



#327: Great expectations?: The Millennial Generation makes its mark in the workplace

VOICEOVER

This is Up Close, the research talk show from the University of Melbourne, Australia.

ELISABETH LOPEZ

Hi I'm Elisabeth Lopez, welcome to Up Close and thanks for joining us. If Sigmund Freud was obsessed with the question what do women want, in workplaces today it seems the burning question is what does Generation Y want? Otherwise known as Millennials, this is the generation born from 1982 to 2000 and they're making their mark on workplaces as new entrants and managers. They're the first generation of digital natives and they reputedly come with great expectations. They're renowned for being both self-absorbed, but also holding employers to ransom with a desire to find meaning in their jobs, and of course, pay, and if they don't get it they'll move. Our guest today on Up Close has been studying Millennials in depth. Eddy Ng is a human resources specialist and Associate Professor at the Rowe School of Business at Canada's Dalhousie University, where he holds the F.C. Manning Chair in Economics and Business. He's co-author of a large study spanning four generations, and he has a special interest in managing diversity for organisational competitiveness and the changing nature of work and organisations. Eddy Ng is in Melbourne as a guest of Melbourne Business School. Eddy welcome.

EDDY NG

Thank you for having me. It's a pleasure to be here.

ELISABETH LOPEZ

So Eddy, ever since Socrates elders have been complaining about younger generations. Is there really something fundamentally different about the Millennials?

EDDY NG

Actually there is. So a team of researchers, myself included, along with Sean Lyons from the University of Guelph and Linda Schweitzer at Carlton University, have been looking at Millennials as well as the three other generations that exist in the workplace since 2008. So for the first time in history we do have four generations

that work alongside each other, and from the findings, based on the different surveys that we have conducted, the Millennials are indeed very different.

We looked at 25 work values in particular and what we have found is that the different generations place different emphasis on different things. Just to give you a bit of a perspective who those four generations are, so basically you have the matures or the veterans, those who were born in the early 1900s up until 1944. Not a whole lot of them are in the workforce right now. Then of course you have the Baby Boomers that were born after 1945. Essentially the guys came back from the war and they made up for lost time, so they started this mass production. As a result we see this boom generation.

Now that boom lasted to around 1960 in the US and 1965 in Canada.

ELISABETH LOPEZ

So a boom in birth rates and consumption?

EDDY NG

Sure and I want to throw in a caveat here. The actual years that demarcate the start or the end of a generation is actually much less important than the shared experiences that they have. So statisticians look at the point where there's a change in population growth to roughly use it as a cut-off point.

So in this case in the US they introduced the birth control pill around 1960 and that's how the Boomer Generation came to an end; whereas in Canada they are slightly behind in introducing the pill so the boom lasted for an extra five years.

So starting from 1960 onwards you have a much smaller cohort that followed the Boomers. We refer to this as Gen Xers, and then of course that generation lasted until around 1980. So essentially anyone who's born after 1980/81 we'll refer to them as the Millennials.

So given that you have four generations that I've just outlined, you will find that the matures or the veterans seem to value making an impact as being the most important. So they value that as [the] highest, work value, and higher than any other generations that came after them.

ELISABETH LOPEZ

So they were the ones pulling long hours and expecting to live their lives for the job?

EDDY NG

That actually applies more to the Boomer Generation. The Boomer Generation came in after the war. They saw how their parents did not have a lot of job security, as well as financial security, so they worked really, really hard to make sure that they provide the stability and financial security for themselves and for their offspring. So that's the generation that worked really, really hard. What sets this generation apart from the matures as well as the two generations that came after them is achievement; they value achievement a lot, in the sense that personal accomplishment is a very important thing.

Then of course the Gen Xers. This is the generation that came after the Boomers.

Now a lot of people have this generation confused in the sense that this is not true of the Boomers because the Boomers are too young to have kids that age. So Gen

Xers are essentially true enough the mature sort of veterans, but of course if we look at the present time, they are also the ones with families.

What you have here is a generation that's sandwiched between having to provide parental care and childcare and what they value most in the workplace is actually work/life balance, and of course you have the very frequently talked about generation, the Millennials, so Gen Ys. Given the fact that they have been raised in a relatively middle-class environment and were raised with a lot of self-esteem, they have seen the success that their parents have achieved. In that sense they want everything but they want everything now all at the same time. So from what we have seen in terms of a work value, the Millennials value advancement the most.

