

## Wooing Generation Y

How to attract, nurture, and retain this confident and demanding new generation of talent



**BILL KING**

Egon Zehnder International, Shanghai  
bill.king@ezi.net



**MAGNUS GRAF LAMBSDORFF**

Egon Zehnder International, Hamburg  
magnus.lambsdorff@ezi.net



**CATHERINE ZHU**

Egon Zehnder International, Hong Kong  
catherine.zhu@ezi.net

**As the big baby-boom generation begins to leave the workforce, companies should waste no time in learning the best strategies for recruiting and retaining their replacements – Generation Y. These young people promise to radically change the workplace with their technology and multitasking skills. They also will have high expectations of their employers for such things as career development, flexible schedules, and frequent feedback and guidance.**

THE CURRENT ECONOMIC CRISIS may provide employers with a golden opportunity to attract new talent without the usual intense competition for the best and brightest. In particular, far-sighted employers should take advantage of the weak job market and focus more than ever on the generation that will become their future workforce when baby boomers start to retire in larger numbers. Members of Generation Y are pouring out of schools into the work force by the millions each year and ultimately will dominate the workplace. So now is the time to learn what makes Generation Y tick and to start to master the best strategies for recruiting, managing, and retaining these promising – but challenging – young people.

Born between 1980 and 2000, Generation Y – also referred to as the Millennial Generation and the Net Generation – is very ambitious and achievement-oriented. These young people offer employers the opportunity to make many of the changes that will be necessary to adapt to new technologies and the increasingly global economy. The digital natives grew up tethered to computers, cell phones, and video game players, so they are unmatched in their technology skills. They also tend to be more nimble and versatile than older workers. These flexible multitaskers like to take on new roles and responsibilities at their companies as often as possible to keep life interesting. They also have grown up in a multicultural environment so they work well with internationally diverse teams and relish the chance to work abroad.

But Generation Y will also test the limits. In fact, it's the most entitled and demanding generation ever to set foot in the workplace. These self-confident young adults are highly ambitious and care little about hierarchy. To them, the ideal workplace is a meritocracy where employees advance at their own speed based on their accomplishments, not their seniority. Before job opportunities dried up over the past year, they also were likely to switch employers every year or two in their quest for career growth, more engaging work, and higher salaries.

It should be noted that Generation Y is not just an American or European phenomenon. Many of Generation Y's traits are cross-cultural. In his book *The Trophy Kids Grow Up: How the Millennial Generation Is Shaking Up the Workplace*, author Ron Alsup finds that young people tend to be similar in many ways no matter where they live. He writes that, "Millennials around the world share many of the same characteristics, including their technology savvy, drive to succeed, job-hopping tendencies, and close connection to parents. But some career counselors worry that the stronger work ethic of millennials in some Asian countries may prove to be a competitive threat to young Americans, who are overly concerned about their personal needs and passions."

Indeed, a study of Generation Y in China by Egon Zehnder International and IBM revealed that young people there consider owning a home, earning a good salary, and starting a family to be extremely important. In con-

trast, many young Americans are delaying traditional milestones of adulthood such as marriage, children, and home ownership.

But the study also found a number of similarities between Chinese members of Generation Y and their counterparts in America and other countries, including their desire for work-life balance, commitment to social responsibility, high expectations for themselves, and their superlative technology skills.

### A comprehensive talent management plan

For now, of course, members of Generation Y can't afford to be as demanding in their expectations of employers. With the world economy in the doldrums, this certainly is no time for young people to behave arrogantly. They must learn patience. They will have to put their long-term dreams on hold and seize the best career opportunities they can find for the time being. But that doesn't mean that employers should take advantage of the depressed job market and try to transform Generation Y into a bunch of regimented workaholics. Once the economy bounces back, Generation Y will likely be as demanding as ever and apt to switch jobs freely again.

So the wise company will take steps now to make the workplace so appealing that young people will want to stay put even when jobs become more plentiful. That means designing a comprehensive talent management



## GENERATION Y IN CHINA

Study shows young workers value financial progress and work-life balance, and are influenced by the Internet

**Members of Generation Y in China resemble their counterparts in other countries in many ways, including their high expectations and skillful use of technology. But they are also distinctive in their hope of finding a rewarding career with one employer rather than frequently switching companies, and in their strong desire to buy homes and start families.**

EACH YEAR IN CHINA, more than five million new college graduates flow into the workforce. Already, these members of Generation Y, born between 1980 and 2000, make up nearly a third of the Chinese workforce, and they will continue to supply China with fresh talent for many years to come. To understand this critically important demographic group and learn how companies are trying to attract, nurture, and retain Generation Y in China, Egon Zehnder International and IBM jointly commissioned a study in April 2008.

