

# ***Millennials at work***

## Reshaping the workplace

*The millennial generation, now entering into employment, will reshape the world of work. Are you ready?*



### About the survey

Four years ago, we began a study into the future of people management with our report, 'Managing tomorrow's people – the future of work 2020', which explained how globalism, technology, and socio-political and demographic changes would influence the way businesses operate in the future. The follow-up report, 'millennials at work: Perspectives of a new generation', was published in 2008 and highlighted the characteristics of the newest generation of workers.

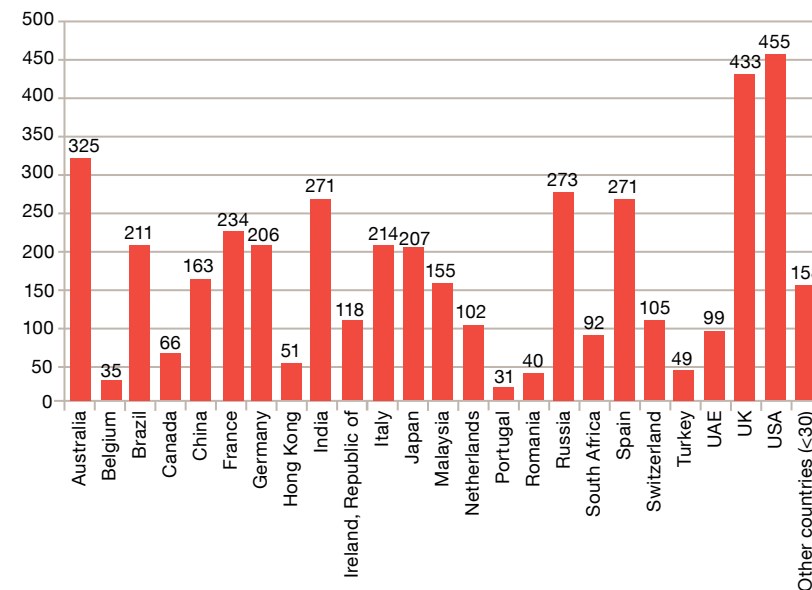
This latest report aims to provide some insight into the minds of new graduates from around the world entering the workforce for the first time. CEOs are becoming increasingly concerned that they will soon be unable to find the talent that they will need to succeed, with a shortage of suitably skilled workers their single biggest worry. Businesses are competing fiercely for the best available workers and for the talent that will replace the retiring Boomer generation in the coming few years. Every year, more and more of that talent will be recruited from the ranks of millennials.

As they begin their working lives, what are the hopes and expectations of this generation? And most importantly, do business leaders and HR teams need to revise their current strategies accordingly?

PwC commissioned Opinium Research to carry out an online survey of 4,364 graduates across 75 countries between 31 August and 7 October 2011. 1,706 of these respondents were PwC graduate recruits or responded through PwC's website. Overall, 1,470 PwC employees and 2,894 other graduates responded to the survey. All were aged 31 or under and had graduated between 2008 and 2011. 75% are currently employed or are about to start a new job. 8% were unemployed at the time they filled in the questionnaire. The rest were self employed or returning to full-time education. 76% of those with a job said it was a graduate role, while 12% had a job which did not require a degree.

Quotes from the millennials who participated are included throughout this report.

### Respondents by country



*“The battle within the APEC region to attract the right talent and to retain people – particularly in China, where the demand for talent is very strong – is something which an organisation like ours must give maximum attention.”*

**Anthony Nightingale, SBS, JP**  
Managing Director, The Jardine Matheson Group

# Why millennials matter

The millennial generation, born between 1980 and 2000 now entering employment in vast numbers, will shape the world of work for years to come. Attracting the best of these millennial workers is critical to the future of your business. Their career aspirations, attitudes about work, and knowledge of new technologies will define the culture of the 21st century workplace.

Millennials matter because they are not only different from those that have gone before, they are also more numerous than any since the soon-to-retire Baby Boomer generation – millennials already form 25% of the workforce in the US and account for over half of the population in India. By 2020, millennials will form 50% of the global workforce.

But although they will soon outnumber their Generation X predecessors, they remain in short supply, particularly in parts of the world where birth rates have been lower. They will also be more valuable – this generation will work to support a significantly larger older generation as life expectancy increases. CEOs tell us that attracting and keeping younger workers is one of their biggest talent challenges<sup>1</sup>.

It's clear that millennials will be a powerful generation of workers and that those with the right skills will be in high demand. They may be able to command not only creative reward packages by today's standards, but also influence the way they work and where and how they operate in the workplace. They may also represent one of the biggest challenges that many organisations will face.

Are millennials really any different to past generations? It's true to say that some of the behaviour and attributes of millennials can be explained by their age and relative lack of responsibilities. Our behaviour and priorities change and adapt as we age, but to dismiss the issues entirely on that basis would be a mistake.

Millennials' use of technology clearly sets them apart. One of the defining characteristics of the millennial generation is their affinity with the digital world. They have grown up with broadband, smartphones, laptops and social media being the norm and expect instant access to information. This is the first generation to enter the workplace with a better grasp of a key business tool than more senior workers.

It's more than just the way millennials use technology that makes today's youth different – they behave differently too. Their behaviour is coloured by their experience of the global economic crisis and this generation place much more emphasis on their personal needs than on those of the organisation. And employers should be wary – nearly three-quarters of millennials in our survey said they had compromised to get into work – something we believe will be set right as soon as economic conditions improve.

Millennials tend to be uncomfortable with rigid corporate structures and turned off by information silos. They expect rapid progression, a varied and interesting career and constant feedback. In other words, millennials want a management style and corporate culture that is markedly different from anything that has gone before – one that meets their needs.

The particular characteristics of millennials – such as their ambition and desire to keep learning and move quickly upwards through an organisation, as well as their willingness to move on quickly if they're expectations are not being met – requires a focused response from employers. Millennials want a flexible approach to work, but very regular feedback and encouragement. They want to feel their work is worthwhile and that their efforts are being recognised. And they value similar things in an employer brand as they do in a consumer brand. These are all characteristics that employers can actively address.

The companies that have already been the most successful in attracting talented millennials – Google and Apple among them – are naturally innovative employers who are never restrained by 'how things used to be done'. These companies are not specifically targeting millennials, but their culture, management style and approach to recruitment and retention naturally appeal to the millennial generation. And because of that, they are able to take their pick of the best younger talent around.

Irrespective of the long-term aims and ambitions of an individual company, the ability to attract and retain millennial talent will be a vital step to achieving it.

<sup>1</sup> PwC's 14th Annual Global CEO Survey

## Report highlights

The key findings of this report confirm many of the features of millennials identified in the previous report. In some respects, though, the attitude and expectations of millennials has changed as a result of the economic downturn in many parts of the world.

- **Loyalty-lite:** The downturn has had a significant impact on the loyalty millennials feel towards their employers. In 2008, 75% expected to have between two and five employers in their lifetime but in this survey the proportion has fallen to 54%. Over a quarter now expect to have six employers or more, compared with just 10% in 2008.
- **A time of compromise:** Tough times have forced many millennials to make compromises when finding a job – 72% feel they made some sort of trade-off to get into work. Voluntary turnover is almost certain to increase as economic conditions improve. 38% of millennials who are currently working said they were actively looking for a different role and 43% said they were open to offers. Only 18% expect to stay with their current employer for the long term.
- **Development and work/life balance are more important than financial reward:** This generation are committed to their personal learning and development and this remains their first choice benefit from employers. In second place they want flexible working hours. Cash bonuses come in at a surprising third place.

