

GENERATION Y: THE MILLENNIALS READY OR NOT, HERE THEY COME

Introduction

Generation Y makes up over 70 million people in the U.S. With those born between 1977 and 1994 included, they make up over 20% of today's population. The largest generation since the baby-boomers, the Millennials are defined by their numbers. They will have a huge social and economic impact.

There are three major characteristics of the Millennial group: 1) They are racially and ethnically diverse, 2) They are extremely independent because of divorce, day care, single parents, latchkey parenting, and the technological revolution that they are growing up alongside, and 3) They feel empowered; thanks to overindulgent parents, they have a sense of security and are optimistic about the future.

The oldest members of generation Y are now entering the workforce. At the same time, the Baby Boom generation is retiring at a much older age than those of previous generations. This will bring intergenerational conflicts, as well as uncertainty about what the future of America's workforce will be.

This paper will examine who Generation Y is, their attitudes, and how to recruit and retain the next generation.

Who is Generation Y?

Home Life

Family cohesion is alive and well in the 21st century. Generation Y is being raised in the age of the "active parent." Defined by the views of child psychology that predominate and the parental education available, this is the decade of the child.

(*Source: EmploymentReview.com)

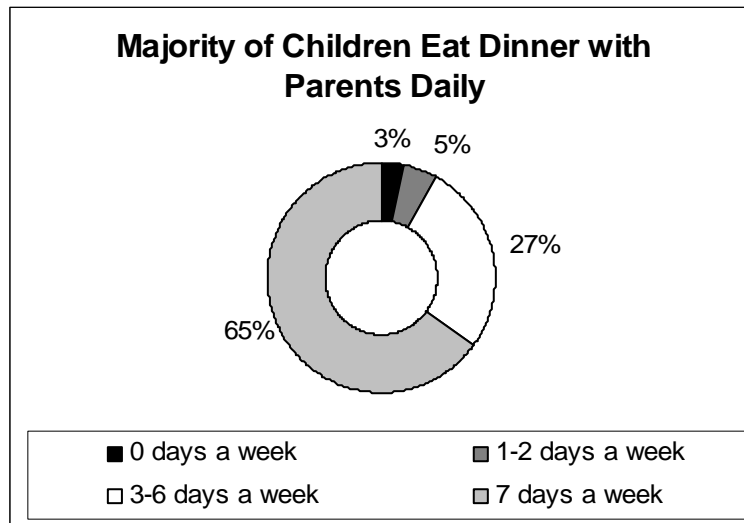
Although over half of all families in the U.S. have divorced parents, there is more time spent with their children than those of the previous generation. The parents of Generation Y view the child as the center of the family.

(*Source: Y Recruiting, Patty Giordani, 2005)

Fathers have entered the child rearing equation and companies realize that time away from the job to spend with the family is very important. Unlike Generation X that came before them, these children are not left to make key decisions on their own; the parents of Generation Y are very hands-on. Parents are involved in the daily lives and decisions of Gen Y. Their parents helped them plan their achievements, took part in their activities, and showed strong beliefs in their child's worth.

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Today, over half of families with children eat dinner together seven days a week. The dinner setting gives parents and children time to discuss important events.



*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census: A Childs Day, 2000

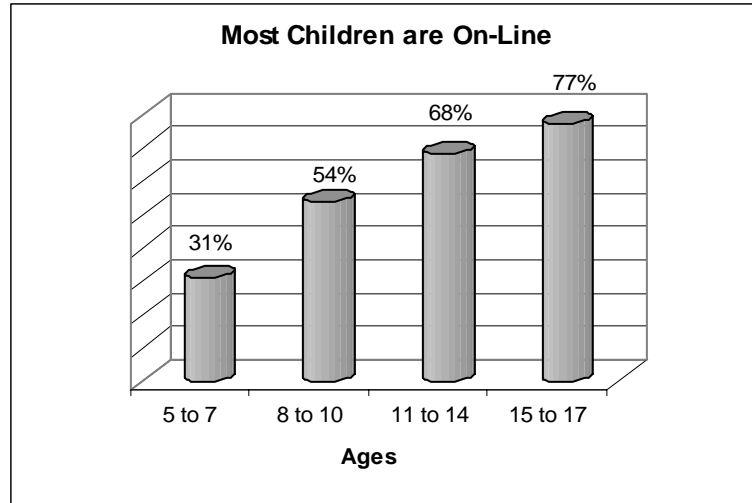
The secure feeling attained by strong parental involvement makes the members of the Y Generation believe they can accomplish most anything, and if they don't, they can always go back home and get help and support. (*Source: Y Recruiting, Patty Giordani 2005)

From a young age, Generation Y is told, through both the media and home, that they can have it all. This generation has a strong sense of entitlement. Striving for a quality of life only known by the rich and famous, wanting the best and thinking they deserve it, makes Generation Y driven and ambitious, with high expectations.

