training yes it would definitely keep me there (in the job)"

### Training leads to retaining:

78.9% stated that career development through additional training was "very important" to them. More remarkable than this was the finding that training is more than a tool for productivity- it is a tool for retention: 89.6% of Generation Y agreed that if they received regular training from their employer it would motivate them to stay longer with the employer.

### Develop People Skills not just Technical Skills:

With this generation not just changing jobs but careers so frequently, equipping them with transferable skills is important. Many technical skills are relevant only for a current job but the people skills are both transferable and lifelong.

They are also most preferred by Generation Y themselves. The preferred area of training for Gen Y was the "soft skills" area (presentation skills, management and communication skills etc) as opposed to the "hard skills" technical training and the formal University courses.

Their preferred methods of training were on the job coaching/mentoring as well as in-house or outsourced training courses. Interestingly in this era of online learning this method rated poorly. This was due in part to their learning styles (kinaesthetic and visual rather than literate and procedural) as well as their motivation for learning being social, collaborative, interactive, and fun!



## a final word

Generation Y represent the future. Let's not expect the workplace to shift back to the days of 15 years average tenure, and dutiful obedience of the boss. These new realities which are personified by Generation Y are manifested by most workers today regardless of age. We've all responded to the 21<sup>st</sup> Century world of work.

So the pendulum of change isn't about to swing back to the good 'ole days- the direction of these shifts will continue. Indeed have a quick look at the Under 12 Generation Z's. They are born to parents who are a decade older than the Boomers were when they began families, there are half as many of them per household compared to 50 years ago, and so they are being even more scheduled, protected, and materially endowed than the Y's. They aren't called the Bubble Wrap Kids for nothing.

The point is that we have entered a new era and while employers need not react to every whim of a new generation, nor can they hold fast to the old and expect the emerging generations to conform. These new workplace entrants have had two decades of cultural shaping and there's little an employer can do to change this.

A metaphor of this is found in any "How to Surf" book: there are many pages on how to pick a wave, catch a wave, and turn on a wave- but not even a sentence on how to create a wave or change a wave. Quite simply because we can't - God make's the waves and surfers catch them! And so it is with the generational and cultural waves. We can't change the learning styles, work patterns, or employment attitudes of an entire generation – but we can position ourselves to understand and so better engage with each new generation.

To assist you further as you surf the wave we have other resources that will be of greta value to you. For example to equip you in effectively communicating with the new generations go to [www.mccrindle.com.au](http://www.mccrindle.com.au) and download a copy of [Word Up - a lexicon of Generations Y & Z and a guide to communicating with them](#).

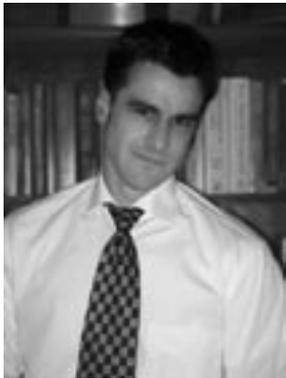


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## about the author

**Mark McCrindle, Social Researcher. MA, BSc. (Psychology), QPMR**



Mark McCrindle was trained as a Psychologist and his research into the different generations is recognised internationally. Mark is a Qualified Practising Market Researcher (QPMR), and so has his finger on the pulse of today's generations. Organisations commission Mark to conduct research and then speak or consult with them to help them better understand and engage with the ever-changing market and employment segments.

Mark graduated from the University of NSW with a BSc (Psychology), and he has completed a Masters degree majoring in Social Trends. He is the Director of the social research agency McCrindle Research Pty Ltd, which specialises in social and generational research across the Asia Pacific.

Some of his recent clients include: Toshiba, Westpac, AMP, Commonwealth Bank, David Jones, Alcan, Cadbury Schweppes, Mercedes Benz, Toyota, Red Rooster, American Express, State Street, Flight Centre, Scania, AXA, Mirvac, Wesfarmers, LG, St George Bank, Fairfax, ANZ, Accor, MLC, Esanda, Komatsu, Woodside, ExxonMobil, Tyco, BlueScope Steel, Hudson, Telstra, Optus, & NAB.

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## endnotes

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ABN 99 105 510 772

PO Box 7702

Baulkham Hills Business Centre

NSW 2153 Australia

P: (+61 2) 8850 6099

F: (+61 2) 8850 6299

E: [info@mccrindle.com.au](mailto:info@mccrindle.com.au)

[www.mccrindle.com.au](http://www.mccrindle.com.au)