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What are Some Key Adjustments Companies Need to Consider over the Next 5 Years to Best Engage Millennials?

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What are Some Key Adjustments Companies Need to Consider over the Next 5 Years to Best Engage Millennials?

Abstract

Millennials also known as Generation Y– those born between 1980 and 2000 – are becoming the predominant force entering the workplace. They are expected to comprise 50% of the global workforce by 2020 and 75% by 2025. In the oil & gas industry, where this shift is known as “the Great Crew Change,” the implications are magnified by a dearth of mid-level professionals created by a downturn-related hiring freeze in the 1980s. Approximately 71% of the energy workforce is 50 or more years old, and the American Petroleum Institute estimates that as many as 50% of skilled energy workers may retire over the next five to seven years. As many of the positions vacated by the retiring generation will be filled by less-experienced, younger workers, successfully managing, developing, and transferring skills to millennials has become a business imperative. With the media inundated with reports about the supposed monumental differences between millennial employees and previous generations, employers are often left to sort fact from fiction in designing effective integration plans for this new cohort.

Fortunately for companies, most substantive surveys and empirical studies find that many of the negative allegations about Generation Y are myths (e.g. a preference for job hopping) and that millennials’ preferences are not all that different from previous generations at similar points in their careers. It is also of limited value to make overly broad generalizations about millions of workers within a 20-year age range. Still, as the largest generation in history and one that will soon comprise a majority of the workforce, companies will be wise to develop a deeper understanding of the emerging millennial workforce. The following summary surveys the findings of consulting firms, corporate executives, survey data, and academics to reveal insights on Generation Y and offers considerations and recommendation that should aid in better engaging employees of all ages.

Keywords

millennials, generation Y, engagement, employee engagement, retention, recruitment, generational differences, sponsorship, mentorship, HR, human resources

Comments

Suggested Citation

Njemanze, I. (2016). *What are some key adjustments companies need to consider over the next 5 years to best engage millennials?* Retrieved [insert date] from Cornell University, ILR School site:

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Key Question

What are Some Key Adjustments Companies Need to Consider over the Next 5 Years to Best Engage Millennials?

Introduction

Millennials also known as Generation Y– those born between 1980 and 2000 – are becoming the predominant force entering the workplace. They are expected to comprise 50% of the global workforce by 2020 and 75% by 2025.^[1] In the oil & gas industry, where this shift is known as “the Great Crew Change,” the implications are magnified by a dearth of mid-level professionals created by a downturn-related hiring freeze in the 1980s.^[2] Approximately 71% of the energy workforce is 50 or more years old, and the American Petroleum Institute estimates that as many as 50% of skilled energy workers may retire over the next five to seven years.^[3] As many of the positions vacated by the retiring generation will be filled by less-experienced, younger workers, successfully managing, developing, and transferring skills to millennials has become a business imperative. With the media inundated with reports about the supposed monumental differences between millennial employees and previous generations, employers are often left to sort fact from fiction in designing effective integration plans for this new cohort.^[4]

Fortunately for companies, most substantive surveys and empirical studies find that many of the negative allegations about Generation Y are myths (e.g. a preference for job hopping) and that millennials’ preferences are not all that different from previous generations at similar points in their careers.^{[5][6]} It is also of limited value to make overly broad generalizations about millions of workers within a 20-year age range. Still, as the largest generation in history and one that will soon comprise a majority of the workforce, companies will be wise to develop a deeper understanding of the emerging millennial workforce. The following summary surveys the findings of consulting firms, corporate executives, survey data, and academics to reveal insights on Generation Y and offers considerations and recommendation that should aid in better engaging employees of all ages.