*“I believe that younger generations will change careers at least once and try a variety of different roles. There will be less long term commitment to organisations.”*

*Female graduate employee, Japan*

- **Work/life balance and diversity promises are not being kept:** Millennials are looking for a good work/life balance and strong diversity policies but feel that their employers have failed to deliver on their expectations. 28% said that the work/life balance was worse than they had expected before joining, and over half said that while companies talk about diversity, they did not feel that opportunities were equal for all.
- **A techno generation avoiding face time?** With technology dominating every aspect of millennials lives, it's perhaps not surprising that 41% say they prefer to communicate electronically at work than face to face or even over the telephone. Millennials routinely make use of their own technology at work and three-quarters believe that access to technology makes them more effective at work. However, technology is often a catalyst for intergenerational conflict in the workplace and many millennials feel held back by rigid or outdated working styles.
- **Moving up the ladder faster:** Career progression is the top priority for millennials who expect to rise rapidly through the organisation. 52% said this was the main attraction in an employer, coming ahead of competitive salaries in second place (44%).
- **The power of employer brands and the waning importance of corporate responsibility:** Millennials are attracted to employer brands that they admire as consumers. In 2008 88% were looking for employers with CSR values that matched their own, and 86% would consider leaving an employer whose values no longer met their expectations. Fast forward three years and just over half are attracted to employers because of their CSR position and only 56% would consider leaving an employer that didn't have the values they expected. Millennials are also turned off by some entire sectors – 30% of Swiss respondents said they would not work in banking & capital markets.

- **Wanderlust:** Millennials have a strong appetite for working overseas and 71% expect and want to do an overseas assignment during their career. This is great news for many employers looking for global growth. However, the bad news is that millennials place destinations like the US, UK and Australia at the top of their wish list, and only 11% were willing to work in India and 2% in mainland China. Despite this, over half said they would be willing to work in a less developed country to further their career.
- **Generational tensions:** Millennials say they are comfortable working with older generations and value mentors in particular. But there are signs of tensions, with 38% saying that older senior management do not relate to younger workers, and 34% saying that their personal drive was intimidating to other generations. And almost half felt that their managers did not always understand the way they use technology at work.



***“My career will be one of choice, not one chosen out of desperation. It will align who I am with what I do.”***

*Male graduate employee, USA*



## Modern millennials

The business landscape has changed drastically in the three years since we undertook our last millennials survey. While recognising their need to hold on to the talent that will lead them through the recovery, many companies in developed economies have cut back on headcount and reduced their graduate intake. At the same time emerging economies, particularly in Asia and the BRIC countries, have produced increasing numbers of young talented workers.

The future for many millennials looks more uncertain than it did in 2008, and it's hardly surprising that some have made compromises in terms of where they work and their expectations of working life. The fundamental attributes of the millennial generation are still apparent – and in some cases more pronounced than before – and reinforce the view that a more inventive talent strategy is needed in order to attract and get the best out of them.

*“The workplace and workforce are going to change pretty dramatically as we look forward. The entire concept of work is going to become more flexible. The skills needed in the workforce are going to be less about IQ and a little bit more about EQ, because if you think about it, a lot of IQ knowledge is going to be available at our fingertips through hand-held devices and the computer and technologies that we have at our disposal.”*

*Deborah Henretta  
Group President, Asia & Global Specialty Channel, Procter & Gamble*



*“I think our generation will continue to conduct business in more global settings and we’ll use different forms of technology to communicate across borders.”*

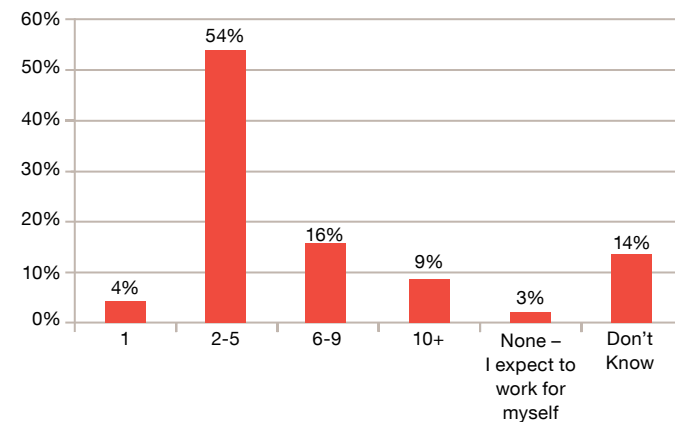
*Female graduate, USA*

### ***Loyal while it suits them?***

In our 2008 report we argued that millennials were loyal to their employer, but only as long as it suited them. The results of this year’s survey suggest that the past three years have had an impact on the length of time they think they will stay. In late 2008, 75% of those questioned said that they thought they would have between two and five employers during their working lives. Today, the proportion stands at 54%, with a quarter of respondents expecting to have six or more.

There is, of course, a big difference between millennials thinking they will have multiple jobs and wanting to be job hoppers. Employers who fail to invest in this group are likely to see less loyalty than those that do.

### ***How many employers do you expect to have in your career?***



*Base: All graduates*

# Modern millennials

Millennials have seen that corporate loyalty doesn't necessarily bring rewards or even long term security in today's economic environment. It's clear that many millennials are keeping an eye out for new opportunities even if they are not actively looking for a new job. 38% of the millennials questioned who are currently working said they were on the lookout for new opportunities, and a further 43% said they were not actively looking, but would be open to offers.

The bad news for employers is that only 18% of those questioned planned to stay in their current role in the long term, and only one in five (21%) said they'd like to stay in the same field and progress with one employer (graduates in South and Central America were most likely to take this view). It's possible that this is partly because, as we'll discuss later, some have had to make compromises in finding their first job and are planning to move on as soon as they can.

If they don't go to work for your competitors, many of this generation will set up their own businesses. Digital technologies offer millennials an unprecedented opportunity for creativity and entrepreneurship. Right now 35% of employed US millennials say they have started their own business on the side to supplement their income (Iconoculture 2011).

Employers need to work much harder on understanding this generation and appealing to their needs to attract and retain. However they also need to accept that a rate of millennial churn may be inevitable and build this into their manpower planning.

*"In this day and age you have to be flexible and you can't rely on working for the same employer for many years."*

*Female graduate employee, Germany*

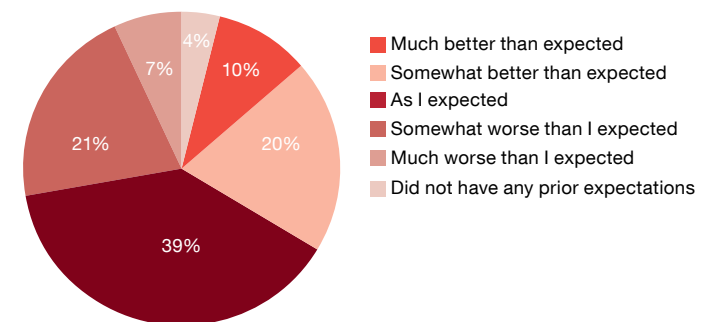
## Work/life balance remains very important

The work/life balance has always been a priority for millennials and this year's results reinforce that view, with 95% of respondents saying the work/life balance is important to them and 70% saying it's very important. Millennials from Japan were the least concerned about striking the right balance, but still 85% said that the work/life balance is important to them.

