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Generation Y: powerhouse
of the global economy
Restless generation is a
challenge—and a huge
opportunity—for employers

Executive summary

Generation Y (14 to 27 years old) is often tagged as a self-entitled group raised during prosperous economic times, placed on pedestals by their doting Baby Boomer parents. In the context of the workplace, they've been described as overly ambitious dreamers who don't want to pay their dues and are only concerned about higher pay and more time off.

Deloitte's latest snapshot on the Gen Yers who are already in our workforce finds that these characterizations miss the story: Gen Yers are a hidden powerhouse of employee potential, critical for global business in tough times.

Future-oriented, ready to contribute now, opportunity-driven: these are the characteristics of a generation that is already making its mark on the work world. They remain optimistic in the midst of the current economic turmoil. But Gen Yers are also highly restless. The generation brought up in an era of rapid technological change will seek to earn greater opportunities for rapid advancement and more responsibilities at a younger age, requiring organizations to change the way they attract, develop, promote and retain these talented individuals.

In short, they're fundamentally different than other iconic generations. Unlike Ernest Hemingway's "Lost Generation," Gen Y is confident and optimistic. Unlike Jack Kerouac's "Beat Generation," Gen Y is eagerly engaged with society. Unlike Timothy Leary's Vietnam-era Generation, Gen Yers trust people over 30 and are eager to learn from and work with older mentors.

The way employers respond will determine whether they can tap this hidden powerhouse of employee potential in a time of tight budgets and economic uncertainty – or lose them to their competition.

Generation Y: Confident and motivated in turbulent times

- 53.7% prefer opportunities for advancement, while only 7.9% are looking for better job security

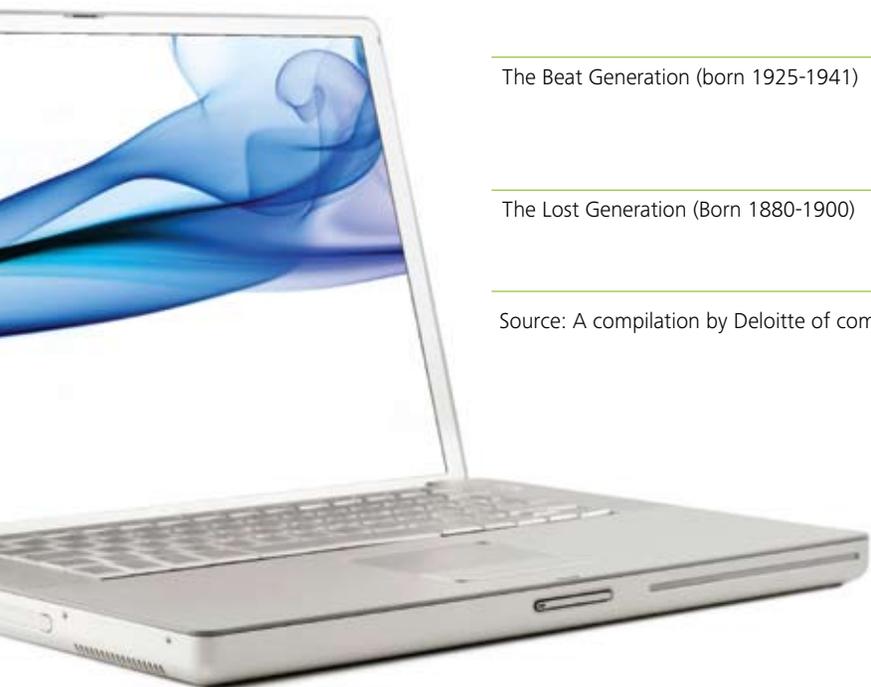


Characteristics of the iconic generations

Generational theory says that one generation influences and creates those coming behind it and that each creates what it needs at that juncture in history. Many believe Gen Y will be the next “hero” generation - like other generations before them that grew up during crisis, they will become aggressive advocates of technological progress, economic stability, social harmony, and public optimism. What will be the impact of our next iconic generation, the Gen Yers?