Key Strategies for Successful Engagement of the Millennial Workforce Over the Next Five Years

I. Expand Formal Opportunities for Professional Learning and Development

Research indicates millennials cite opportunities for professional growth and development as the most critical employee value proposition. Their overarching goals are both career advancement as well as the intrinsic knowledge that their work meaningfully contributes to business success.^{[7][8]} A 2016 Deloitte survey indicates that 70% of the millennials planning to leave their employer within the next 5 years cite a lack of leadership development as the primary reason.^[9] Specific definitions of development include: **1)** standardized rotational programs and assignments that enable exposure, learning, and knowledge transfer, **2)** opportunities to present work to higher-level leadership on a regular basis, and **3)** formalized career-path planning providing a line-of-sight to future opportunities and business-critical skills.^[10] Oil and gas companies that emphasize the potential to learn quickly and make a positive impact on their organizations will appeal to millennials more than those that focus on compensation alone.^[11]

Recommended Actions and Considerations:

- Increase retention by offering employees diverse career opportunities and highlight the benefits of moving to various roles within the company. Undesired attrition generally increases during downturns and restructurings so companies should help high-potentials recognize the valuable opportunities associated with organizational redesigns.^[12]
- Utilize a dedicated internal career coach/consultant who works with managers and the succession planning team to familiarize employees with available and projected internal opportunities as well as the types of experiences that will facilitate desired career trajectories.^[13]
- Five of six hiring managers believe their graduate hires lack the skills and knowledge to be successful in their roles. Knowing this, companies should focus on more accurately hiring for capacity to learn, achievement drive, and ability to collaborate effectively.^[14]
- Tailor graduate development programs to better accommodate individual interests and preferences through rotations. Many younger workers enjoy and benefit from jobs that they don't already know how to do and where they have to network to succeed.^[15]

II. Support, Train, and Empower Managers in their Role as Development Coaches

Millennials expect help to advance to higher levels in the organization and seek mentors and coaches to aid them in developing the needed skills. Many millennial employees perform best under high-maintenance management.^[16] This does not mean micromanagement but rather providing continuous feedback, a nurturing work environment, and frequent contact with leaders. It is a myth that millennials require constant affirmation and acclaim but they do highly value managers who are ethical, fair, and above all transparent.^{[17][18]} While leaders of historically regimented industries like oil and gas have been accustomed to “directing the troops”, incoming employees are more receptive to collaboration, communication, and understanding objectives rather than following edicts.^[19] While HR can help on process design and provide assistance, primary responsibility for attracting, motivating, and retaining talent should fall to business leaders and line managers. [See Appendix Graph A]

Recommended Actions and Considerations:

- Accelerate the transition toward ongoing feedback and performance management. Managers should also schedule face time with millennials to discuss where they see themselves in the organization 6 months hence and to advise as necessary.^[20]
- Executives should advocate and communicate across the organization that managers are empowered to link privilege with performance (e.g. providing managers latitude in establishing flextime policies in line with business unit needs).^[21]
- Train managers and leaders in evaluating their team members as individuals and using qualitative and quantitative indicators to determine which employees are more independent or self-focused and which employees do better with more coaching and team

assignments. Citigroup for example requires that all managers undergo coaching and training before working with interns or rotational program members; Danone's coaching training brings together leaders from different generations to understand differing work styles.^{[22] [23]}

- Support resource groups for young professionals focused on internal networking, skill acquisition, and collaboration on company approved interest-based side-projects.²⁴

III. Offer a Compelling Employee Value Proposition that Supports Millennials' Desire for Meaningful Work

In addition to development, millennials look to their organizations to provide deeply meaningful work. Research data from Deloitte and others shows that millennials are just as interested in how a business develops its people and its contribution to society as they are in its products and profits.^{[25][26]} Like previous generations, millennials look to inspirational leadership for a clearly articulated business strategy, vision, and performance-based recognition.^[27] Additionally, millennials are strongly motivated by a desire to solve seemingly intractable problems and to do good. Many argue that energy companies can present a compelling vision in their mission to find and develop ever more efficient and sustainable forms of energy, and by the fact that access to affordable energy fuels economies and lifts millions out of poverty.^[28] Company CSR policy can also align with millennials' desire to contribute to their communities and wider society by actively supporting group and individual volunteerism.