For some, though, their experience of working life has not met up to their expectations. 30% of employed millennials said that the work/life balance had been better than they expected, but for 28%, the reverse was true. The expectations of new employees are set by their experiences during the recruitment processes, and by their view of the employer brand. Results suggest that companies need to be sure that they're not creating unrealistic expectations that could lead to dissatisfied employees.

Employees in many industries could be rewarded by results rather than the number of hours worked and allowed to decide when and where to do their work. Long hours are often encouraged and rewarded without any measure of the productivity involved. We hope to see newer models evolving over the next decade.

## How has your work life balance lived up to any expectations you had before starting your job?



Base: Employed graduates



### **Powered by technology**

The millennial generation's world is digital and this has an inevitable effect on the way they communicate; 41% of those questioned said they would rather communicate electronically than face-to-face or over the telephone.

It's hardly surprising then that millennials have specific expectations about how technology is used in the workplace. Millennials expect the technologies that empower their personal lives to also drive communication and innovation in the workplace. 59% said that an employer's provision of state-of-the-art technology was important to them when considering a job, but they habitually use workplace technology alongside their own. Over half of those questioned routinely make use of their own technology at work, and 78% said that access to the technology they like to use makes them more effective at work.

In response to this, some employers are already adapting their IT policy to appeal more directly to millennials, for example offering a choice of smartphones as an employee benefit and actively encouraging business-focused use of social media at work.

It's this relationship with technology that can be the catalyst for conflict between generations and this is also true of the workplace. More than two in five of those questioned said they felt that their use of technology was not always understood, and some felt held back by outdated and rigid work styles. Millennials in Africa were the most likely to feel this way (75% versus 65% worldwide).

An effective strategy and technologies to engage and retain these workers will be critical to the business's bottom line. Millennials will expect a workplace technology ecosystem that includes social networking, instant messaging, video-on-demand, blogs and wikis. These social tools will enable this generation to instantly connect, engage, and collaborate with cohorts and managers in ways that are natural to them, leading to better productivity across the enterprise.

### **Will the future be bright?**

The global financial crisis and economic downturn has done little to dent the optimism of the millennial generation. The majority (67%) expect to be better off than their parents' generation and 32% expect to be considerably better off. Generally, millennials in Western Europe are less optimistic, with 54% believing they'll be better off than their parents' generation and 26% believing they'll be worse off. North American millennials are among the most optimistic, with just 13% expecting to be worse off than their parents and 68% expecting to be better off.

And although they expect to be better-off, most millennials have not thought about their retirement. Millennials in North America are the best prepared, with 59% saying they have already thought about how they will pay for their retirement. Turkish (22%) and Russian (19%) millennials are the most likely to say that they'll continue to work past retirement age, but only 5% of millennials across Western Europe believe the same.

*“Everything is much more dynamic and fast-paced these days. If you lose contact with information for one second, you fall behind.”*

*Male self-employed graduate, Brazil*

## Attracting millennials

The unique characteristics of millennials demand a different strategic approach to the recruitment and retention of employees. Millennials are looking for more in life than “just a job” or a steady climb up the corporate ranks. They want to do something that feels worthwhile, they take into account the values of a company when considering a job, and they are motivated by much more than money.

### Money isn't everything

Millennials are attracted to employers who can offer more than merely good pay. That's not to say that pay isn't important – 44% of those questioned said competitive wages made an employer more attractive, the second highest proportion for any factor given. The biggest draw for millennials, though, is the opportunity for progression – 52% said that they felt this made an employer an attractive prospect. Once again, the ambition and optimism of this generation comes through.

### Which of the following things do you believe make an organisation an attractive employer?



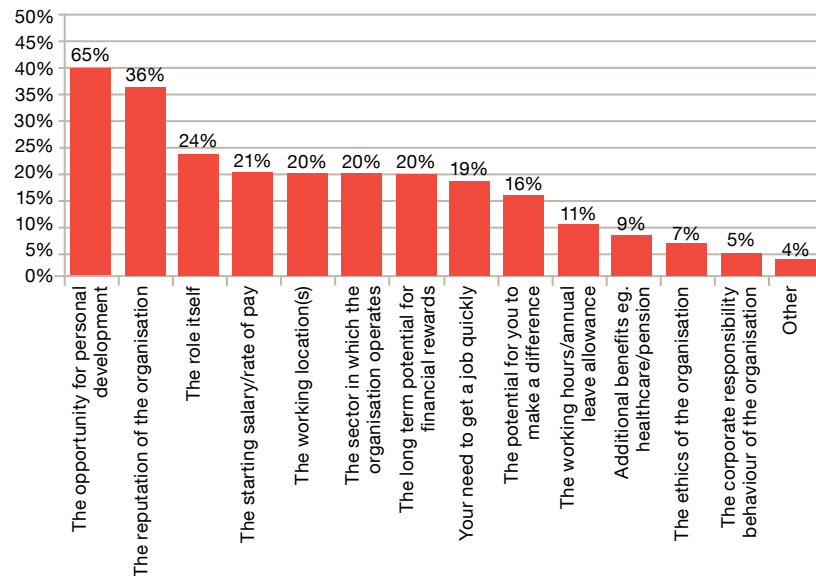
Base: All

*“Our capacity to attract, retain and manage executive talent does not depend on the compensation package, but rather on our ability to create a sense of belonging to an organisation that offers a long-term relationship and a professional development opportunity, and that has a clear conception of itself, of what it wants to be, and of how to achieve it.”*

**Armando Garza Sada**  
Chairman of the Board of Directors, Alfa SAB de CV, Mexico

That said, it's apparent that millennials are prepared to be more practical when it comes to accepting a job offer. Given the recruitment cutbacks in many countries over the past three years, it's hardly surprising that they are taking a more realistic approach to job hunting and overall career expectations. Practical issues such as location and starting salary are among the factors millennials said they considered when accepting their current job, but in spite of the difficulties that many faced in finding work, corporate reputation remains very important to them.