Generation	Defining moments	Defining characteristics
Gen Y (born 1982-1995)	9-11; Iraq War; Enron; Emerging countries & global economy; Columbine shooting; No life without computers	Techno savvy & connected 24/7; Optimistic; Confident; Comfortably self-reliant; Entrepreneurial; Success Driven; Inclusive; Environmentally minded
Gen X (born 1961-1981)	Collapse of the Soviet Union; Reaganomics Corporate downsizing; Punk rock; Iranian hostage crisis; Space shuttle Challenger tragedy; Grew up with video games, MTV, and computers in school	Skeptical; Pragmatic; Adaptable; Self-Reliant; Informal; Technoliterate; Diversity-Minded; Focused on today
Baby Boomers (born 1943 and 1960)	Post-WWII Prosperity; Vietnam War and social protest; The Beatles and Motown; The Cold War; The Civil Rights Movement; Watergate; Women’s Liberation	Competitive; Optimistic; Driven to achieve goals; Focused on their children; Judgmental of differing opinions; Political
The Beat Generation (born 1925-1941)	Korean War; Beginning of Cold War; Creation of the H-bomb; “Bebop” Jazz; <i>On the Road</i> by Jack Kerouac; Abstract expressionist art; Castro’s Cuban Revolution	Non-conformist; Bohemian; Cool; Questioning authority; Apolitical; Anti-intellectual
The Lost Generation (Born 1880-1900)	World War I; Isolationism; Immigration; Invention of the airplane and automobile; Scopes “Monkey” Trial; Trial of Sacco and Vanzetti; Prohibition	Disillusioned; Reactive; Cynical about institutions; Realistic; Pragmatic; Risk-taker; Critic

Source: A compilation by Deloitte of commonly accepted traits and defining moments by generation.



The Opportunity, the challenge...and the risk

Deloitte's snapshot of Gen Y workforce attitudes makes clear that Gen Y presents both a huge opportunity and a huge challenge for today's employers.

The opportunity:

- They're more eager to contribute and take on responsibility earlier in their careers than prior generations.
- Eager to advance, they are ready to take on tough challenges and work toward ambitious goals.
- Although they expect competitive pay, they highly value meaningful development opportunities.
- They are full of fresh insight on how best to reach their peers in the consumer market.
- They're a diverse and inclusive generation that's been taught to collaborate and work with teams, critical skills in a highly specialized global economy.
- They welcome the chance to partner with older, more experienced colleagues and bosses—this intergenerational teamwork carries particular promise in tough economic times. With adaptation and innovation becoming an even more urgent business priority, combining the tech savvy and fresh insight of Generation Y with the experience and perspective of the older generations can be especially fruitful.

The challenge:

Most traditional organizations are not set up to recognize and harness this restless talent pool. If Gen Yers don't have opportunities to contribute, they're likely to move on in search of growth.

- Organizations must foster a culture of respect that extends to all employees, regardless of age or level in the organization.
- Employers need to examine the career development and mentoring opportunities offered to younger employees.
- Employers must redesign performance management and rewards systems to encourage the rapid development of Gen Y talent and to create new incentives for seasoned workers to act as mentors to young professionals.

The risk:

- In this risky economic environment, the energy, insight and high tech know-how of Gen Yers will be essential for all high-performing organizations, especially those who have downsized their workforce and desperately need to find new ways to be more profitable.
- Organizations that do not take advantage of the promise of intergenerational collaboration risk becoming irrelevant and obsolete.

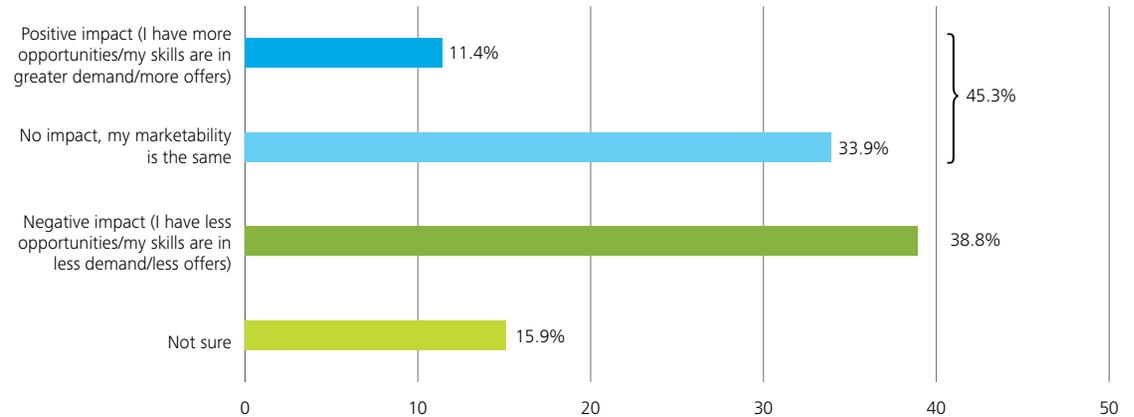
So what does this mean for employers?