Now of course all of us were a little concerned with the Baby Boomers retiring in large numbers that would create a crisis in the workplace because you have a large number of people exiting the workforce, creating a vacuum essentially, and then you've got a much smaller Gen X cohort to replace the Boomers and that's not quite enough.

That did not in fact actually happen. So what we have seen is that Boomers are hanging on to their jobs even though they are past the usual retirement age which is about 65.

ELISABETH LOPEZ

Why are they doing that? I mean I guess prior to the Millennials they were previously known as the "me - I want to have it all generation". Is it just that they don't want to be off-stage?

EDDY NG

The reason why the Boomers haven't been exiting the workforce in large numbers is - well people assume that because of the global financial crisis there isn't enough in the nest egg to retire. Part of that is true, but upon speaking with the Millennials and what the survey had been telling us is that the Boomers value achievement a lot as I've alluded to earlier, to the point where they cannot let go. They actually do enjoy work and that sets them apart from their kids, the Millennials.

Boomers actually live to work, you might have heard that, whereas Millennials work to live. So the joke is that, as you may know, Prince Charles is now a senior citizen, but because Queen Elizabeth is not willing to let go yet, he is still waiting to begin his job. So we see a lot of that.

Boomers actually are very achievement oriented; they hang onto their job because they enjoy the work, so much that they find it hard to leave the workforce.

ELISABETH LOPEZ

A note of disclosure here, we're both Generation X and obviously you'll remember when our generation came of age and we were known as the "slacker generation". Was that just something that was transitory because of the life stage we were at?

Does it get applied that sort of label to each new generation or has it stuck with Generation X?

EDDY NG

Actually that moniker has largely stuck in part because of Doug Coupland. He wrote

this book that depicted Gen Xers as still unable to launch their careers; they still live in their parents' basement despite being in their 30s. Some of it is true because as they were beginning their careers the Boomers occupied most of the positions in the organisation, so it's really hard for them to actually break out and climb the corporate ladder as we have traditionally known.

Of course when it came down to entry level jobs the Millennials are of the age to come into entry level jobs. So from an employer perspective they would find that the Gen Xers are a little too old for those positions, so they get passed over in favour of the Millennials and yet there's no room for them at middle level or senior level management because the Boomers haven't quite exited the workforce.

So there's some truth in it, but with that said, we all know that there's some very successful Gen Xers out there. If you look at Michael Dell, Jerry Yang, all those are the IT entrepreneurs that are from the US, so not all Gen Xers fit the stereotype.

There are some very successful Gen Xers.

ELISABETH LOPEZ

I'm Elisabeth Lopez and you're listening to Up Close. Our guest today is Eddy Ng, Associate Professional of Organisational Behaviour at Rowe Business School in Halifax, Canada.

Eddy, you go as far as to say there's a crisis in organisations. How concerned are employers about grappling with Millennials?

EDDY NG

Employers find it incredibly difficult to attract Millennials and finding out what they want because so few of Millennials actually want to work in the corporate sector.

ELISABETH LOPEZ

Why don't they want to work in the corporate sector?

EDDY NG

A few reasons; first of all, they have seen how their parents worked really hard in the corporate sector only to be downsized when there is a financial crisis or when the employer's not doing well. What they have seen is that the employees work long hours but there's very little loyalty that has been exchanged or that the employer has shown.

So from that perspective they show a lot of distrust for corporations. From that perspective you see that Millennials are actually much less loyal to employers. We have data that shows that they actually switch jobs and employers more frequently than previous generations.

The other reason why they have this distrust of employers is they are very socially conscious as you can see with the Arab Spring, the Occupy movement, so on and so forth. They are always questioning the social responsibility goals of employers when they hear record profits and yet multinationals are exploiting child labour in the Far East; they get really upset, so those are the reasons why they are slightly less attracted to the private sector.

ELISABETH LOPEZ

In your research did you get a sense of whether employers see the main challenge as themselves having to change, become more flexible, improve their performance on corporate social responsibility, or whether the efforts are really just directed at making sure the Millennials get moulded?