**Which of the following factors most influenced your decision to accept your current job?**



Base: Those employed/due to start work for an employer shortly

***“If I’m working on something I enjoy and am passionate about, I will be motivated.”***

*Male graduate, age 22, USA*



## Attracting millennials

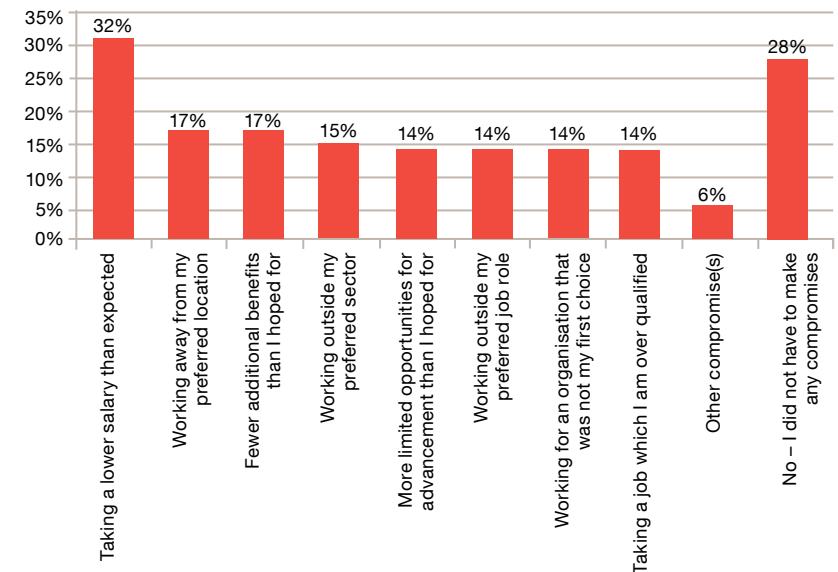
### A time of compromise

Inevitably, many millennials said they'd made compromises in order to get into work during the economic downturn. 32% had accepted a lower salary than expected, 17% were receiving fewer benefits than expected and 17% were working away from their ideal location. Overall 72% say they had made some form of compromise.

Most were well prepared to make these compromises given the state of the jobs market for graduates, with 58% of the total sample saying they were more willing to compromise. Graduates in the US, UK and Republic of Ireland and Hong Kong were the most willing to make compromises, and those in Japan, Turkey, South Africa and Belgium the least willing.

The risk for employers is that as economic conditions improve, the compromises many millennials were forced to make will no longer seem acceptable as opportunities arise elsewhere and many will move on as soon as they can. Employees who have made big compromises are also more likely to be de-motivated at work and need close performance monitoring.

### Did you have to make any of the following compromises when you accepting your current job?



Base: Those employed/due to start work for an employer shortly

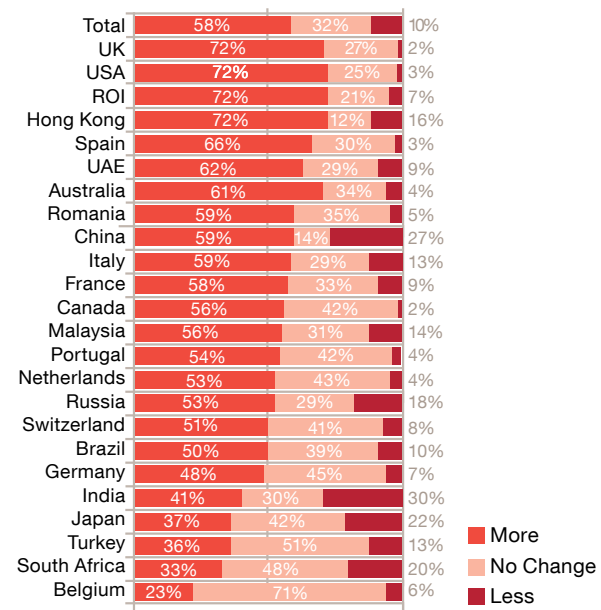
*“What motivates me is a good working environment and friendly colleagues. If your workplace becomes your second home, you would want to give it your best.”*

*Female graduate employee, Australia*



**Were you any more, or less willing to compromise on your choice of job due to the state of the job market for graduates?**

*Base: Those employed/due to start work for an employer shortly*





# Attracting millennials

## A question of reward

The millennials' desire to learn and progress is apparent in their view of the benefits offered by employers. When asked which benefits they would most value from an employer, respondents named training and development and flexible working opportunities over financial benefits.

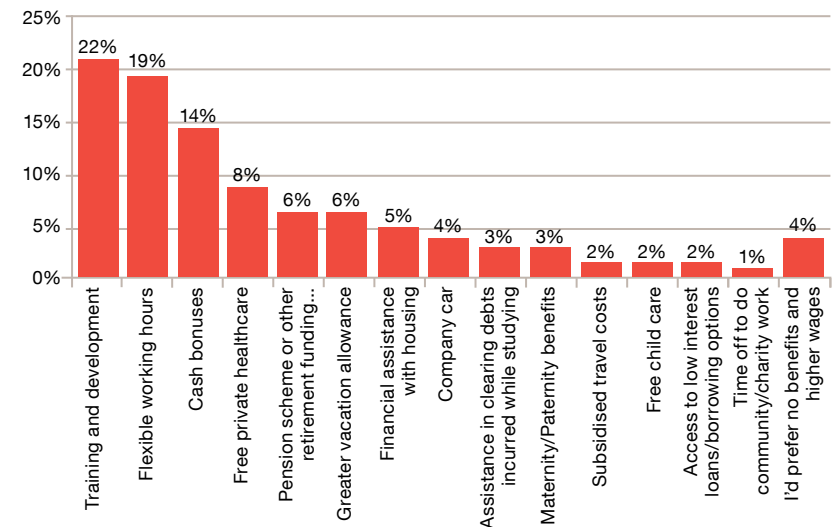
In our recent global survey of CEOs<sup>1</sup> we found that 65% of business leaders were focusing on non-financial rewards as they considered reward strategy for the future and look for ways to improve employee engagement and retention. The responses of our millennials suggest that CEOs are on the right track. Millennials widely support the prospect of being able to customise benefits, with almost three quarters (73%) agreeing this would be attractive to them.

It's important to remember, though, that generally, millennials only focus on benefits once they are sure that their basic requirements on pay and working conditions have been satisfied. So while salary may not seem to be their main consideration (and only 4% said they would prefer to have higher wages and no benefits), that doesn't mean that they don't care about it.

*"I want to feel valued, and be given tasks that allow me to stretch myself to the full extent of my abilities and, by doing so, develop my skills."*

*Male graduate, UK, newly employed*

## Which three benefits would you most value from an employer? – % ranking each 1st place



Base: All graduates

### Reputation matters

The employers that appeal the most to this generation are those that successfully answer the tricky question: ‘Why do I want to work here?’ Millennials want their work to have a purpose, to contribute something to the world and they want to be proud of their employer. The brands that appeal to young people as consumers including those that stress their environmental and social record, are the same brands that appeal to them as employers.

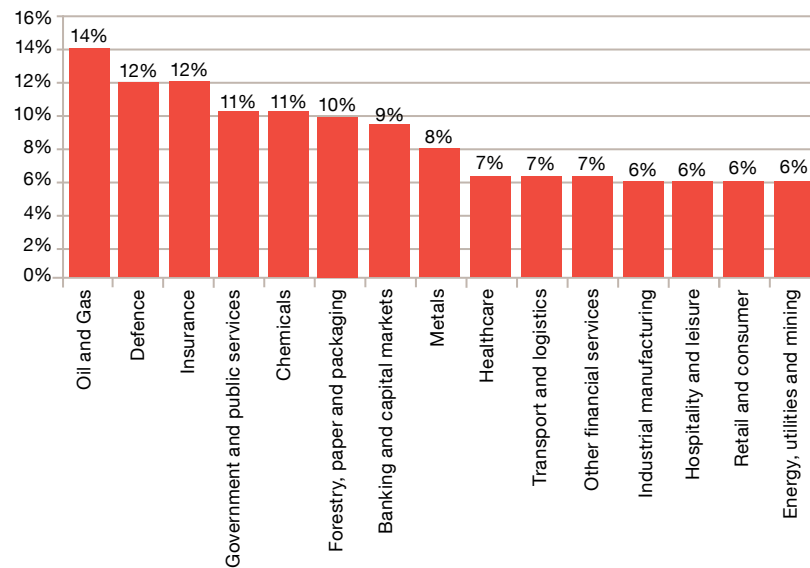
This has come through clearly in previous surveys. In 2008, for example, 88% of those questioned said they were looking for an employer with CSR values that reflected their own, and 86% said they would consider leaving an employer if they found their CSR values to be lacking.