Amidst the many other challenges facing organizations in the current global economic environment, recruiting and retaining the best workers of Gen Y is vital to supporting growth initiatives today and in the future. The kinds of career and development opportunities Gen Y is asking for are going to require significant rethinking and retooling of how organizations are set up, how work is designed, and how people are managed and rewarded. Organizations need to act now.

Key finding #1: Generation Y is confident at a time of high anxiety.

“What impact does the current economy have on your marketability in the workforce?”

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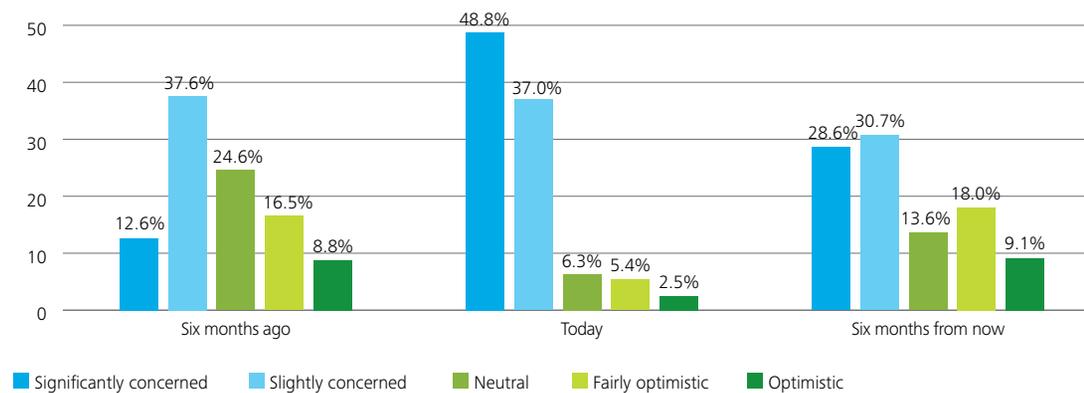


When asked what impact the current economic situation will have on their marketability, 45.3% of respondents reported the current economy will either have a “positive impact” or “no impact” on their marketability in the workforce. And just over 1 in 10 believes current economic conditions will create greater opportunities for their job skills.



Even as the United States has entered into a period of broad economic uncertainty, Gen Y professionals believe their own marketability remains strong. And perhaps because of their confidence in themselves, Gen Y workers also tend to be more confident about the overall state of the US economy. While they're more concerned about economic prospects today than they were six months ago, their outlook for the future is strikingly positive.

Please indicate your perception of the economy.

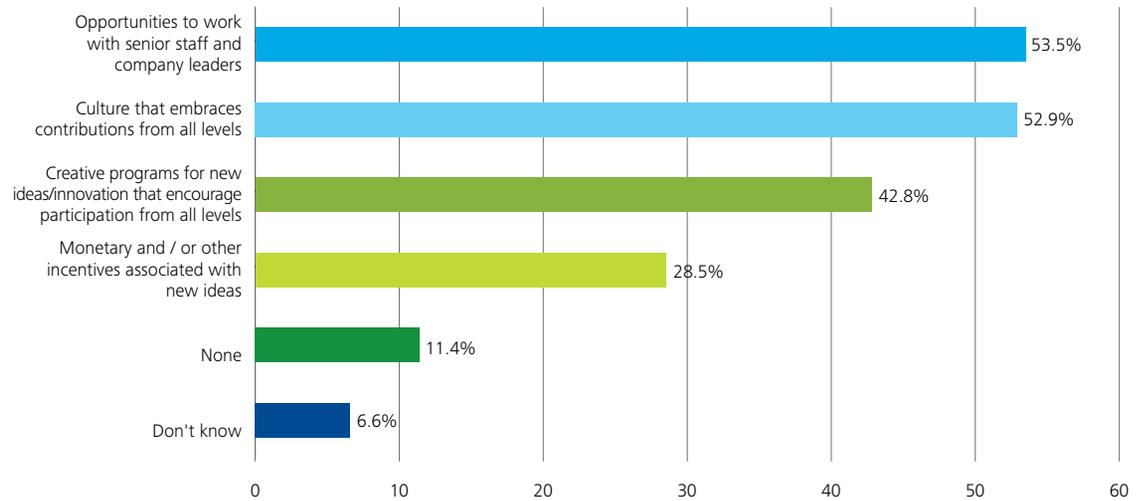


- 25.3% of respondents were “optimistic” or “fairly optimistic” about the economy six months ago
- Just 7.9% reported feeling the same way now
- 27.1% feel “optimistic” or “fairly optimistic” about the economy six months from now

Key finding #2: Generation Y values opportunity over job security.

