

# WH'Y' YOU SHOULD CARE!

With more and more jobs being created and a shrinking pool of experienced leaders, the competition for talent will increase. The winners will be those that understand what motivates and engages the new generation of workers - Generation Y - those born between 1978 and 1985.

## The Changing Population

By the year 2006 the 'Baby Boomers' born in the 15 years after WWII will start reaching retirement age. The problem is that they outnumber the next generation - Generation X - by more than 2:1. That maths means there are not going to be enough people to fill the management jobs the Boomers vacate.

Further down the line, is Generation Y. Their numbers look like overtaking the Baby Boomers providing a far bigger pool of talent. The maths shows that this is the generational group that will be the key to long term sustainability for organisations. The problem is that people from Gen Y are unlike anything that organisations have ever experienced before.

As a group Gen Y thinks differently, behaves differently and has different aspirations. They look for instant gratification, they have no loyalty to employers who give nothing back, and they vote with their feet.

Unless organisations understand what drives Gen Y they won't be able to attract and keep the people they need for the future.

## Generation Y

Not even a downturn in the economy will protect organisations from losing young talent. Labour mobility figures showing Gen Y change their jobs more than any other age group.

So what does this New Generation look like? Gen Y are hard core consumers and regular 'On-Line' browsers of opportunities, possibilities and experiences. A job is just one of the countless choices they have. For this group, organisational loyalty is fading, the work ethic is dead and permanent employment went out with the 20th Century.

### Labour Mobility Figures

The Percentage of people who changed employer, business or locality in the year to February 2002.

Generation	Born	Age	Percentage Job Mobile
Generation Y	1978- 1995	15 - 19	9.3%
		20 - 24	25.8%
Generation X	1961 - 1977	25 - 34	19.6%
		35 - 44	13.1%
Baby Boomers	1945 - 1960	45 - 54	9.9%
		55 - 69	5.6%

*Australian Bureau of Statistics 2003*

It can take between 2 and 5 years to groom talent for leadership so the high turnover rates of Gen X and Y means organisations are losing their pool of future managers.

In addition, there is a substantial cost associated with turnover. On top of direct recruitment costs, when talent leaves, so does intellectual capital and experience, and there is often a negative effect on customer service levels.

### **Retention - The Facts**

Failure of retention efforts impact directly on the bottom-line:

- It is 2 - 3 times cheaper to retain staff than hire new people
- The Department of Labour estimate that the base cost of replacing an employee is 30% of that person's annual salary.
- Development Dimensions International calculates the cost of hiring skilled professionals to be \$107,970:
  - \$400 for administrative costs to process all candidates
  - \$720 for interview costs
  - \$1,250 for candidate travel costs
  - \$4,000 for severance pay
  - \$6,000 to advertise for the open position
  - \$15,600 to train a new employee
  - \$30,000 for lost opportunities and hidden costs
  - \$50,000 for relocation costs
- It takes an average of 50 days to fill a vacant space
- Cost of replacing talented employees ranges from 70 - 200% of the employees annual salary, associated costs including:
  - Training and development
  - Advertising and recruitment
  - Orientation and training
  - Decreased productivity as the new comer acclimatizes
  - Loss of clients who feel loyalty to the former employee
- Consider also the costs connected with the loss of Intellectual Property
- Companies with the most committed employees have excellent financial performance, delivering a 112% return over 3 years to shareholders, compared with 76% for those companies where employee commitment was low

*Human Resource Institute, Human Resource Association, USA*

### **Future Context**

In the future, organisations will be ones of technological advancement, continual change, uncertainty and increasing complexity. Gen Y has the characteristics to provide the sort of leaders they will need.

“Y”ers are at ease with the requirements of technology, diversity and uncertainty, and they are familiar with a complex mix of routine and non-routine tasks. They are flexible, multi-skilled risk-takers who can multi-task. Organisations hoping to compete in the future must learn to develop and enabled the "Bring it On" attitude.

### **Generation Y**

Generation Y - or as they are also referred to - Gen Y, Yers, Millennials, Echo Boomers, Nexters - grew up in an era of change and uncertainty where a job for life wasn't even in the equation.

Typically, they have moved homes many times in their lives, many have no expectation of stability as their parents are divorced, and they are used to having no stable footing.

