

The Young & (not so) Restless: Helping employers understand, retain Generation Y workers

by Lydell C. Bridgeford

July 1, 2007 - Current research shows Generation Y is 75 million strong and becoming the fastest-growing segment of the U.S. workforce, increasing from 14% to 21% over the past four years to about 32 million workers.

As their ranks continue to swell, employers must become more strategic in their efforts to understand, and therefore retain, Gen Y employees (born from 1978 to 1989). As the talent war and employee turnover escalates, these workers will be vital to U.S. competitiveness in the global economy.

Yet some labor analysts assert many employers are clueless as to what this generation wants from a workplace environment, thus hurting their chance of success to woo and keep Gen Y employees with their companies.

Money is not everything

There still lingers a misconception among some CEOs that many younger workers only care about how much they are being paid.

However, Peter Hart, CEO of New York-based Rideau Recognition Solutions, asserts that to Gen Y, recognition is just as important, if not more so.

"At my company, we call them the Nintendo Generation because they have been literally brought up as kids playing online and video games. When you think about it, they are getting recognized almost every second," noting how video games reward players for achievement at each level.

Therefore, Hart says Gen Y similarly expects instant recognition in the workplace.

In some cases, they are even looking for recognition before they have been assigned a task to complete.

"Most companies, if they are not aware of this or paying attention to this, then they are doing so at their own peril," Hart comments.

Company culture also is meaningful to this generation, Hart says.

"It's really not about the money, but creating a culture that rocks," which means creating an environment where young people enjoy coming to work, he says.

"What you really want in a company are employee patriots, and the only way to achieve that is through inspired leadership."

Managing Gen Y

Compared to baby boomers and other generations in the workforce, Gen Y tend to be more concerned about meaningful work and relationships with coworkers, attitudes that are key for employers to remember in retention efforts, says Mark Lifter, national practice leader of the talent solutions consulting at Aon Consulting.

Corporate decisionmakers are boomers, so workforce decisions about quality-of-life issues and benefits likely are framed through their experiences, Lifter explains. "As a result, I am not sure if they are as sensitive to the needs of Gen Yers as they could or should be."

Pretty consistently, success in retaining Gen Y employees depends primarily on front-line supervisors, Lifter says. "Organizations don't pay enough attention to training their supervisors and managers to think about what contributes to and detracts from retention, and how it might be different for younger workers, who have a different set of perspectives and values."

Arturo Coto, CEO of Inquisite, a Texas-based human management software company, agrees. "The failure to ask" is where most companies drop the ball in improving retention rates among younger workers.

Consider, for example, one of Coto's clients, a manufacturing company with an attrition rate less than 3%. However, when the company's leaders started to drill down on that number by segmenting employees by age, they realized young managers - mainly newly minted MBAs - were largely driving the number.

"They were not sticking around and the average [tenure] was about year," Coto explains. The company would hire young MBAs and assign them to manage front-line employees without proper training on dealing with the wide generation gap among the workers they oversee.

"You had people on the front lines that had been there for nearly 30 and 40 years. Now all of sudden, you have a [twenty- or thirty-something MBA] coming in to gradually implement changes and improvements," he says.

The situation, if not handled properly, can create a stressful work environment, stemming from generational differences in communication, expectations and entitlement.

Some younger managers - frustrated and disillusioned by the tensions - left.

In addition, management discovered through employee surveys and interviews that their young managers did not find the work on the front line challenging enough to put in the time to continue their career path with the organization.

Armed with detailed feedback, the company now is researching how to improve training and development of new young managers in bridging the generation gap.

It's all geared toward "better coaching, nurturing and developing of young talent and teaching them how to walk before they run," Coto says.

With the abundance of market research available about the traits of younger workers - they prefer instant gratification, favor high-tech media, are financially savvy and value work-life balance - employers must conduct their own surveys to see how generational issues affect their workforce specifically, he adds.

"I think it's important to validate these trends within your workforce and really understand the new generation within your organization," Coto remarks. "What are their implicit needs and what do they expect from you?"

Appealing benefits

Employers are experiencing higher turnover rates in certain occupations generally populated by younger workers, says Gary Cumpata, senior vice president at Aon Consulting.

Cumpata believes consumer-driven health plans and voluntary benefits are poised to resonate with younger workers and reverse such turnover trends.

"The two programs were not specifically design to cater to younger workers. Still, the very nature of the programs allows for flexibility where an employee can choose those benefits that are of higher value to them," he explains.

In addition, flexibility appeals to younger workers.

Young employees tend to be attracted to the variety of wellness programs and online health information typically touted by consumer-driven health plans, and voluntary benefits by their very nature allow employees to select the benefits that are important to them, Cumpata suggests.

"Often employers will augment voluntary benefits with entertainment, coupons, books and discounts features to social activities," Cumpata adds, saying that younger workers find value in these features. They like that "instead of saying, Here is what you get,' it's, Check the list for what you want."

Job satisfaction and the Nintendo 'Generation'

A 2006 online survey by Harris Interactive, commissioned by the Massachusetts-based American Business Collaboration, polled 2,775 exempt and non-exempt workers at medium and large corporations about job satisfaction.

Among employees under 30:

* Exempt women cite salary as the most important factor in job satisfaction. Other top priorities are meaningful work and work-life balance. More than half of this group say financial security is most important to achieving a general sense of fulfillment.

* Exempt men and women cite advancement as an area of dissatisfaction. In addition, men cite meaningful work and work-life balance as areas of dissatisfaction, in contrast to women, who cite

dissatisfaction with benefits and workload.

* Exempt women are extraordinarily committed to their jobs. They have the highest engagement level of any group.

* Exempt men cite advancement second to salary as the top priority in job satisfaction. This group ranks family life as most important to personal fulfillment.

* Non-exempt workers tend to be dissatisfied with utilizing their abilities and with salary.

* Non-exempt men also cite dissatisfaction with advancement.

Source: The American Business Collaboration - L.C.B.

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