What key enablers encourage you to participate in innovative efforts or initiate new ideas for your employer?

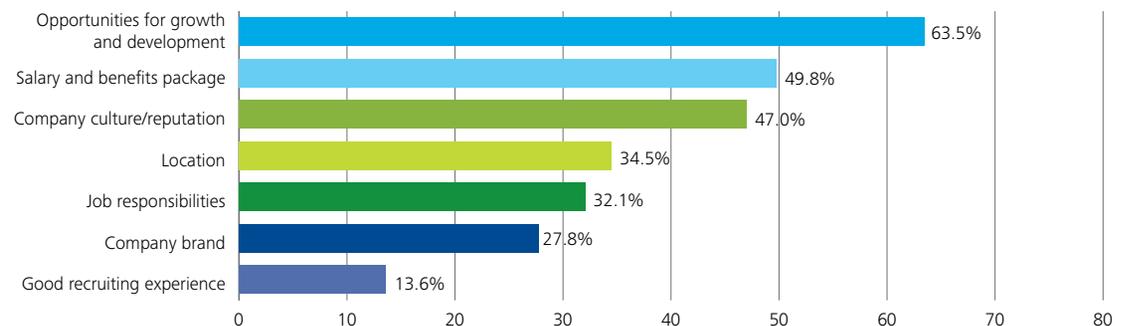
What key enablers encourage you to participate in innovative efforts or initiate new ideas for your employer?



(Respondents were asked to select all that apply)

Gen Y is opportunity driven, seeking new chances for career enhancement over greater salary or a more secure job. When asked what influenced their decision to join their current employer, 63.5% cited "opportunities for growth and development," while just 49.8% cited "salary and benefits."

What factors influenced your decision to work for your current employer?

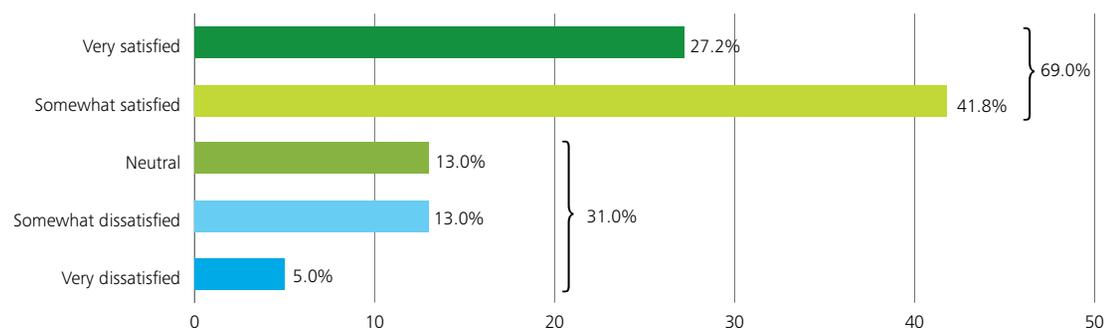


(Respondents were asked to select top three)



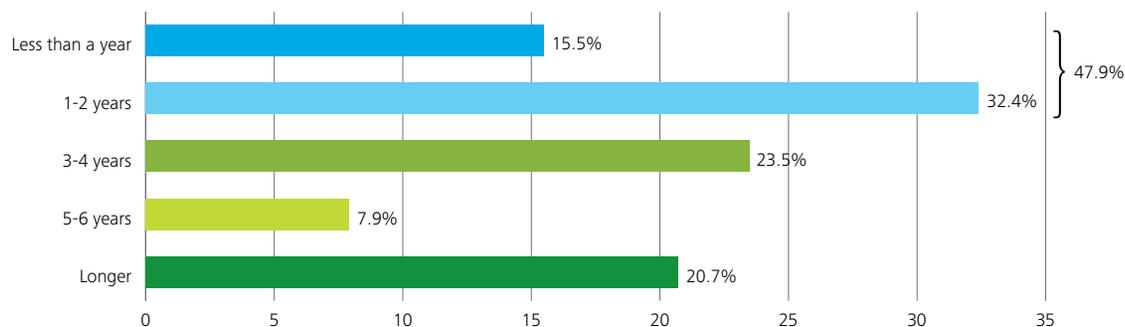
The implication? Organizations ignore Gen Y at their peril. Their watchwords should be, engage Gen Y or lose Gen Y. So the challenge will be: Strengthen your appeal to workers who are generally happy, but eager for more opportunity.