But while corporate values remain important to millennials, there are signs that some are more willing to compromise on their principles as the difficult economic conditions continue to bite. Only 59% of this survey’s participants said they had or would seek out an employer whose corporate values matched their own, and 56% said they would consider leaving an employer who no longer met their expectations. Only time will tell whether this trend continues downwards, or as we predict, rebounds as the economy improves.

The survey suggests that some companies and sectors will have to work harder in the future to communicate the positive aspects of the employer brand. Over half of millennials questioned (58%) said they would avoid working in a particular sector solely because they believe it had a negative image – oil and gas was seen as the most unappealing globally, with 14% of respondents saying they would not want to work in the sector because of its image. In Ireland 30% of millennials would avoid working in Financial Services with 26% of Chinese respondents shunning Insurance. Almost half of the respondents from Africa (49%) would not work in government & public services.

It’s worth adding, though, that while corporate values undoubtedly influence millennials’ choice of employer, other things may be equally or more important. In particular, corporate values appear to become more important as other more basic needs, such as adequate pay and working conditions, are satisfied.

### Are there any sectors in which you would not wish to work solely because of their image? ( top sectors only shown)



Base: All graduates

*“What motivates me? Recognition for my hard work and being able to really see the difference my work makes to others.”*

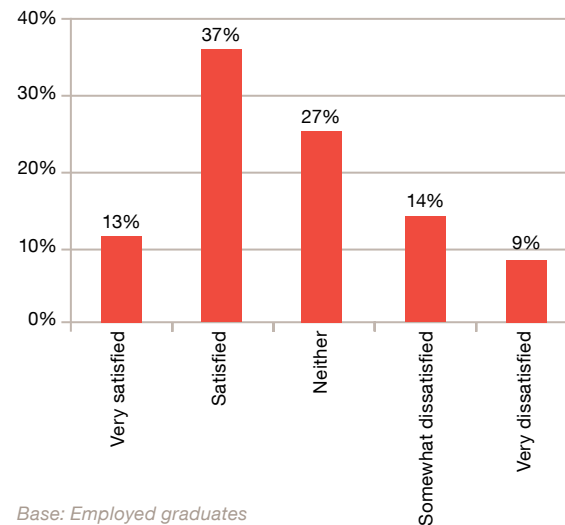
*Female graduate, age 23, UK*

# Developing millennials

Younger workers are defined by their optimism and energy and the survey shows clearly that they believe they can achieve anything with the right focus and access to learning. Most are intensely ambitious and are looking for rapid career progression – 56% of those questioned said they felt they could rise to the top with their current employer. But with so many aiming for the top, it's inevitable that many will be eventually disappointed and employers should be careful to manage expectations and identify and reward the young talent that they are keen to keep and develop.

One in five who are currently employed said they were already unhappy with the opportunities for progression in their organisation, with Japanese, Swiss, French and Brazilian graduates the most likely to be dissatisfied:

## *How satisfied are you with opportunities for career progression in your current role*



Millennials have particular needs and expectations when it comes to learning and career development. Many respond well to mentoring by older employees – in an ideal world, they would like to see their boss as a coach who supports them in their personal development – but also generally prefer to learn by doing rather than by being told what to do.

One of the strongest millennial traits is that they welcome and expect detailed, regular feedback and praise for a job well done – 51% of those questioned said feedback should be given very frequently or continually on the job and only 1% said feedback was not important to them. The companies that are most successful at managing millennials are those that understand the importance of setting clear targets and providing regular and structured feedback.

*“As we look at growing globally, we recognise we’re going to need a more diverse workforce, including more women and different geographic leaders”*

**Stephen A Roell**  
Chairman and CEO, Johnson Controls Inc, US

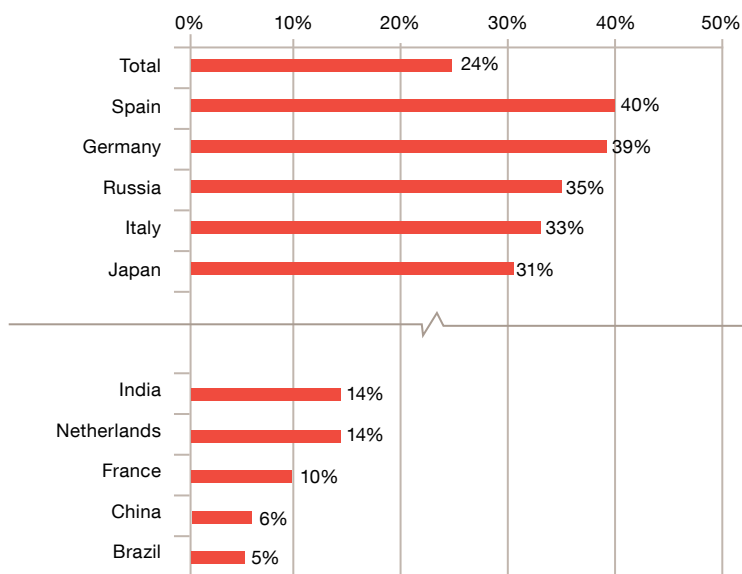
### The gender gap

While millennials value diversity and tend to seek out employers with a strong record on equality and diversity, their expectations are not always met in practice. 55% of respondents agreed with the statement that “organisations talk about diversity but I don’t feel opportunities are really equal for all”.

In particular, the perception of gender bias in the workplace remains a concern for female millennials. Overall, male millennials are more likely than women to believe that their employers were treating them equally – 46% of male respondents, for example, felt that employers were getting it right in terms of equality when promoting employees, compared with 36% of women. 29% of female millennials said they felt employers were too biased towards men when promoting internally, compared with 16% of men who felt that there was a female bias. Spanish employers were seen as the most male-biased, and Brazil the most equal.

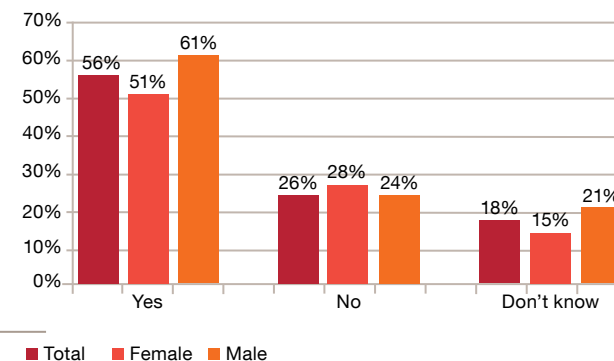
It’s clear that within this generation, men are more likely than women to believe that they can succeed. 56% of those questioned said that they were optimistic that they could rise to the most senior level of their current organisation, but when split in terms of gender, 61% of men believed they could reach the top, compared with 51% of women.