EDDY NG

I think employers and corporations may have multiple motives. Clearly doing good as [a] corporate citizen is good for the investment community for the stakeholders, right. That I believe is the primary motivation, but they could also use that as an excuse, if you will, or an avenue to attract Millennials and say look there's other things that we are doing; we do care about the community in which we operate in. Those are the things that would resonate well with the Millennials.

ELISABETH LOPEZ

Is that for this generation a proxy for engaging in their own activism? They're less likely to go and join the Peace Corps and instead oh I've got to find a place to work at that does really good stuff?

EDDY NG

That again is a bit of a myth. We have raised a generation of kids and we have taught them to be conscious of the environment, to think of others, that sort of thing. So when you speak with a Millennial you'll find that they just want to solve world hunger, they want to save the world.

ELISABETH LOPEZ

Extremely big goals.

EDDY NG

Right, but when it came down to the research we have conducted based on the survey, when we asked them to actually make a forced choice between extrinsic rewards - good pay, good benefits, job security. Then we asked them to pick from intrinsic motivation - you're doing it because the work is interesting, the work is challenging - and you asked them about social responsibility. Guess what? Social responsibility came in last. So they do rank extrinsic rewards like good pay and a good job well ahead of social responsibility.

ELISABETH LOPEZ

Eddy, you made some interesting findings in your paper about what the money actually meant and it wasn't just it's all about the pay is it?

EDDY NG

Good question. It's really hard for a bunch of 18 or 20 something year olds to get a good sense of money, but they do know that they want to be paid a lot of money, in part because of the middle-class upbringing. They have been told that they are very, very good by their parents so they expect to make the kind of compensation as their

parents do but they want it now. But they use money as an indicator of how well they do, so it provides some form of a feedback to Millennials.

Because of the fact that they were frequently told by their parents - and I used the term frequently because they need constant reinforcement - they are constantly seeking feedback about how well they do. So one of the best ways to provide them with feedback is of course your compensation where higher amounts of pay indicate that you are actually very good.

Now if you were planning to give your Millennial employee a three and a half per cent raise at the end of the year, what they'd actually prefer is to get a one per cent raise three times a year because it reassures them that they are actually doing a good job.

ELISABETH LOPEZ

What happens if the trickle of feedback, monetary feedback, stops?

EDDY NG

Yeah, that is an issue. As I've mentioned earlier, Millennials are looking at the intrinsic value of work, how can I make the world better. So we are starting to see that they are actually preferring the public and the third sector or the non-profit sector as more attractive avenues of employment, because it provides them with a sense of accomplishment, making a difference. At the same time, we don't see a big shift or migration from the private sector into the non-profit sector or the public sector in part because the non-profit sector actually pays less compared to the private sector. At the end of the day when we asked them to do the forced rankings again in terms of which do you value most - extrinsic rewards as in compensation, intrinsic rewards - interesting work versus CSR - we still see compensation to come out tops.

ELISABETH LOPEZ

Another element that is frequently raise in discussions about Millennials is loyalty and they get a very bad rap for it and it's obviously linked to the sense of entitlement that you've been talking about, but I wonder what sort of forces globally might be encouraging that? You've noted that the shifts generally in work patterns from a career for life to very precarious contract positions may have something to do with this.

EDDY NG

Part of it is a structural shift in the economy, but part of it is a cohort of the generation itself, the socialisation aspect that shape the Millennials' sense of work. With social media, increasingly, we put students in teams so they have become quite accustomed to teamwork or group work. When you look at the survey results that we have they do rank working with others and having a good boss to be relatively high after compensation and advancement opportunities. From that perspective they're much more loyal to their co-workers and particularly to their supervisors than to the employer itself.

ELISABETH LOPEZ

I think you've mentioned in your paper that they might actually jump ship to another firm to follow a supervisor or a colleague. That is extreme loyalty.

EDDY NG

Right, so when their particular supervisor or manager that they like move on to a different employer, it is uncommon to see the Millennials move with the manager.

That is explained by the socialising that they have. They value co-workers and supervisors more than the relationship with the employer itself.

ELISABETH LOPEZ

A very fundamental need for bonding.