### **Work hard, live now, and stay connected – electronically**

The study, which is based on 9,156 valid responses from members of Generation Y, found that because of China's One Child Policy, these young people typically receive a lot of care and attention from up to "six parents." That includes the strong involvement of grandparents in raising children. Consequently, Generation Y workers in China are often considered pampered and demanding. They are highly selective about their jobs, for example, and they seek more balance between their personal lives and work than their parents' generation. They are generally enterprising and achievement-focused, but they also hope to enjoy work rather than be controlled by it. While they can handle pain, they expect a proportional reward in return. Salary is very important to young Chinese employees because it affects how soon they can buy a home, marry, and start a family. But many members of Generation Y are perceived as too concerned about starting salaries and too willing to jump to another company just for higher pay. Indeed, less than 50% of the survey

respondents said they were willing to work in the same job for more than two years.

However, contrary to common belief, Generation Y workers in China actually would prefer to change roles within a company rather than move to a new employer. Only 6% of the respondents said they would choose to work for another company. This indicates that the vast majority of Generation Y hopes for a stable, long-term career within a company. Companies can encourage a sense of loyalty by helping their young hires cultivate their skills and career potential. A large number of Generation Y workers in China feel more satisfaction from training and development and career advancement than from pay alone. They favor employers who sponsor them for MBA and other advanced degree programs that can make them more marketable. However, many are dissatisfied with the content of in-house training materials because they are often outdated and the knowledge doesn't transfer easily to other jobs they may want to pursue.

Another noteworthy finding: The Generation Y respondents working for multinational companies have a strong desire to gain international experience. They prefer short-term foreign training and assignments because working abroad on a long-term basis separates them from the rapid development and opportunities in China.

In terms of management and leadership styles, Generation Y in China prefers an encouraging boss and deals far better with positive feedback than criticism. These young workers believe they should be evaluated based on results, not overtime, academic qualifications or job titles. Generation Y is sometimes viewed as too individualistic, but the study shows that young people in China are accepting the value of teamwork as they mature.

Electronic communications is strongly influencing how members of Generation Y relate to other people in China. They communicate with parents more through SMS, emails and mobile phones than through personal visits and conversations. As a result, there is an increasing communications gap between children and parents in China, and parental influence is often limited.

### **The virtual world is real**

Instead, Generation Y tends to seek help and information from classmates or Internet sites such as Baidu or Google. In fact, 40% of young people in China surf the Internet an average of eight hours a day, reading news, checking emails, searching for information and even making significant purchases. To some degree, this major dependence on the Internet reduces young people's ability to think independently and make sound judgments on their own.

Most companies in China are just beginning to understand the demands and complexities of Generation Y. Some of the more innovative Internet companies are leading the way by completely retooling the workplace to try to become the employer of choice for the most talented members of Generation Y. An Internet gaming company in Shanghai, for example, came up with a staff management system that is based on online games. With specific business goals and key performance indicators spelled out, employees track individual and team progress, manage routine administrative processes, and even give themselves a raise or promotion based on results. Early feedback from the young staff has been remarkable: Morale and productivity are up and turnover has been reduced dramatically. Other companies have introduced internal "My Facebook" technology to encourage social networking and employee referrals.

In coming years, more and more companies will experiment with other creative strategies to woo Generation Y. Those employers most prepared to change work environments, business management systems, human resources strategies, and leadership styles will surely win the all-important war for the next generation of talent.

plan specifically for Generation Y. First and foremost, that plan should include providing meaningful, engaging jobs and plenty of opportunity for career development through training, mentoring, and rotating job assignments. These young people have little patience with boredom and expect work to always be fresh and challenging. Give them promotions as often as they are deserving of such career mobility, and they will show their appreciation through greater loyalty.

Regular communications will also be an important retention tool in the talent management plan. Members of Generation Y require much more attention than previous generations. They thrive on frequent feedback and praise but don't always react well to criticism. Annual performance reviews aren't nearly enough; this generation wants feedback after every assignment and special recognition when a job is especially well done.