### “Employers are too male biased when promoting from within” (those that agree)



Base: All graduates

### Do you feel that you will be able to rise to the most senior levels with your current employer?



Base: Employed graduates

*“I want to feel valued, and be given tasks that allow me to stretch myself to the full extent of my abilities.”*

Female graduate, South Africa

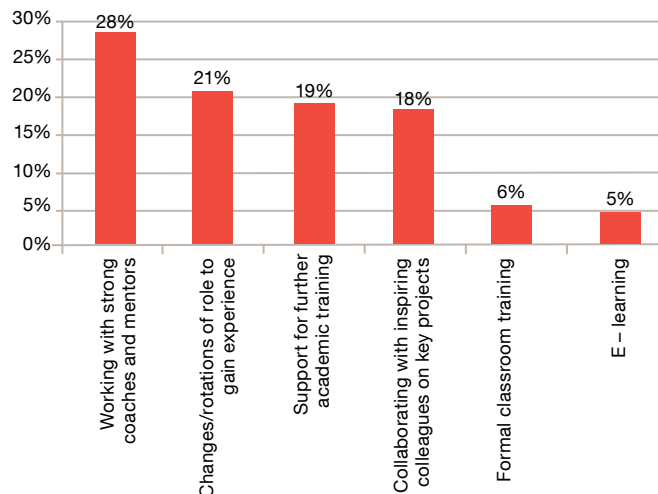
# Developing millennials

## Continuous learning

Millennials expect to keep on learning as they enter the workplace and spend a high proportion of their time gaining new experiences and absorbing new information. 35% said they were attracted to employers who offer excellent training and development programmes for this reason and saw it as the top benefit they wanted from an employer.

The most valued opportunity was the chance to work with strong coaches and mentors. Millennials relish the opportunity to engage, interact and learn from senior management. Mentoring programmes can be particularly effective and also help to relieve tensions between generations.

## Which of the following training/development opportunities would you most value from an employer



Base: All graduates

The question of how training and development should be structured for millennials is an important one. Millennials' ease with technology means that they respond well to a range of digital learning styles and delivery methods, which might include online learning modules, webinars or interactive game-play. They are innately collaborative and accustomed to learning in teams and by doing. A one-sided lecture is less likely to hold their attention. The best training programmes will mix classroom instruction, self directed study, coaching and group learning. But despite a preference for independence, millennials want structure and objectives that clearly define what must be achieved.

For all their expertise in technology and collaboration, many HR leaders have found that millennials often require training in fundamental workplace behaviour and culture – for example, they are accustomed to instant responses when they chat with friends via instant messaging yet may not realise that older workers do not always treat IMs with the same immediacy.

## Global careers

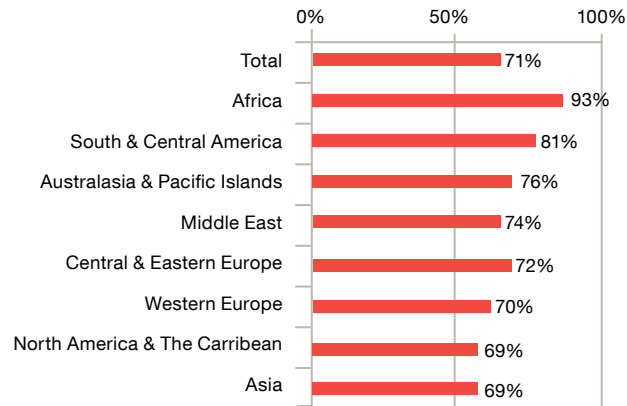
In an increasingly globalised world, international experience is seen by millennials as a vital element to a successful career. Millennials have a strong appetite for working abroad, with 71% keen to do so at some stage during their career. Many international employers are already recognising and taking active steps to meet this need. One company PwC is working with has specifically tailored its international assignment strategy to millennials by making overseas assignments available earlier (before employees have family ties) and for shorter periods – forming part of a new approach to flexible career paths.

*“I expect to travel and my career will be more about enjoying the experience than earning money.”*

*Female graduate employee, Republic of Ireland*



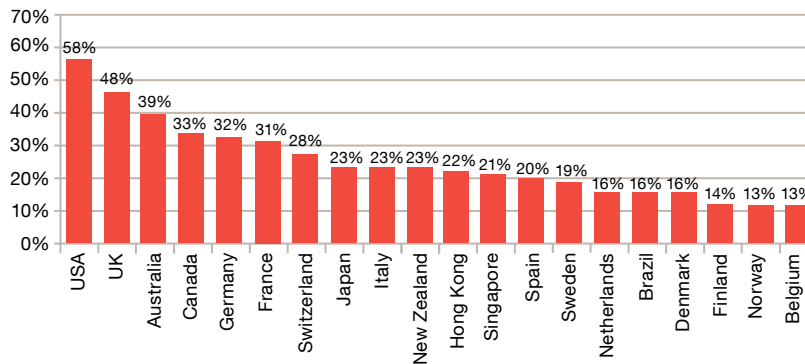
### *I would like to work outside my home country in my career*



Respondents by current location

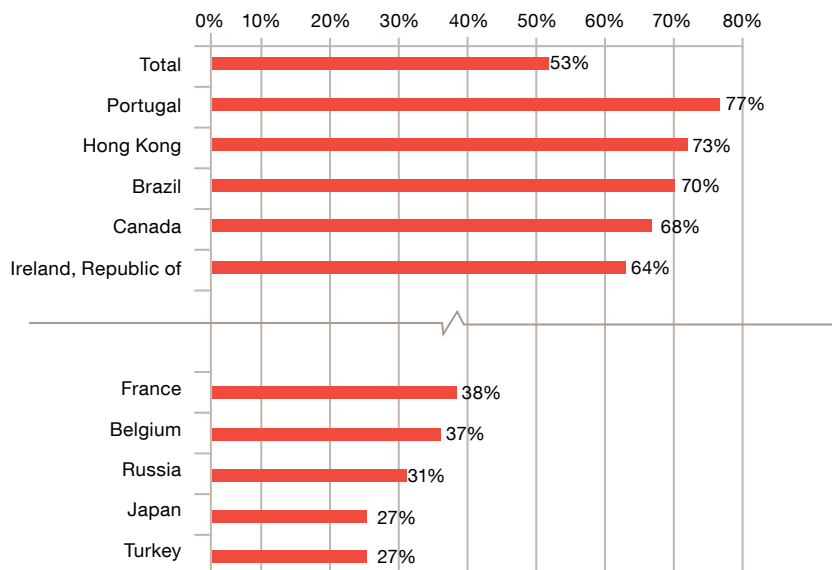
The question of where they would like to work, however, is more complex. Developed economies are the most popular destinations, with the US (58%), UK (48%) and Australia (39%) heading the wish list. 53% would be willing to work in a 'less developed' country to further their career, but only 11% would consider working in India. And while 22% said they would work in Hong Kong, only 2% are willing to work in mainland China – the same proportion who are willing to work in Iran.