Please indicate your level of satisfaction with your current job.



While most survey respondents are happy with their employers and their bosses, and 61.3 percent are somewhat satisfied or very satisfied with the career path offered by their current employer, nearly half anticipate leaving their organizations within two years – and 71.4% anticipate leaving within four years.

How much longer do you intend to stay with your current employer?



Although 69% are very or somewhat satisfied....



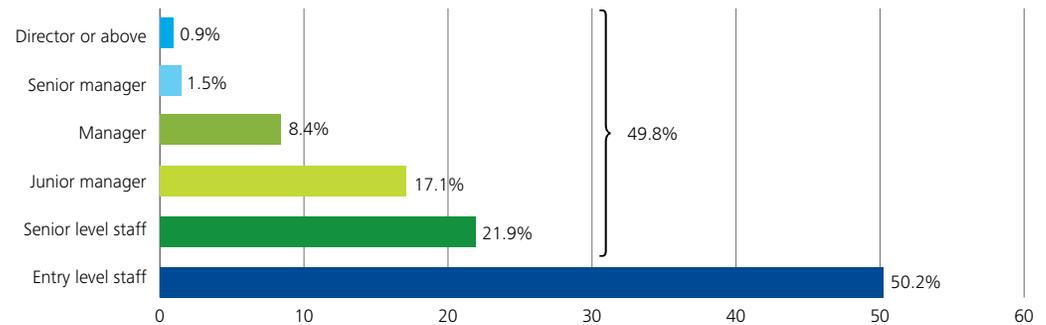
47.9% say they intend to leave within 6 months to 2 years

Key finding #3: Gen Y wants – and is receiving – more responsibility, earlier.

“Please indicate your current level/position.”

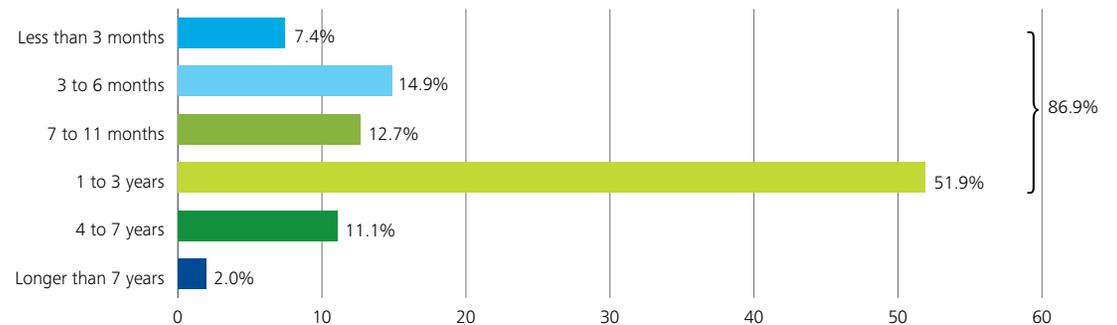
The vast majority (86.9%) of survey respondents indicate that they’ve worked with their current employer for less than 3 years. Yet a substantial number also describe themselves as senior level staff or managers.

Please indicate your current level/position or its close approximate.



Gen Y workers aren’t content with putting in their time and slowly working their way up the corporate ladder. They’re much more interested in opportunities for growth and advancement. And when offered, Gen Yers seize them.