When they first entered the employment market they were in demand due to the longest and strongest economic boom in history. In addition, they were the first generation to grow up with computers and are seen as leaders of the biggest business upheaval since the industrial revolution.

Their work beliefs and attitudes started developing in childhood. They were the offspring of parents who put "baby on board" signs in their cars and filled their children's lives with education and structured play.

Their parents suffered downsizing, redundancies and dismissals from their jobs and consequently, Yers also developed a "sense of betrayal and are sceptical and unimpressed by authority and self-reliant in their orientation toward work" (Loughlin & Barling, 2001).

Because work is not viewed as an investment in their future with an organisation, they want immediate payoffs from the workplace. They work to live.

Yers were also witness to the big shift in power in the labour markets. The industrial civil war that dominated employer/trade union relationships in the late 20th Century took a heavy toll on employers and unions. Individual employees gained real power.

### Generation Y Characteristics

*The Vietnam War is as old as WW1 and WW11. Black Monday, 1987 is as significant to them as the Great Depression. They are too young to remember the first space shuttle blowing up. Tianamen square means nothing to them. Bottle caps have always been screw off and plastic. Atari predates them as do vinyl albums. The expression "you sound like a broken record" means nothing to them. Most have never seen a TV set with only 4 channels, nor have they seen a Black and White TV. They can't imagine what hard contact lenses are. The Titanic was found - they thought we always knew where it was. Michael Jackson has always been white. McDonalds never came in Styrofoam containers.*

Pros	Cons
Flexible, adaptable, no expectation of stability	Demand workplace flexibility, transient, commitment is temporary and tentative
Fast moving, highly organised, time conscious	Impatient, want immediate results, want action not words
Self-confident achievers	Self-interested, self-gratifying, arrogant, entitled
Optimistic	Sceptical, cynical
High level of sociability, team oriented	Lifestyle driven
Independent, self sufficient,	Free-agent, don't respect status and authority
Well educated, intellects, respect wisdom, value opportunity more than money	Demand work that adds value, demand opportunity for challenge
Open-minded, tolerant of diversity, willing to fight for social justice in the, socially and environmentally conscious, high morality and civic duty, frank & honest	Highly idealistic
Entrepreneurial, creative, problem solvers, risk-takers	Demand involvement in decision making, want respect for their ideas and contributions - then they will perform

## The Challenge

The business reality is that organisations are only now implementing strategies to attract and retain Generation X. They are, in fact, still a generation behind.

Generation Y thinks and acts differently and has different experiences, values and aspirations.

Why do HR strategies treat employees as one when there are 4 generations working side by side? Why do they focus on stability when we live in an uncertain world, when incidents such as 'September 11' have changed our perspectives on the value of life and when Generation Y want to experience all that it can and make a difference through all that they do.

It is time to focus on enabling young talent, after all, keeping them happy is essential because of their workplace potential and their large numbers. Developing this talent is critical for organisations to compete in the future. Some successful strategies include:

- Developing a Learning Organisation requiring a highly individualised process of goal setting, development planning and organisational culture that supports this as a legitimate work activity.
- Providing challenging and meaningful work that taps into their talents and creates opportunities to enhance their skills.
- Job redesign to establish reflect a project approach to work.
- Transparent boundaries to maintain positive relationships with past employees so they might return at a later stage.
- Coaching and mentoring with the 'wise heads' to capitalise on the wisdom of a veteran who's they respect.
- Educating leaders - "The manager's task is increasingly, not to tell the worker what to do, but rather to clear the obstacles from the path that they choose" (The Economist, December 2000)

## Summary

For Gen Y, the workplace is the context for skill development, and recognition in any form is the key to their souls. Organisations need to invest the effort to unleash the raw energy and unbridled enthusiasm of Gen Y.

Create the opportunity to develop their skills and this will lead to personal achievement, recognition, satisfaction and increased organisational commitment ... Converting potential into organisational performance.

Consider the following:

- What if your talent brought 100% of themselves to work?
- What if you retained all your best emerging leaders?
- What if you could retain your IP and deny your competition this valuable resource?
- What if you created a climate of self-leadership?
- What if your young talent knew you really valued and believed in them?
- What if there was a faster learning to earning for young high potentials?
  - Now, consider the impact these could have on your bottom line.

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