### *Where outside your home country would you most want to work (Top 20)*



Base: Those who would like to work outside their home country

### *I would be willing to work in a less developed country in order to gain experience and further my career*



Base: Respondents by current location



## Managing millennials

In the 21st century, most organisations cling to a rigid model of fixed working time and place better suited to the industrial age. However, there is evidence that employees are more productive if they have greater autonomy over where, when and how they work.

Millennials want to be able to work in the way that suits them best. Their extensive use of technology means that the line between work and home has become increasingly blurred, although many would prefer to work in an office than alone. Millennials feel constrained by what they see as outdated traditional working practices. 65% said they felt that rigid hierarchies and outdated management styles failed to get the most out of younger recruits and 46% thought that their managers did not always understand the way they use technology in their work.

Employees could be rewarded by results rather than the number of hours or where they work, while offices will become meeting spaces rather than a fixed location for the working day.

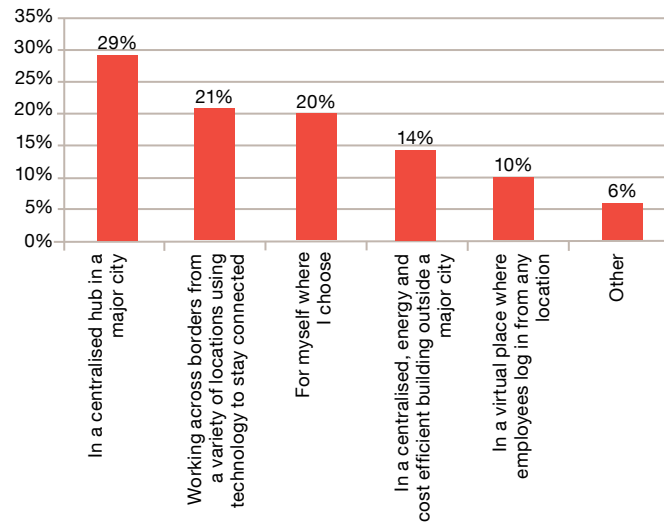
*“I think we’re expected to produce more work in a shorter period of time [than earlier generations].”*

*Female graduate employee, Italy*

A millennial-friendly environment may be fully digital, but it also needs to be comfortable and creative. Millennials expect to work hard, but they don't want to sit in a bland cubicle all day. They will be drawn to organisations that offer an engaging, comfortable, and stimulating atmosphere that creatively blends work and life.

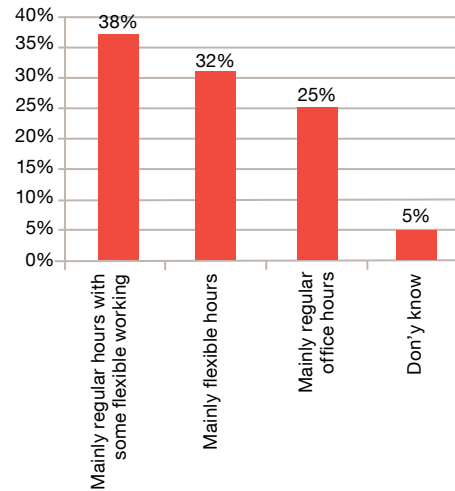
This type of employee-focused environment may seem like an indulgence, but it is actually good for retention – and good for business because engaged employees are more productive. A study conducted by the Corporate Executive Board found that employees most committed to their organisations put in 57% more effort and are 87% less likely to resign than employees who consider themselves disengaged<sup>2</sup>.

#### Looking forward, do you think you will work...?



Base: All graduates

#### Looking forward, do you think you will working hours will be...?



Base: All graduates

<sup>2</sup> Corporate Executive Board, The Role of Employee Engagement in the Return to Growth, Bloomberg Businessweek, August 2010

---

# Managing millennials

## *Intergenerational tension*

Managing the often conflicting views and needs of a diverse workforce that may cover a wide range of generations – from the Baby Boomer generation to Generation X and millennials – is a challenge for many organisations. The palpable tension between highly experienced Baby Boomers who are approaching retirement and the ambitious, technologically savvy and collaborative millennials who will replace them has been a subject of intense discussion. But the intergenerational tensions that do appear and can often be explained by a lack of understanding between generations.

Some commentators suggest that a large part of the antipathy comes from older generations. One hiring manager's comments typified this: "This generation has a sense of entitlement. They look for higher starting salaries, flexible work schedules and company-provided iPhones... they want constant praise and promotion almost the minute they join". It's not unusual to hear millennials described as "smart but lacking in motivation" but this may well be shorthand for "they do things differently from me". So who's right? Employers need to beware of unconscious bias from older workers and take care that they judge millennials on results rather than preconceptions.

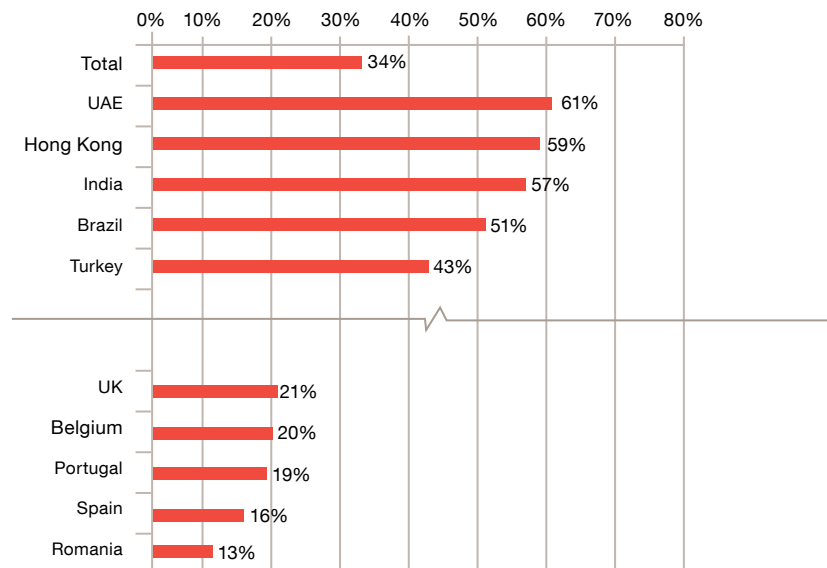
From their perspective, most millennials are happy working alongside other generations. 76% of those questioned said they enjoy working with older senior management and only 4% disagreed. 74% said they were as comfortable working with other generations as with their own. But questioned more closely they recognise the tensions; 38% felt that older senior management could not easily relate to younger workers and 34% felt that their personal drive could be intimidating to other generations. Men (38%) were more likely than women (31%) to say this.

Bringing generations together should be a priority task for HR. Employers face two primary risks with a multi-generational workforce. The first is the willingness of millennials to move on quickly when they feel that their needs are no longer being met. It's increasingly likely that employees will work longer and retire later, blocking the path for many millennials who want to rise as quickly as possible up the corporate ladder. If their ambitions are frustrated, they will not hesitate to seek to fulfil them elsewhere.

The second risk is that over the coming years, millennials will find themselves managing older workers, some of whom may be resentful of the fact. Managing a multi-generational workforce demands strong leadership, recognition throughout the organisation that different generations may need different styles of management, and a transparent performance management system that clearly demonstrates how performance is rewarded.