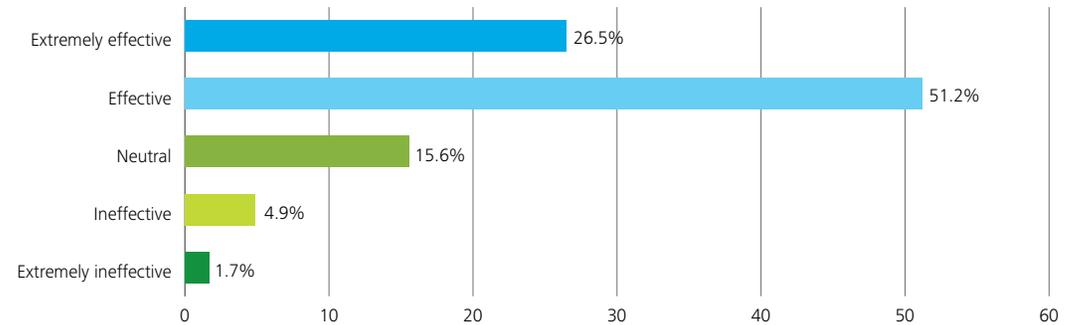
How long have you worked with your current employer?



Key finding #4: Gen Y trusts superiors and wants to work *with* them.

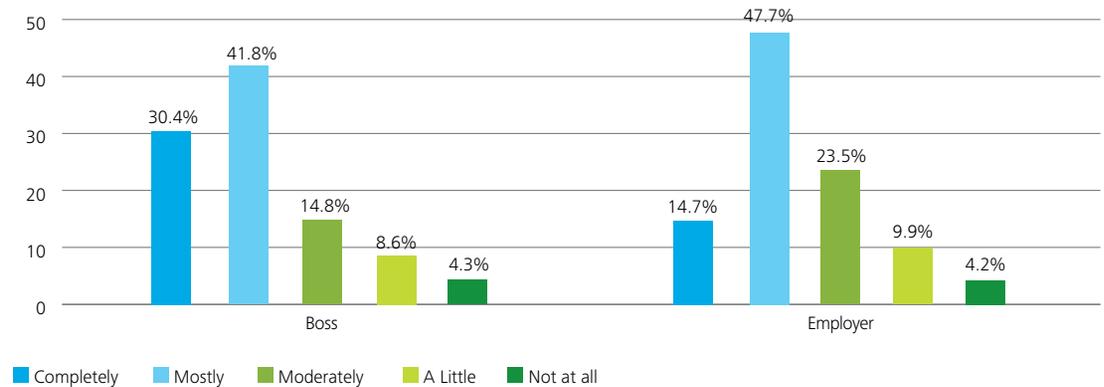
“How would you characterize your working relationship with your boss?”

How would you characterize your working relationship with your boss?



Generation Y turns the old Baby Boomer maxim, “Don’t trust anyone over 30,” on its head. Gen Yers recognize and respect people who are effective leaders. Nearly 77.7% reported that they have an “effective” or “extremely effective” working relationship with their boss. And they want these leaders to be engaged and willing to partner with younger colleagues to drive new opportunities.

How much do you trust your boss/employer?

