

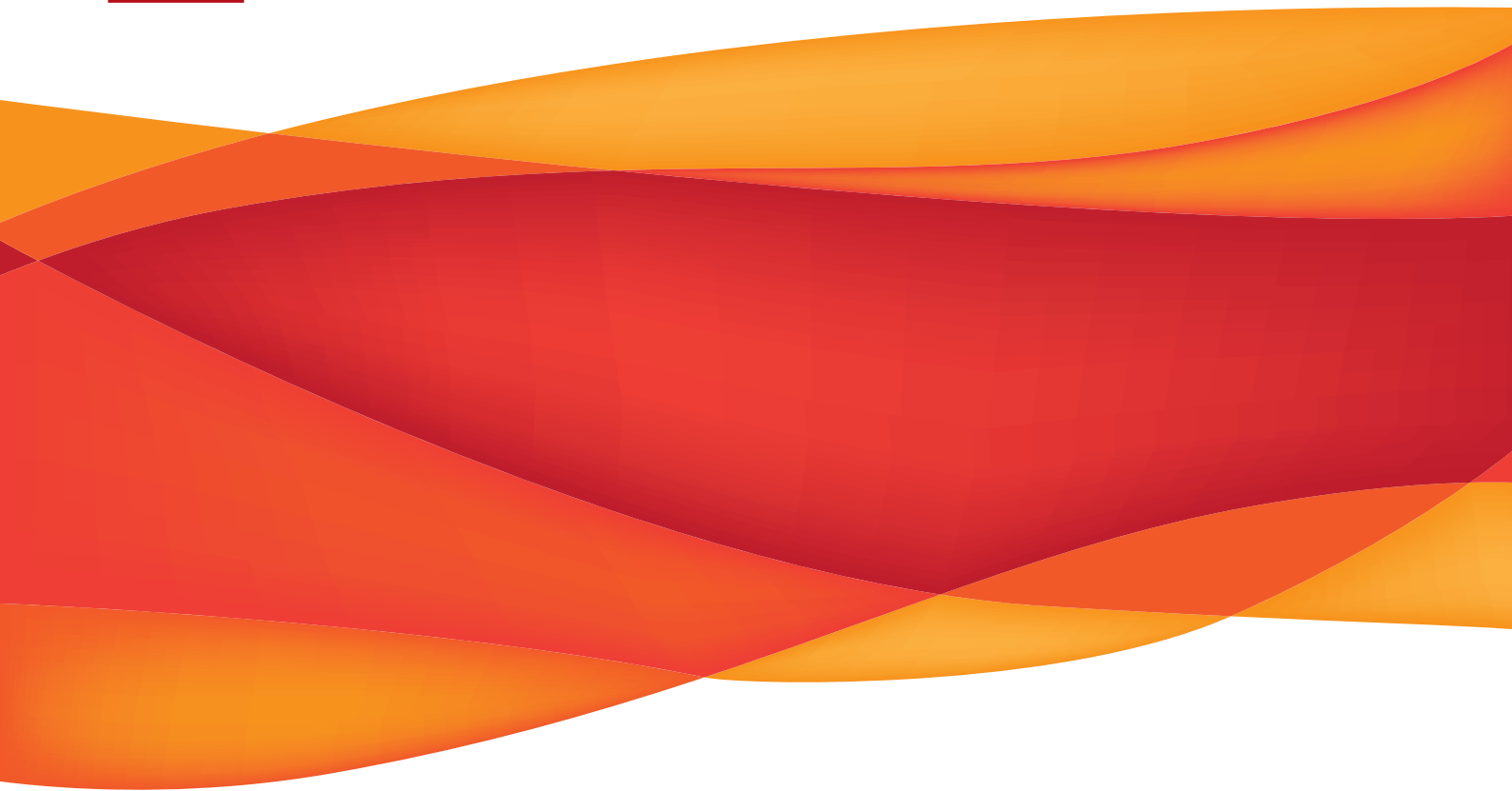
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*Transforming society by creating better workplaces*



EXECUTIVE BRIEFING

# Motivating Generation Y

Across the Great Divide

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JUNE 2009

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# Foreword



This paper represents the second of a series of practitioner-led publications designed to bring to light emerging workplace issues and trends affecting business performance and help organisations and senior business leaders to address them. In this edition, we will explore the emerging topic of engaging Generation Y employees.

In the coming years, changes in the workplace demographics will be significant. Millions of baby boomers are set to retire and more and more Generation Y employees are embarking on their careers in an increasingly multi-generational workplace. The emergence of Generation Y – born in or after 1980 – poses both a challenge and an opportunity for organisations and managers.