EDDY NG

Mm hm, well we see that a lot with social media of course right, getting approval from peers, that sort of thing.

ELISABETH LOPEZ

You're on Up Close and we're talking about the Millennial Generation today. I'm Elisabeth Lopez and our guest is Eddy Ng, associate professor of organisational behaviour at Canada's Rowe Business School.

Eddy, what about women; I mean in female-oriented media we're constantly told that women have a problem with asserting themselves, asking for their pay rises. At least part of the persistent gender pay gap is associated or attributed to women just not putting their hands up. What are women Millennials doing?

EDDY NG

So by and large the Millennials have grown up in a relatively egalitarian environmental, post civil rights, post feminist movement. They've constantly been exposed to messages of equality in schools, so from that perspective we do not expect there to be differences in terms of pay gap or at least a narrowing of the pay and promotion gap.

We extended our study further by looking at the differences in pay expectations between male and female Millennials. And our findings were somewhat surprising, given our initial hypothesis of a much closer pay gap. Despite the fact that there are structural factors - things like discrimination, occupational segregation, as well as personal factors; women have been said to lack the male characteristics that reflect leadership behaviour - all those things are still there, but what we have found is that Millennial women actually do have lower pay and advancement expectations than men. And this is quite surprising.

We have a few explanations in terms of why this occurred. Women today still rely on other women as a source of information. When you speak to other women who are your peers or part of your network or even a mentor, they are less likely to be successful or hold high paying jobs compared to Millennial men. When you receive information from a peer who is already discounted in a workplace, then you're less likely to form high expectations for yourself. So that somewhat dampens the expectations of Millennial women.

The second thing is, despite the fact that we're in the 21st century, we have found that Millennial women do value different things from work compared to men. For instance, women are more likely to value work/life balance, making a contribution to society, that sort of thing, whereas men are more likely to value financial success,

achieving management or senior management status. So given the differences in the priorities that Millennial men and women have, those things actually carry into their pay and promotional expectations.

So we found that women continue to fit into the gender stereotype. They tend to take time off work, have a second shift, they factor...

ELISABETH LOPEZ

[In the] household.

EDDY NG

Right, so they factor those into their own career expectations. That said, women did benefit from the male privilege or the male advantage, as it's referred to. As you know, women tend to be found in social science and humanities type of occupations; childcare, kindergarten teacher, social work. Men tend to be found in the STEM disciplines; science, technology, engineering and maths. Those disciplines tend to pay more relative to social science and humanities type of work.

So when women enter the STEM disciplines they actually end up making more than women who are in social science and humanities occupations. What it means is that they enjoy the benefits that men receive. With that said though, the pay gap is much larger between men and women in the STEM occupations than it is in the social science and humanities occupations.

So, even though we have advanced quite far in terms of having equal employment opportunities, pay equity, unfortunately what we are seeing is that the Millennial women who are in the pipeline, as we call it, still form lower expectations, and lower expectations that are formed in the pipeline just gets amplified when they're in the workplace.

ELISABETH LOPEZ

So the older Millennials are now reaching management positions. Is there any evidence that they are better managers of diversity or think about these sorts of questions about gender and other types of diversity any more than their predecessors?

EDDY NG

Yes. For the most part they have been raised and they have been schooled in an environment that is much more diverse. So if you go to a school in New York or Melbourne or Toronto it would be very uncommon to have a very homogeneous student population. They expect diversity to be in place and they see past that, to the point where they don't like things like affirmative action or equal employment opportunities. That said, the Boomers should be applauded as well because they were the pioneers in the Civil Rights Movement. It was the same generation that advanced women's rights, that sort of thing, and the Boomers are also paying a lot of attention to issues of diversity today in part because they want to leave a legacy behind. They have daughters so they want to make sure that the workplace that they leave behind is going to be a hospitable place for their daughters.

ELISABETH LOPEZ

That's been known to sway even the most alpha male corporate leaders.

EDDY NG

Right.

ELISABETH LOPEZ

Eddy, in contrast to previous generations it's arguably the case that Millennials are at a disadvantage in the labour market. There's a lot more automation, there's a lot of disruption of traditional industries, the paths ahead are no longer quite clear, and obviously we've got the GFC (Global Financial Crisis) as a factor and there is an incredible rise in things like unpaid internships. What is a young person to do?

