

Research Summary

Challenging misconceptions about Gen Y employees

18-34 year olds, often referred to as 'Gen Y', are subject to a number of generalisations, both in the workplace and in everyday life. 'They're digital natives', 'they're not really team players', 'they're motivated by pay and reward', 'they're impatient and want everything to happen quickly', are just some of the statements often associated with them. But do these stereotypes help businesses successfully engage Gen Y employees and get the best out of them? The answer is probably no.

Generational labelling is widespread, and in some instances it serves a purpose in understanding broad career motivations and attitudes for particular groups. However, when you consider that those born in 1980 are in the same category as those born in 1996, it seems impossible that these individuals could all fit into a similar mould – and that a one size fits all approach to engaging them in the workplace would be appropriate.

Penna conducted research amongst 1000 employees split into two groups, the first aged between 18-24, and the second aged between 25-34. We also surveyed 1000 senior managers in UK organisations to explore whether there is a mismatch between what employees aged 18-34 want, and what employers think they want. The results provide some compelling insights for businesses, and prove that making assumptions about this generational group in the workplace will not reap long-term rewards.

Less than one fifth of Gen Y employees currently aspire to be a manager or lead their own team

Managers of the future?

18-34 year olds are often considered to be the next generation of leaders, stepping in to management roles and leading teams. The reality however is that this isn't a great motivator for many of them right now – particularly those at the younger end of the spectrum. Our research found that less than one fifth of Gen Y employees currently aspire to be a manager or lead their own team – significantly less than employers thought – and that they are more compelled to achieve work/life balance and be happy and fulfilled in their career.

When you compare our findings with research conducted by the CMI, highlighting that UK plc will need around 1,000,000 managers by 2020 and that Gen Y are the most likely to fill these positions, there is a clear chasm between what businesses want from their employees, and what their employees want from their careers.

Loyalty and staying power

18-34 year olds are highly selective, treating job hunting like a shopping trip according to some critics. They are discerning customers, will keep looking until they find exactly what they want, and will switch loyalty quickly if they find a better deal elsewhere. But is that really the case?

Our research showed that just 15% of employers believe that the younger members (aged 18-24) of their Gen Y workforce feel certain about their career choices. However, when employees in that age group were asked the question, almost a third (30%) said they felt they had made the right career choice and could see themselves staying put for the long term. A further 39% said they definitely want to be working for their company in two years' time, and 63% said it's very or reasonably likely that they still will be.



Although 64% of 18-24 year olds believe it is important to be loyal to their employer, managers do not credit them with being so

This group showed a strong sense of loyalty too, which was significantly underestimated by their employers. 64% of 18-24 year olds said they felt employer loyalty was important, whereas just 3% of employers associated this age group with being loyal to them. There might also be a disconnect when it comes to employer and employee interpretations of what loyalty means. For 52% of 18-24 year olds, caring about the company as a whole rather than just their role and responsibility is what employer loyalty is all about, and for a further 40%, loyalty is associated with going above and beyond what is expected of them. However it seems employers generally think loyalty is best displayed by talking positively about the company to others.

Could it therefore be that your organisation is underestimating the loyalty and commitment of your younger employees? If you are, even subconsciously, it could have a significant impact on engagement levels. After all, if Gen Y employees feel committed and 'in it for the long haul', but you don't invest in them in the same way, chances are they will become disengaged and start looking for their next challenge elsewhere.

When it comes to attracting Gen Y employees, an organisation's reputation is a key consideration

It's not all about the money

Whilst climbing the career ladder is usually associated with a pay rise, it seems that formally recognising progression is more important to

Gen Y employees than a salary boost - yet our research showed that employers think the opposite is true.

Gen Y employees are also concerned about the reputation of their employer (more so than working for a high profile brand), and whether they offer a good work/life balance and flexible working options. Fast progression also isn't as important to them as you might think, particularly for 25-34 year olds - 40% whom say they want to enjoy their career and don't care about climbing the ladder quickly.

Clearly, progression and salary are motivators for all employees but they are not the only thing Gen Y employees are thinking about. It's essential this is taken into consideration when having career conversations with them, which will be far more constructive if the manager in question truly understands what is important to the employee, rather than making assumptions.

This generation recognises the importance of owning and managing their careers, yet less than 5% of manager would agree

Don't wait for appraisals

Formal performance management initiatives serve an important purpose, but they shouldn't be the only point at which organisations have career conversations with employees - particularly those who fall into the Gen Y age bracket.

Our research showed that employees aged 18-34 are keen to receive praise and recognition on a daily basis from their line manager, yet significantly fewer employers believe this to be the case. Whilst it might not be practical to have daily catch ups with Gen Y team members, feeding back informally and regularly is useful, yet it's not happening enough. Other research we conducted last year showed that only 18% of managers have career conversations on a regular basis, and a quarter of companies said they don't actually train their line managers to have these conversations. This could be having a significant impact on engagement and retention rates.

Having regular career conversations doesn't mean that employers must assume complete control of the careers of their Gen Y employees. In fact, our research showed that Gen Y team

members are happy to do this themselves, and think they're capable of managing it effectively. Yet employers doubt their ability to do so. Only 4% of the managers surveyed believe that 18-24 year olds can manage their own career, but they seem to have far more faith in those aged 25-34. Which begs the question – what do employers believe is equipping the older age group with the right skills and knowledge to manage their own development, and why do they think it is lacking within the younger group? If this really is the case, what could organisations be doing to help employees do it better? It might be an investment in terms of time and resource to make this happen, but if it improves performance, loyalty and the likelihood of them sticking around, then it's worth it.