Many pejorative comments are made about Generation Y. They are said to expect work to fit into the rest of their life. Supporters of the new generation claim they are a highly talented workforce ready to benefit companies with their

independence, ability to innovate and creativity in return for an environment in which they can thrive. Others find Generation Y far more ‘opinionated’ and demanding and fear the clash of values and attitudes generate frictions in the workplace. Managers must be supported in getting the most out of a multi-generational workforce. All agree that salary matters but that money alone is a poor motivator of this generation. Best Workplaces are responding to the challenge by offering all or some of the following: a broad range of experiences; early international postings; social-responsibility initiatives; development and learning opportunities; and a good work-life balance. The critical question is whether this is going to be effective or enough to keep those employees motivated in the long-term.

**Williams Johnson**  
Commercial Director  
Great Place to Work® Institute UK

## Who is this document for?

This briefing paper by Great Place to Work® Institute is based upon the recent study of Generation Y by our former chief executive Colin Curran and the high-level discussions at the most recent *Great Place to Work® Institute Best Practice Forum*, which brought together HR leaders from some of the country’s Best Workplaces. At the event, the topic was introduced by a panel of business leaders from high-performing workplaces with firsthand experience of managing this new generation of employees. Their experiences and insights created a platform for debating on how far firms need to go towards accommodating the desires of younger workers and how they can inspire these individuals to give their best. The paper aims to heighten awareness of generational issues in the workplace and provide insights into some of the ways Best Workplaces are addressing the associated opportunities and challenges.

It should be read by:

- Any business leader who takes risk management seriously and who wants to create working environments that inspire loyalty and enduring commercial success
- HR and diversity managers who need themselves to deal generational change issues and support line managers to effectively manage, inspire and engage Generation Y
- Government ministers and officials determined to help young workers and organisations to engage with this new working generation.
- Opinion formers – academics, the media, charitable foundations and any individual interested in effective strategies to engage Generation Y employees.

## The Lost Generation

*“Who are those guys?”* Butch Cassidy and the Sundance Kid

***Graduates are currently struggling to find jobs, but the War for Talent is far from over. HR directors from some of the world’s top global companies, suggest ways of motivating Generation Y.***

The term ‘generational divide’ has become part of everyday language. Few would dare dispute that it does not exist, or that as a concept it may be exaggerated. For some the generational divide is about adolescents, whose sensory perceptions appear so dulled by iPod over-use that they appear oblivious to the fact that their precipitously low-slung trousers appear to be in imminent danger of falling down.

Colin Curran, our former chief executive, has taken a more academic approach to the study of Generation Y – essentially those young people who were born between 1980 and 2000 – and who are now entering the workforce. His study, based upon Great Place to Work® Institute’s 50 Best Workplaces in 2007, was the basis for his dissertation as part of his MBA degree at Limerick University. “All three generations see the world through a different lens,” states Colin, “therefore the challenge for organisations is to engage these three distinct groupings and bridge any differences that exist between them.”

Colin’s dissertation was written when the economy was enjoying what would now, with hindsight, be described by stock market experts as the last brief bull rally in a secular bear market. Things may have been perceptibly slowing down in the economy but the War for Talent was nevertheless still in full swing. Employers were faced – and still are – with the imminent threat of baby-boomers retiring from the workplace in large numbers. In the US 79 million baby boomers will retire between 2010 and 2020. According to US Census Bureau data, only 40 million members of Generation X and Generation Y are set to replace them.

HR directors are therefore increasingly required to think of new and innovative ways to attract young talent into the workplace. Those technically-literate youngsters are deemed by some employers to think differently, to be less influenced by brands and more likely to work for someone on the basis of their friends’ recommendations.

According to research undertaken by us at Great Place to

Work® Institute and by our former CEO Colin Curran at Limerick University, we can assign the following characteristics to Generation Y:

- Optimistic
- Disposed towards civic duty
- Socially-aware
- High importance of friendship
- Achievement-orientated
- Keen on work-life balance

Generation Y is likely to favour collective action, demonstrate tenacity, even heroism. Members of this generation are likely to be good multi-taskers, technologically savvy, but may not be so good when it comes to dealing with difficult people at work. More controversially, they are also more likely to leave work at five o’clock and all too happy to tell disgruntled employers they have a life to get to.

Great Place to Work®’s Trust Index® Survey of Britain’s top 50 best workplaces in 2007 measures issues such as integrity, fairness, credibility, corporate responsibility and many more things that employees rate highly at work.



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While Generation X – those aged between 26 and 42 – tend to give the highest ratings to their employees in each of these core categories, Generation Y give lower ratings, but nevertheless, take a more positive view than the more cynical, somewhat world-weary attitude adopted by baby boomers towards employers.