EDDY NG

That's an excellent question. What we've been hearing a lot is the failure to launch.

A lot of this can be attributed to the timing, what's happening in the labour market right now with the financial crisis. Now first of all, youth unemployment is always higher than unemployment with the general population so this is not unusual. But what is unusual at this point in time, we do see a much higher rate of youth unemployment in advanced developed economies such as the US, Canada, Australia, as well as in developing economies than the past.

One explanation for this is they are launching their careers post 2007. They are at that age where it's hard to gain traction in the workplace. What you'll end up seeing is that Millennials are quote unquote, desperate to enter the labour market. They're much more likely to take on a less than ideal position. Often times they are taking on unpaid internships in order to show up their resume or CV. You hear vignettes of employers taking advantage of the Millennial worker. And I recall this is a generation that has been raised with very high self-esteem, they're not afraid to ask questions and they are entitled.

And this is also the generation that has the highest level of education compared to past generations. There are much more Millennials proportionately that have a post-secondary education, either with college or university degree compared to the Boomers or the matures. So with the education level that they have attained, they are much more likely to expect the same types of jobs that their parents had.

Unfortunately what this had created is an imbalance in the labour market. We have a pool of workers that are over-qualified and yet the labour market cannot absorb that sort of skill set. What the labour market needs would be semi-skilled workers and the Millennials are loath in taking on technical para-professional jobs because of that sense of entitlement.

ELISABETH LOPEZ

Eddy, what do employers typically ask you about managing Millennials?

EDDY NG

When my co-authors and I do talks the most asked question is often are the Millennials always going to be like that? Are they ever going to grow up? A lot of our work is not based on anecdotes, but rather based on data. So we have gone back to look at the Millennials in two batches; those who are already working because the

Millennials are born around 1980 so at this time they will be in their early to mid 30s, so they would have quite a few years of work experience, as well as those who are still in school, in universities and colleges.

So we went back and reassessed them on the 25 work values, and the bad news is very few of those 25 values changed. In other words, as they mature and grow older they pretty much have the same level of expectations in the workplace, although there are some very small noteworthy changes that I think I owe it to the audience to explain.

So what we've seen among working Millennials, those who have been out for quite a few years and how they are different from those who are still in school, is that oddly enough they value salary more. So in other words, even though they have a high sense of entitlement to compensation, they now expect more of it.

It could be because they started off at a much lower salary because of the global financial crisis, we don't know. But three other things have dropped compared to Millennials who are still in school. So they are less likely to want to solve world hunger, they're less likely to want challenging work, interesting work all the time, because as you spend some time on your job, you're much more likely to come to the realisation that your work's going to be very similar day in and day out.

The second thing that dropped was co-workers. Remember how I mentioned earlier they value their co-workers a lot to the extent that they would actually move when their managers move? We find a slight drop in the score; perhaps a reflection on the part of the Millennials where they are starting to value job security in a precarious labour market.

The third thing that we found the scores to drop a little bit between working and those Millennials who are still in school is they are less idealistic now. Maybe the obligations in life such as paying a mortgage, paying your student loan or a car loan have sunk in. They want more salary, they are less demanding in terms of interesting or challenging work, they are less likely to move jobs on account of co-workers or managers moving, and now of course they are less idealistic in a sense that they care less about solving world hunger or saving the world.

ELISABETH LOPEZ

Food for thought. Thanks so much for coming in Eddy.

EDDY NG

Thank you again for having me, it's a pleasure.

ELISABETH LOPEZ

We've been talking to Eddy Ng about the generational divide at work. Eddy is associate professor of organisational behaviour at Rowe Business School, Dalhousie University in Halifax, Canada. His research focuses on managing diversity for organisational competitiveness, the changing nature of work and organisations, and managing the Millennial workforce. He's associate editor of the journal, *Personnel Review*.

You'll find details of Eddy's publications on the Up Close website, together with a full transcript of this and all our other programs. Up Close is a production of the University of Melbourne, Australia, created by Eric van Bommel and Kelvin Param.

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I'm Elisabeth Lopez, thanks for listening. I hope you can join us again soon.

VOICEOVER

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