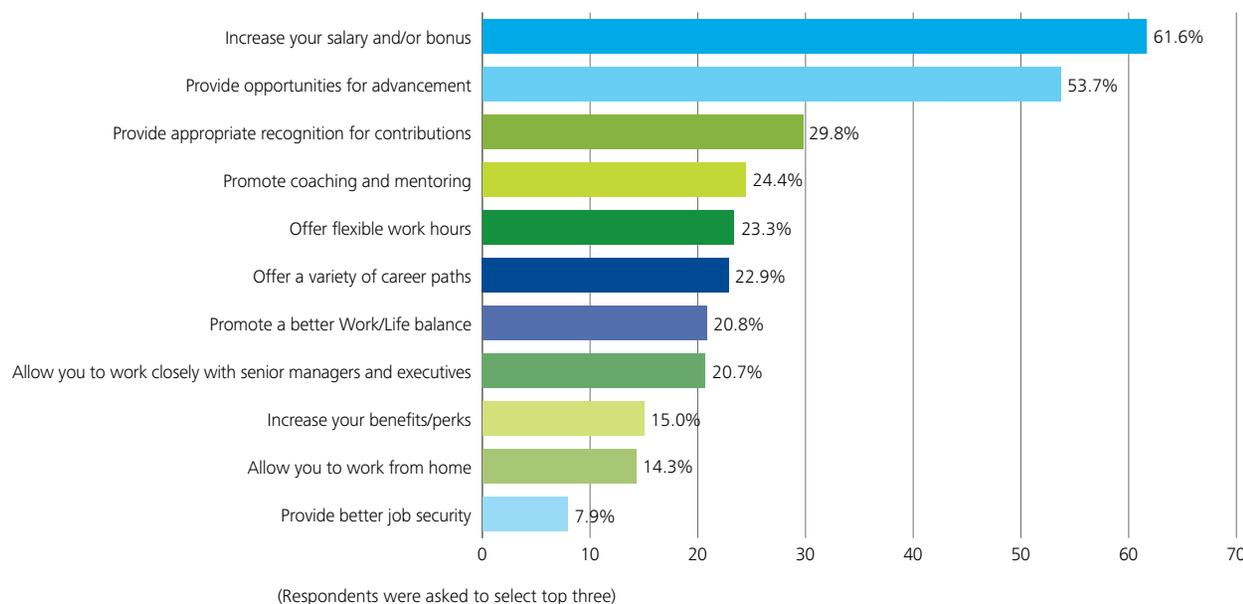


Deloitte’s snapshot offers clear evidence that Gen Yers are eager to work with, learn from, and perform well for their more experienced colleagues. When asked what would encourage them to drive new ideas and innovative efforts for their employer, the highest response was “opportunities to work with senior staff and company leaders” (53.5%). Monetary incentives ranked fourth (28.5%). (See graphic on page 6.)

Nearly 1 in 4 wants employers to promote “coaching and mentoring” programs, while better than 1 in 5 wants employers to create more chances to “work closely with senior managers and executives.” Gen Y respondents consider both of these opportunities to be more important to retaining them than such traditional requests as better work/life balance (20.8%), more benefits and perks (15.0%), and the ability to work from home (14.3%).

The collaborative mindset common among Gen Yers offers organizations an excellent opportunity to combine the high achieving talent prevalent in this generation with the knowledge, experience, and willingness to experiment found in more seasoned workers. As organizations seek new sources of innovation to drive future growth, tapping into the creative energy of younger workers and pairing it with an existing knowledge base could be a potent formula for business growth and success.

Which of the following action items should your employer do to retain you?



- 87% “completely,” “mostly,” or “moderately” trust their boss, with nearly 1 in 3 reporting they “completely” trust their boss
- 85.9% “completely,” “mostly,” or “moderately” trust their employer

General takeaway: Generation Y is fundamentally different from other iconic generations.

“You are a lost generation.” – Gertrude Stein to Ernest Hemingway of the post-WWI generation of the 1920s.

– In contrast, Gen Yers are future oriented, confident, and optimistic.

“[We are a] generation of crazy, illuminated hipsters suddenly rising and roaming America, serious, bumming and hitchhiking everywhere... staring out the dead wall window of our civilization.” – Jack Kerouac on the 1950s Beat Generation.

– In contrast, Gen Y is highly collaborative; they are high achievers, eagerly engaged in society.

“Tune in, turn on, drop out.” – Timothy Leary’s slogan, adopted by the Baby Boom Generation in the 1960s.

– In contrast, Gen Y trusts and respects authority figures – so long as they are competent, ethical, and authentic.

Bottom line: What does this mean for employers?

First, answer these questions:

- What's at risk if we don't make the necessary changes to engage Gen Y professionals?
- What will happen if one of our competitors successfully adapts before we do?
- How will we benefit by fully engaging Gen Y?

The good news is that the efforts employers make to rethink and recreate the workplace will likely be appreciated not just by Gen Yers, but by all of the generations in their workforce. That is because many of the changes Gen Yers seek are what all workers value, regardless of age: respect, opportunity and meaningful rewards.

In successfully engaging the often elusive Gen Y employee, a savvy employer has a prime opportunity to win with all the generations in their workplace.



What's involved in workplace transformation?

1. Employers need to think in bigger terms than a paycheck. They must make a **realistic assessment** of what they are offering the Gen Y talent they seek to recruit and retain. Consider all the aspects of “what is it like to work here?” Does it make for a compelling case when compared to Gen Y values?
2. Create a **plan for change**, prioritizing those areas that are most important to change in the short-term and identifying aspects that are longer-term or on-going in nature. In order to keep Gen Y, companies must have programs for increased training, trusting, teaching and teamwork.
3. While you're transforming, **don't over promise**. Be honest about where your company is relative to the expectations of today's workforce. Give Gen Yers opportunities to assist with the transformation.
4. Constantly **monitor your progress**. Create an ongoing dialogue with your employees to see how well you're doing and where you're at risk of losing top talent or employee engagement.
5. **Expect great things!** Gen Yers welcome being held to high standards and pursuing ambitious goals. Leadership's role will be to enable and support the ideas and initiative of this new powerhouse generation.



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