The only exception is when it comes to job satisfaction: only 62% of Generation Y respondents believed that their work had special meaning and was not “just a job”, whereas 75% and 67% of Generation X and Baby Boomers believed this to be the case.

Generation Y have grown up during a period of protracted

and unprecedented prosperity. They are perhaps uniquely unprepared for hardship. An article in *The Economist* in 2009 talked about job candidates for one US law firm displaying humility, something that had been previously lacking. The tone had changed from “What can you do for me,” to one of “Here’s what I can do for you,” it was reported.

Employers, however, would be unwise to ignore seminal demographic changes or imagine they can return to Victorian values. A happy and engaged workforce is, as our research has continuously shown, the cornerstone of not only great employers, but of enduring, financially-sound businesses.



## Talking about Generation Y: What do the experts think?

*“Management is nothing more than motivating other people”* Lee Iacocca

### MOTIVATING

So what, if anything, should employers be doing to motivate Generation Y? In February 2009, Great Place to Work® Institute held a Forum in London on this subject, *Motivating Generation Y*, and invited many of the HR directors of companies that regularly feature in our Best Workplace lists in the 40 countries that we operate in to combine their brains and come up with ways of motivating this least understood generation.

Those who attended included HR expert in talent management for several leading international brands such as Danone, Mars, McDonalds, Cisco Systems, and Proctor & Gamble and we took this rare opportunity to ask them how they would go about motivating Generation Y.

As part of that event, we organised our delegates into several working groups and asked them to contribute their best ideas on how other companies could implement to specifically engage Generation Y in the workplace. They had, after all, already tried out many of these ideas.

All agreed that salary matters, but that money alone is a poor motivator of this generation. Best workplaces are responding to the challenge by offering all or some of the following: a broad range of experiences; early international postings; social-responsibility initiatives; development and learning opportunities; and a good work-life balance. The critical question is whether this is going to be effective or enough to keep those employees motivated in the long-term.

Many ideas were generated, mostly around greater inclusion, social accountability and work-life balance. Someone who has no doubt that Generation Y – or “the Millennials” or the “Net Generation” as they’re sometimes dubbed - responds entirely differently to all that has gone before is Charlie Johnston, HR Director of technology company, Cisco Systems Limited, who says that Generation Y has become a strategic priority for the company. “Understanding and responding to Generation Y is vital to our business,” he says.

Charlie also believes that young recruits are just not necessarily interested in saving for a pension, especially if they still have student loans to repay or are more focused on saving for their first home. “They might not want to pay into

something that pays out in say 35 years time if they’ve just started work, but they might be keen on say some form of corporate ISA that matures in five years.”

Not everyone agrees with Charlie that Generation Y should be singled out for special treatment. “If we keep talking about the differences, we create ‘an us’ and ‘a them’ workplace,” warns Madalyn Brooks, head of HR for Proctor & Gamble in the UK.

What Generation Y wants, she says, is remarkably similar to what everyone else wants; flexibility, personal development, and personal growth. Workplace benefits need to be inclusive, she says, not confined unfairly to just one section of the workforce.

It’s a sentiment endorsed by Jez Langhorn of McDonald’s. Gen Y employees wouldn’t appreciate special polices just for them, he says. “It wouldn’t fit with their sense of inclusivity.

Most of our attendees agreed that Generation Y was more socially aware and that any employer worth their salt would have to take account of this pressing imperative to do good deeds that help wider society. This generation has a strong urge to be socially engaged. If the world’s best companies are to retain their status as “elite” employers of choice among the brightest and best graduates, they must be able to provide such opportunities as well as the in-built flexibility that allows them time to pursue their inherent desire to help the wider community.



Goldman Sachs, for example, remains in *The Times* newspaper's top 10 list of favourite graduate employers in the UK. However, the firm was surprised to find itself overtaken in the 2008 rankings by Teach First, a non-governmental organisation committed to persuading some of Britain's most high-flying graduates to teach in some of the worst performing inner city schools. As a result, the firm has responded with programmes such as 10,000 Women, which provides its employees with opportunities to get involved in mentoring programmes in the developing world aimed, in this case, at helping women entrepreneurs develop their businesses.

So how should HR executives respond to the challenge of Generation Y? Marketing people have spotted the difficulties in pin-pointing Generation Y, who are brand-shy, tend to live-at-home and therefore harder to reach. Baby-boomers may be idealistic, but also like money and tend to be more motivated when pay and performance are linked. Generation X is more attuned to intrinsic rewards, but this home-working generation likes to spend on technology on its homes. So if marketers devise different strategies for each of these groups, shouldn't HR directors be implementing policies specifically aimed at engaging and retaining the younger generation in the workforce?