Harnessing untapped potential

Development potential shouldn't have an age bias. However, it is likely that those just starting out in their career will feel they have a lot to give, and organisations need to be adept at recognising this and helping them to hone skills and develop. If they don't, they risk losing talent – as highlighted by 2014 research from Penna which showed that over half (55%) of those who left a job said they did so because of a perceived lack of opportunities.

Our Gen Y research showed that 18-24 year olds are more inclined to say their employer hasn't done enough to recognise their potential (32%) than the older age group (26% of 25-34 year olds). 45% of 18-24 year olds and 51% of 25-34 year olds said their employer had done 'some things' to recognise their potential. Tellingly, only 11% of 18-24 year olds and 13% of 25-34 year olds felt their employer had done 'a lot' to recognise their potential. Do these findings hint at a disillusioned and disengaged group feeling frustrated that their abilities and potential are not being realised?

It can be difficult to get the best out of everyone all of the time, and of course there could be some employees that will never feel like their abilities are fully recognised. Even so, it's important to consider the potential impact of Gen Y employees feeling that they have more to give – and no opportunity to prove it. That doesn't mean organisations have to persuade them to stay by offering promotions before they're fully ready. Our research showed that Gen Y feel that being put on the path to promotion is a better way for their potential to be recognised than actually being promoted.

Penna recommendations

It's no surprise that there is no single magic solution to getting the best and most from your employees.

Indeed, the multigenerational workforce that comprises today's organisations and the entrance of other generations requires a unique and varied range of solutions to appeal to and engage the whole workforce.

This report in itself highlights that making generalisations and assumptions is ill-advised, and likely to lead to misconceptions that could have a detrimental effect on businesses in the very near future.

Along with the recommendations already outlined, to help bridge the gap in understanding and create a culture where Gen Y employees can maximise their positive contribution to the organisation, Penna makes the following recommendations:

Unlock potential through regular and meaningful career conversations

The leaders of today are vital in helping to understand the key drivers and motivators of Gen Y employees, and to help them plan their future in the organisation. Frequent dialogue between managers and employees helps the individual contributor feel valued, and can help engage them in aligning their own aspirations to business objectives. These conversations also give managers an accurate way of feeding back information to the business with regards to the considerations that need to be made to enhance or adapt the current career deal.

Managers taking the lead and initiating career conversations with each individual in their team is the most important step for organisations wishing to retain and engage any employee. Yet, with our research revealing that only 18% of managers admit to doing this on a regular basis, it is clear that organisations need to invest in raising the competency of their managers to hold these conversations.

Understand the individual and provide frequent feedback

With managers skilled in the art of career conversations, these should then take place regularly and outside of the normal performance appraisal or review. Tailor the conversation to give the individual specific feedback on their contribution and help them articulate what personal aspirations they have for their career.

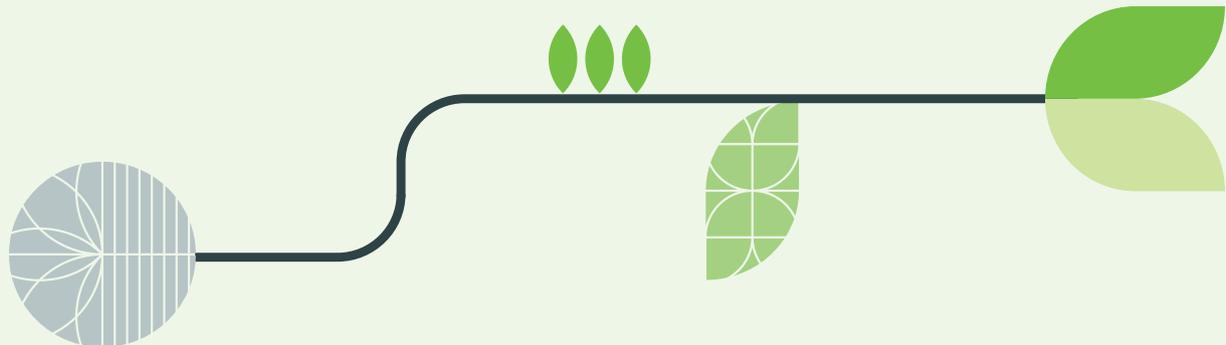
Develop a framework of resources and tools that promotes career ownership

Through the most appropriate delivery channels, you should provide your employees with the ability to become more aware of what they want, what they have to offer, and how they want to apply it to their career journey. This might be through online career resources, workshops, coaching or mentoring schemes, but the over-arching objective should be to enable them to take control and direct their own career by figuring out where they are, where

they want to go, why they want to go there and finally executing a plan of how to achieve this. By providing these resources you empower employees to realise they have a career that they control rather than one that just “happens” to them, and which in turn will increase their engagement and the contribution they make.

Invest in the right development

In many ways, the world in which our Gen Y employees now work requires different skills sets - whether these be soft, technical or leadership skills in particular. With different types of work, working patterns and styles coming to the fore, the skills required will have to be very different. If we are to get the best out of younger employees and encourage more of them into management and leadership roles, we have to make sure that we are investing in the right content and delivery style to appeal to them, making sure that we are not trying to equip them to lead 21st century businesses with 20th century training.



About Penna

Penna is a global people management business. We work with over 2000 organisations in more than 70 countries including 70 of the FTSE 100 and some of the highest profile public sector bodies.

Our vision is to make every organisation great through the performance of their people. We believe that for any organisation to achieve greatness they must be able to successfully attract, develop and transition individuals.

As the only provider able to offer proven solutions across the entire employee lifecycle from attraction to transition, we are uniquely positioned to help organisations successfully address whatever talent opportunities and challenges they may be facing.

This unique breadth of expertise enables us to offer integrated, innovative, tailored solutions that have a measurable impact on business performance.

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