Employers also should be prepared to provide Generation Y with close guidance and clear directions. These young achievers can get the job done but often need tasks and responsibilities spelled out in great detail. Independent thinking and decision making simply don't come naturally to a generation, whose parents have provided support throughout their lives and shielded them from many of the world's challenges. Managers may feel like babysitters at times because they will have to provide more hand-holding than they're used to – at least initially – to guide this generation through their projects and other assignments. But gradually, employers should be able to wean their young hires of such close support by encouraging them to think more for themselves before seeking help from colleagues and supervisors.

### **A different set of values**

In recruiting and retaining Generation Y, employers will find that work-life balance resonates very strongly with this demographic group. While older generations also strive for work-life balance, Generation Y will accept nothing less. Indeed, that may be one of the greatest challenges for companies. Managers must figure out appropriate ways to accommodate young people's need for balance in their working lives, such as through telecommuting and flexible hours, while still getting the job done.

For this generation, face time in the office is meaningless. They want to be able to work to their own schedules, whether at home, in the office or even at the beach. They

also prefer a casual workplace, where people dress comfortably and enjoy breaks to listen to their MP3 players or to visit their favorite online social-networking sites. But there obviously must be limits to flexible work styles. Employers will have to make this generation mindful of the reality that personal interaction between teammates is essential and while work-life balance is important, the top priorities always are meeting project deadlines on time and serving clients and customers well. The best approach: Be willing to provide flexibility whenever possible so that Generation Y will be willing to give its all when overtime is required for a pressing assignment.

Finally in recruiting Generation Y, companies should strive to create an employer brand based on a culture of ethical behavior and a commitment to social and environmental responsibility. Virtue and integrity matter greatly to Generation Y, which prefers to work for companies that demonstrate a commitment to make the world a better place. In fact, many young people will expect employers to give them time away from their jobs to do volunteer work in local communities or take a sabbatical in a Third World nation for a social or environmental project. Such programs will not only create a stronger bond with young workers, they also will enhance an employer's reputation with many of its stakeholders.

### **Achieving generational harmony**

Given Generation Y's distinctive traits, companies will inevitably face generational tensions in the workplace. Typically, older generations view Generation Y as spoiled, lazy, and entitled. For their part, young people tend to find bosses rigid about face time in the office and technologically inept.

How to promote generational harmony? Communication and compromise will be essential. Companies must encourage frequent communication to overcome misperceptions and motivate the generations to make accommodations. Through generational counseling sessions, younger workers will likely come to appreciate the experience and maturity of older generations and want to share their technology skills with their colleagues. Similarly, older managers should begin to understand that Generation Y actually has a strong work ethic. It's simply a different work ethic in that young people believe work can be done anywhere, anytime. Employers also will need to help the generations find a happy balance when it comes to styles of communication. Older workers should make an effort to become

more comfortable with instant messaging and texting, while Generation Y must spend more time in face-to-face interactions with colleagues.

There's little doubt that many employers will likely find this new species of worker a bit overwhelming. But it is actually a fascinating generation with great potential to change the workplace for the better. In time, smart managers and their young employees will learn to get along and make accommodations. Generation Y will eventually have to temper some of its grand expectations, while employers will need to be creative in keeping these clever, valuable young workers engaged and motivated. The difficult job market may actually prove to be the perfect opportunity for both employers and Generation Y to get to know each other better and to start the adaptation process.

The authors wish to acknowledge the contribution of Verena Fussberger, Leadership Strategy Services Specialist, based in the Hamburg Office, who herself belongs to Generation Y.

### **THE AUTHORS**

**BILL KING is a consultant based in the Shanghai office of Egon Zehnder International. He returned to his home city Shanghai after emigrating to the US as a teenager in 1980. He focuses primarily on the technology, media, internet and consumer industries in the Greater China region.**

**MAGNUS GRAF LAMBSBORFF is a partner with Egon Zehnder International in Hamburg. Since joining in 1995 his consulting work has been focused on the areas of telecom services, digital business models, and private equity. Today, he is co-leader of the Global Leadership Strategy Services Practice.**

**CATHERINE ZHU is a consultant with Egon Zehnder International in Hong Kong. She was born in China a decade before Generation Y. With a technology management background, she has focused her consulting work on organization transformation, leadership succession, and talent development in the IT, Internet, and consumer sectors.**