Effective communication is vital when it comes to dealing with Generation Y, advises Jez Langhorn of McDonald's. Allow employees to talk about their experiences, he advises other employers, because the chances are, he says, you'll end up being discussed on *Facebook* anyway.

McDonald's, which employs 72,000 people in the UK alone, 60 per cent of whom are under 21, has created its own internal intranet, ourlounge.co.uk, which 65,000 of its staff log on to at least once a week. Using this network, it is possible to check working schedules, contact line managers with requests or simply blog with other co-workers, make suggestions for improvements or take advantage of the 100 plus discounts that McDonald's offers its staff

Again our research suggests that these workplace newcomers have a strong sense of social responsibility. Cisco has attempted to harness this by providing specific leadership challenges for this group, one which involved devising a strategy to attract more female employees to the company. "Our UK graduate recruits collaborated with their US colleagues, using high tech video conferencing facilities. They involved a number of schools and made a video on *You Tube* aimed at encouraging female talent to Cisco.

#### Rewards and benefits most likely to motivate Generation Y as generated by our forum delegates

- Personal thank you
- Interior design
- "Feeling" types
- Team awards
- Recognition
- Friends at work weekend away
- Social networking events
- Friendship and respect
- Star awards – special recognition
- Collaboration projects with other organisations
- Travel, volunteering, community projects
- Sabbatical
- Secondment – customer environment
- E-Learning
- International assignment
- Time (creative, innovation, own projects)
- Development
- Time with senior leaders
- Three month WHO assignment in D&E
- Travel initiatives – environments
- Career breaks
- Diversity or environmental CSR
- Involvement in CSR initiatives
- Showcase work
- Sponsored contributions – sustainability agenda
- Days off
- Recycling
- Time off for birthday/to do something non-vocational
- Flexible hours
- Discounts – gadgets/holidays/phones/calls
- Flexible benefits like bikes for work
- Discount cards or Vouchers
- Staff wellbeing – BUPA reflexology
- Beer fridge Fridays
- Financial advice
- Corporate 5 year ISA vs pension
- Employee discounts tailored
- Flexible working e.g. home working
- Secondments – other departments/other organisations/charities

#### Top three ideas

- Social inclusion (Environment etc.)
- Flexibility (career break/sabbatical/bite-size flexibility/work-life balance)
- Recognition (Financial/non-financial)

## HIRING

How should employers go about recruiting and retaining Generation Y. At Cisco Systems it is in large part a matter of effective communication. Charlie Johnston says Cisco uses *Facebook* to communicate with existing and potential graduates, citing examples of how some other US corporations have gone as far as to recruit whole groups of *Facebook* friends with the right technical skills.

Other companies, such as KPMG, have used *Second Life* to re-create their working environment in order to attract new recruits. Cisco is working with new graduate recruits to make *You Tube* videos of their experiences. Chairman and chief executive John Chambers is using Cisco TV to communicate with these younger employees.

Not all employers are so quick to embrace external online networks. “We certainly wouldn’t ban things like *Facebook*, but its use has to be appropriate,” says baby-boomer Madalyn Brooks, HR Director of Procter & Gamble in the UK. She also fears that the rush by companies to appear young and trendy might actually be a turn-off. “I



think we could come over as phony and cringe-making as TV presenter Richard Madeley’s infamous impersonation of Ali G.”

But all agreed that projecting the right brand values – and more importantly, being seen to deliver on them, was vitally important. There was no faster way to “turn-off” young recruits than by failing to live up to professed values. Again delegates were asked to generate more ideas with to attract Generation Y and this is what they came up with:

### Brand Values

- Making a difference
- Flexibility/open-mindedness
- Openness
- Integrity
- Concern for the environment
- Collaborative
- Diversity
- Entrepreneurial
- Compassionate
- Fun
- Informal
- Innovative
- Inspirational
- Change orientated

#### Top three ideas

- Fun
- Diversity
- Making a difference

### Recruitment Strategies

- Interesting and challenging work
- Flexible in approach
- Opportunities for development
- Involve other Generation Y-ers in recruitment
- Prior work experience opportunities
- Harnessing *You Tube* and blogging as a means to attract new recruits
- Self-managed development opportunities
- Brand gifts given to students on campus
- Sabbatical competitions
- Different terms and conditions of employment
- Greater recognition of what distinguishes and motivates Generation Y
- Balance between play and productivity
- Ability to offer recruits some autonomy

#### Top three ideas

- Opportunities for development
- Challenging and interesting work
- Getting Generation Y involved in recruitment

## MANAGING & DEVELOPING GENERATION Y

How should employers manage their younger recruits? The signs are that this generation wants inspiring leadership with a light touch and ideally bosses who are prepared to provide flexibility and countenance their young charges desire to sometimes take time off to pursue their other interests.