Recommended Actions and Considerations:

- Encourage senior leaders to model behaviors that both align with company values and inspire younger workers. ^[29] Survey data shows millennials look for leaders who: 1) think strategically, 2) inspire, 3) have strong interpersonal skills, 4) provide a strong vision, 5) exude passion and enthusiasm, and 6) exhibit decisiveness without authoritarianism.^[30]
- Be able to articulate a realistic vision for future growth to prospective employees. Provide relevant and up-to-date information on your business regarding strategy, differentiators, financial strength, and trends. Millennials want to be a part of a growing, forward-thinking organization.^[31]
- Increase individual engagement by not limiting community service to major corporate events but rather provide flexibility in employee CSR options. At the same time try to emphasize company values and vision by highlighting certain types of CSR that align with the company mission.^[32]
- Create opportunities for millennial employees to engage with high school and college students on sustainability issues.^[33]

IV. Actively Embrace New Technology and Design Thinking

Perhaps the only fundamental difference between millennials and older generations is in their relationship with technology. Millennials are digital natives who look at tech not as a tool but rather as an integral part of their daily lives.^{[34][35]} Mobile and social technologies have allowed millennials to view instant access to data, ideas, and collaboration as the norm, and they expect this reality to be fully reflected in the workplace.^[36] Friction is likely to arise when these employees want to use new personal devices and apps for work that have not been approved by corporate IT. Social business—the utilization of social media for work collaboration and information sharing—is also running ahead of corporate IP and privacy policies. Companies need to stay at the forefront by facilitating the use and adoption of technology that makes work easier, faster, and more efficient.^[37]

Relatedly, leading HR organizations including GE are increasingly employing design thinking—studying people to help develop interventions, mobile apps, and tools that help make employees less stressed and more productive.^[38] While still in the early stages of adoption outside of the tech industry, design thinking provides a structured way to focus on the employee's personal experiences to rapidly create processes centered upon the worker. The result: new solutions and tools that directly contribute to employee productivity, engagement, and enjoyment.^{[39][40]}

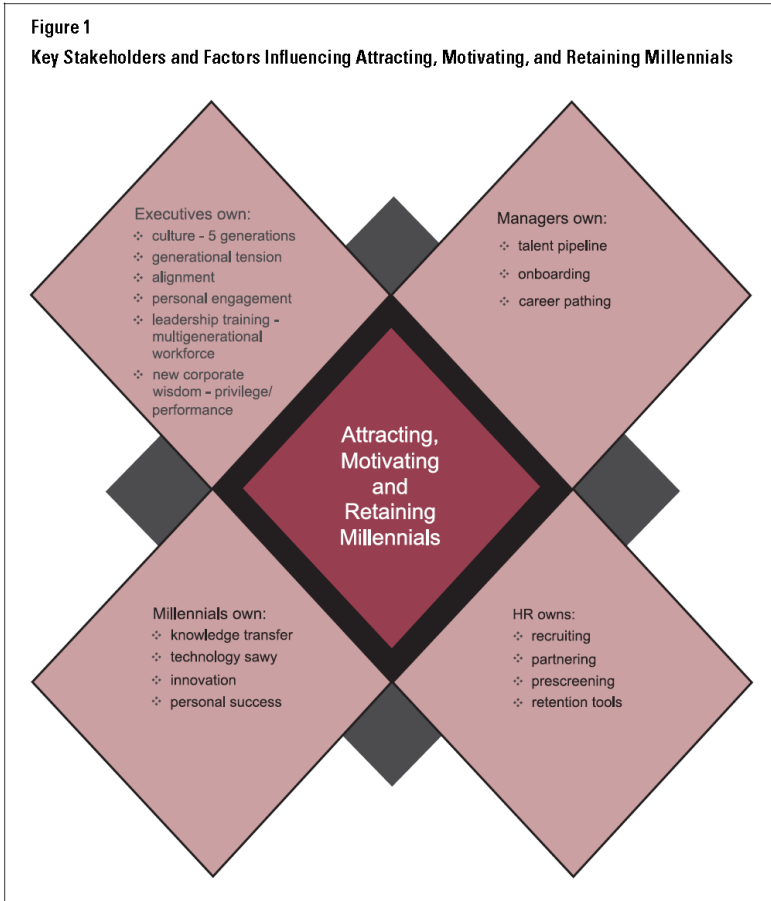
Recommended Actions and Considerations:

- Mitigate millennials' frustration with less tech savvy colleagues by establishing reciprocal mentoring relationships where both younger and more experienced employees train each other in respective areas of expertise (e.g. mobile applications or business specific skills). Millennials tend to be comfortable moving across hierarchies and working with older employees (it is actually Generation Xers who often struggle with this more than baby boomers).^[41]
- Create mechanisms that bring together managers, IT, Legal, employees, and early adopters to evaluate new tech options.
- When considering switching to online learning platforms, examine not only cost efficiencies but employee preferences and learning medium effectiveness.^[42] While millennials are more comfortable with online learning platforms than older workers, many still value face-to-face learning.
- Train teams in design thinking and support employees and managers willing to act as evangelists for this new process.

Concluding Remarks

In summary, millennial priorities include technology tools, growth opportunities, work-life balance, exposure to different groups, training, opportunities to lead, and a platform to present their work. With regard to benefits, flexible work (telework days, flextime) is often cited as the most prized benefit with 36% of millennials saying they would accept a job based on flexible work options.⁴³ Expanded tuition reimbursement is also popular.^[44] Finally, it is critical that companies continually analyze qualitative and quantitative data to learn which approaches and benefits provide the most value. Weighing the costs of offer rejections, turnover, and projects delayed due to talent issues against recruiting and compensation budgets grants organizations a better idea of the investments required to retain and attract top young talent. Measuring recruiting initiatives' ROI is never an exact science but the more data that is collected through both qualitative surveys and budgetary analysis the easier it will be to make judgements about the efficacy of a given initiative.

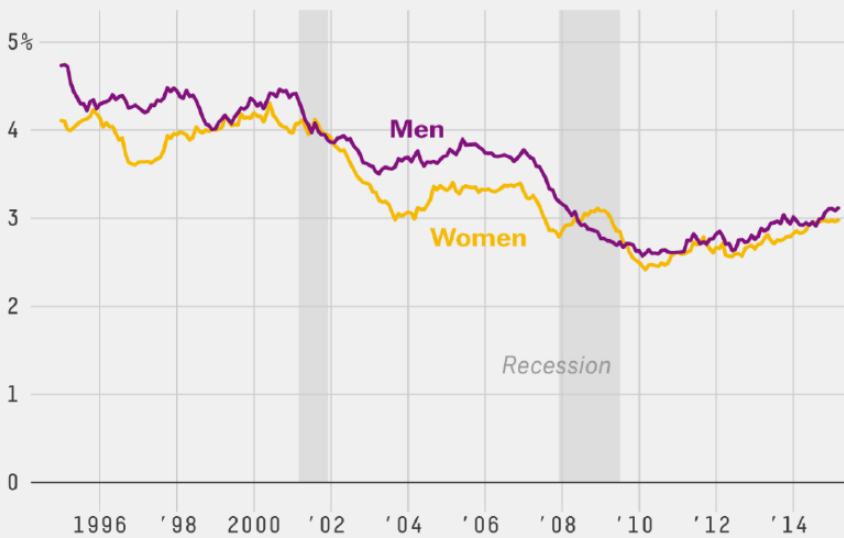
Graph A⁴⁵



Graph B.⁴⁶

Do Young Workers Stick With Their Jobs?

Percentage of workers ages 22 to 29 who changed jobs in a given month, 12-month moving average



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