In an effort to help managers to put themselves in younger employees' shoes and to coach senior executives in IT, social media and the latest workplace trends, many organisations are pairing top management with younger employees in a programmes of 'reverse mentoring'. Workplace mentors used to be higher up the ranks (and older) than their mentees. No longer, as social media skills become increasingly valuable. Companies say another benefit is reduced turnover among younger employees, who gain a valuable glimpse into the world of management via top-level access. These programmes also help to transfer corporate knowledge to millennials, which will become increasingly important as Baby Boomers retire in greater numbers.

***My personal drive can be intimidating to other generations within the workplace***



*“With Generation Y coming into the business, hierarchies have to disappear. Generation Y expects to work in communities of mutual interest and passion – not structured hierarchies. Consequently, people management strategies will have to change so that they look more like Facebook and less like the pyramid structures we are used to.”*

**Vineet Nayar**  
Vice Chairman and CEO, HCL Technologies, India



---

## What can employers do?

Whether millennials are entirely different to previous generations is immaterial in many ways. The demographic challenge means that businesses need to deal with the problem in front of them – that is, to ensure they understand the millennial generation and are acting to attract and inspire the best of them.

Business leaders and HR need to work together to:

- **Understand this generation:** It's particularly important to understand and address generational differences and tensions. Use metrics and benchmarking to segment your workforce in order to understand what millennials want and how these desires might be different from older workers. Ensure that employee engagement results can be cut by age group and consider how you might use predictive analysis to highlight potential retention issues. Look ahead for talent pipeline issues and make sure your strategic people planning is up to the job.
- **Get the 'deal' right:** It's important for employers to explain what they are offering a potential employee, but also what they expect in return. Think creatively about reward strategies and what motivates millennials. For example, is it time to shift focus from cash bonuses to other things. And remember, the vast majority were attracted to the prospect of customising their benefits. There is also significant gap between perception and reality when it comes to the promises made by employers on diversity and work/life balance. If employers want to continue to attract millennials, this has to be addressed – companies should review the messages they are sending out and test them against the reality of the employee experience.
- **Help millennials grow:** Managers need to really understand the personal and professional goals of millennials. Put them on special rotational assignments more frequently to give them a sense that they are moving toward something and gaining a variety of experiences. Challenge them to come up with new ways to streamline processes and to exercise creativity. Millennials have a strong desire to work overseas and this is a rich potential resource for organisations focused on global growth. Less desirable locations could be positioned as an important career path milestone. Every opportunity should also be taken to mix teams generationally.

- **Feedback, feedback and more feedback:** Millennials want and value frequent feedback. Unlike the past where people received annual reviews, millennials want to know how they're doing much more regularly. Give honest feedback in real time — and highlight positive contributions or improvements on key competencies.
- **Set them free:** Millennials want flexibility. They work well with clear instructions and concrete targets. If you know what you want done by when, why does it matter where and how they complete the task? Give them the freedom to have a flexible work schedule. Does it matter if they work from home or a coffee shop if that's where they are most productive? Set deadlines and if they meet them, don't worry so much about their tactics and the time they clock in and out.
- **Encourage learning:** Millennials want to experience as much training as possible. If your organisation is more focused on developing high potentials, or more senior people, then you could risk losing future talent if you fail to engage millennials with development opportunities. Build and measure the effectiveness of mentoring programmes alongside other learning and education. Consider allocating projects to talented millennials which fall outside their day job. Let them connect, collaborate, build their networks – and most of all innovate.
- **Allow faster advancement:** Historically, career advancement was built upon seniority and time of service. Millennials don't think that way. They value results over tenure and are sometimes frustrated with the amount of time it takes to work up the career ladder. They want career advancement much quicker than older generations are accustomed to. So for the high achievers who do show the potential to rise up the ranks quickly, why not let them? A relatively simple solution, such as adding more levels, grades or other 'badges', could be enough to meet their expectations.
- **Expect millennials to go:** It's inevitable that the rate of churn among millennials will be higher than among other generations, especially since many have made compromises in finding their first job, and this should be built into your plans.

# What can employers do?

## **Managing your Talent**

Whatever the size or shape of your business and we believe there are four fundamentals to talent management:

1. **Align your business plan and talent strategy** – make sure every aspect of your talent strategy directly contributes to your overall business plan and to creating value. Change anything that doesn't. Recognise the importance millennials will play in your plans.
2. **Face the future** – look at where your business is heading not where you've been. Keep questioning whether your talent management pipeline will give you what you need when you need it. Consider the part millennials will play in your future talent needs. Do you have a strategic people planning approach in place to help you understand where shortages are likely?
3. **Pay attention to pivotal roles** – get the right talent into the roles which have a disproportionate ability to create (or destroy) business value. Is your succession plan ready to start moving millennials into these vital roles?
4. **Focus on the financials** – make measurement, benchmarking and analytics part of your plan. Look to your people ROI. Track the cost of replacing lost millennial talent. What impact will losing talent have on your strategic priorities?

Millennials are a talented and dynamic generation, and the best of them are hard to find and even more difficult to keep. The finest of them are already in high demand and employers that meet their expectations will be able to take their pick of this generation's talent.

This research suggests that there is a significant gap between what millennials want and expect from their employer and career and their experience of the workplace. Superficial changes that are intended to connect with younger workers, such as unconvincing social media outreach programmes, 'greenwashed' corporate values and diversity tokenism will not work.

Millennials may have made some compromises during the downturn but their ambition and sense of self-worth has not diminished. Before long this generation will form the majority of the workforce and they will look for employers who are truly acting on their promises.

Are you ready for millennials to reshape the workplace?

# Contacts

## **Key Contacts**

**Michael Rendell**

Human Resource Services

Global Network Leader

+44 20 7212 4945

michael.g.rendell@uk.pwc.com

**Justine Brown**

Marketing

Human Resource Services

+44 113 289 4423

justine.brown@uk.pwc.com

## **North America**

**Scott Olsen**

+1 646 471 0651

scott.n.olsen@us.pwc.com

**Ed Boswell**

+1 617 530 7504

ed.boswell@us.pwc.com

## **Western Europe**

**Jon Andrews**

+44 20 7804 9000

jon.andrews@uk.pwc.com

**Peter De Bley**

+32 2 7104321

peter.de.bley@pwc.be

**Till Lohman**

+49 40 6378-8835

till.r.lohmann@de.pwc.com

## **Central & Eastern Europe**

**Steve Couch**

+420 251 152 500

steve.couch@cz.pwc.com

## **Middle East**

**Christopher Box**

+974 4419 2852

christopher.box@qa.pwc.com

## **Asia**

**Mandy Kwok**

+852 2289 3900

mandy.kwok@hk.pwc.com

**Thorsten Barth**

+65 6236 4382

thorsten.b.barth@sg.pwc.com

## **Australasia**

**Debra Eckerlsey**

+61 (2) 8266 903

debra.eckersley@au.pwc.com

## **South & Central America**

**Joao Lins**

+55 11 2674 3536

joao.lins@br.pwc.com

## **Africa**

**Gerald Seegers**

+27 (11) 797 4560

gerald.seegers@za.pwc.com

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2011 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.