Jez Langhorn, head of talent and development at fast food retailer, McDonalds Restaurants in the UK: “What they value is flexibility, opportunities to progress and develop, the environment and effective communication from the business,” he says.

McDonald’s operates a system of flexible working in its restaurants, where established networks of friends and families employed by the company can swap shifts with each other without having to seek prior management permission.

The need for effective communication was strongly endorsed by other senior HR specialists at our event, who said Generation Y appreciated and required immediate and direct feedback in their work. Integrity on the part of management was also high on the agenda.

But Cisco is not relying solely on new technology to woo Generation Y. The company has implemented a reverse mentoring programme, which involves each member of the executive team having a reverse mentor from its team of young graduates. The idea is that the bosses do most of the listening and hopefully learn about Generation Y, which will increasingly make up its client base in coming years.

The company also operates a line manager awareness programme to ensure that they understand what is going on at top levels of management regarding Generation Y, which includes an e-learning programme, where managers can obtain advice about how to manage new graduate recruits. They can also blog with other line managers to share experiences and advice.

Here are some of the ideas generated by our HR experts on how to manage Generation Y more effectively.

- More respect and better listening skills
- Awareness of Generation Y differences
- To seek out and nurture individual talent and potential
- Provide development opportunities
- System of two-way feedback
- Mutual respect
- Openness
- Freedom and innovation
- Clear objective setting
- Non-hierarchical
- Clear direction
- Opportunities to shadow leader
- Authenticity
- Need to deliver on brand values
- More collaboration
- Strong communication

### *Top three ideas*

- Clear boundaries, with greater opportunities for self-determination
- Authentic and caring leadership
- New technology driven culture

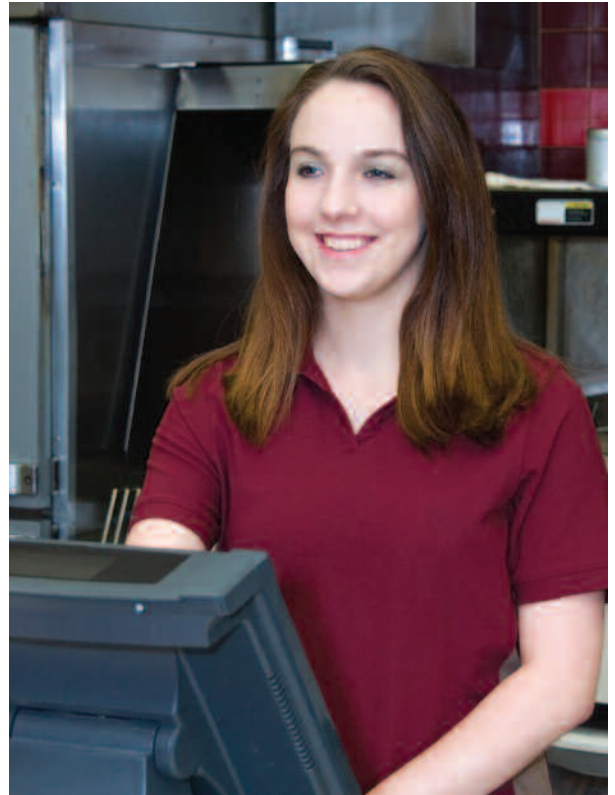
**CONCLUSION:** What every employer needs to know

Employers could use the current downturn to return to the negative side of “Victorian values” – the exploitation, mean wages and lack of respect for those more menial than themselves. But it is apparent that many of the world’s most successful companies believe that survival actually depends on the reverse: by taking the trouble to understand, motivate and inspire not just Generation Y, but all employees provides the means to endure and even prosper in more uncertain times.

Inspiration leadership, our forum concluded depends on:

- Giving immediate feedback
- Integrity
- On focused, direct communication

That means defining who you are as a company and a leader and perhaps using HR in a more strategic, creative way than might have been the case in the past. State your values and live up to them: don’t spin lines that end up alienating staff. It also means being big enough to allow staff to discuss their experiences with you and make sure you keep communicating with staff in ways that they find natural, whether it be face to face or via *Facebook*. Gener-



ation Y also need opportunities for development and an increasing degree of self-autonomy. Also be as flexible as the job allows.

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- Charlie Johnston, HR Director of *Cisco Systems Ltd*
- Jez Langhorn, Head of Talent and Development of *McDonalds Restaurants*

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