Technology

Growing up in the age of technology has put a computer in the hands of almost every child. They have understanding and knowledge of technology and keep up quite well with its advances. Three out of four teenagers are on-line, and 93% of those ages 15-17 are computer users. The majority of time spent on the Internet is for entertainment purposes. Emailing, instant messaging and gaming is done by the majority of children eight and older who are on-line. (*Source: The Millennials: Americans Born 1977 to 1994; National Center for Health Statistics)

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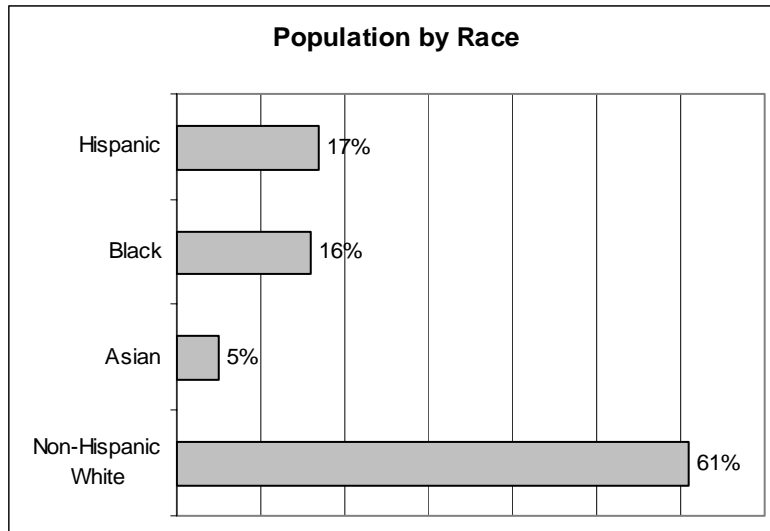
*Source: The Millennials: Americans Born 1977 to 1994; National Center for Health Statistics: Computer & Internet Use by Children and Adolescents in 2001

Unlike past generations, the technological advances in the past decade have put a multitude of choices at the fingertips of Generation Y. The wealth of information available in seconds from the Internet, hundreds of television stations to choose from and a different shopping center every ten miles has given Gen Y members the notion that if they do not get what they want from one source, they can immediately go to another. This relates to employment because Generation Y will question workplace regulations, such as uniform requirements and schedules, and know that there are other options out there if they are not satisfied with the answers. (*Source: Managers Must Set Example for Gen Y Kidpoyees; Employee Recruitment and Molding; Robin Allen, 2005)

Population

Generation Y is a very diverse group. One to every three Caucasian people is a member of a minority group. With the ever growing diverse population, the word “minority” may no longer have meaning to this and future generations. Members of Generation Y are very tolerant of the diversity around them. Working and interacting with people outside of their own ethnic group is the norm, and acceptable.

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*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census, 2000

Characteristics of Generation Y

Generation Y Cons:

Impatient: Raised in world dominated by technology and instant gratification.

Skeptical: In recent years there has been more scamming, cheating, lying and exploiting than ever from the major figures in the media. This includes everyone from rock stars to the president.

Blunt and expressive: Self expression is favored over self control. Making their point is most important.

They are image-driven: Making personal statements with their image is very important.

They are still young: Although they have a “seen it all, done it all” air about them, lack of life experience means that they don’t know everything yet. They are aware of this and are not afraid to ask questions. For this generation, it is better and more time-saving to ask questions, than to waste time trying to figure it out.

Generation Y Pros:

Adaptability: Generation Y is used to adapting and being comfortable in various situations.

Technologically savvy: Growing up in the age of technology and taking advantage of it.

Ability to grasp new concepts: This is a learning-oriented generation.

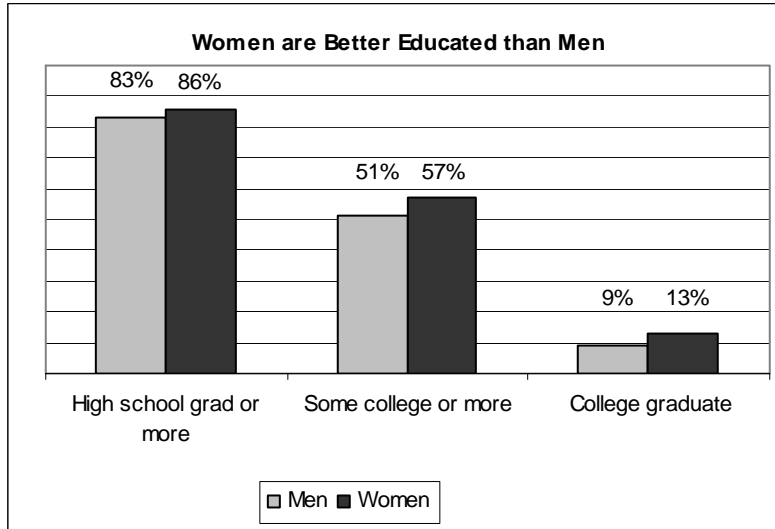
Efficient multi-taskers: They will do it faster and better than their competition.

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Tolerant: Generation Y will make the increasingly diverse workforce feel at home and comfortable.

Education

The Millennials are one of the most educated generations yet, and they love to learn. Going to college is no longer reserved for the elite, it is the norm. Today, 64% of women and 60% of men go to college after graduating high school and 85% attend full-time. (*Source: The Millennials: Americans Born 1977 to 1994; Bureau of the Census: Educational Attainment, 2002)



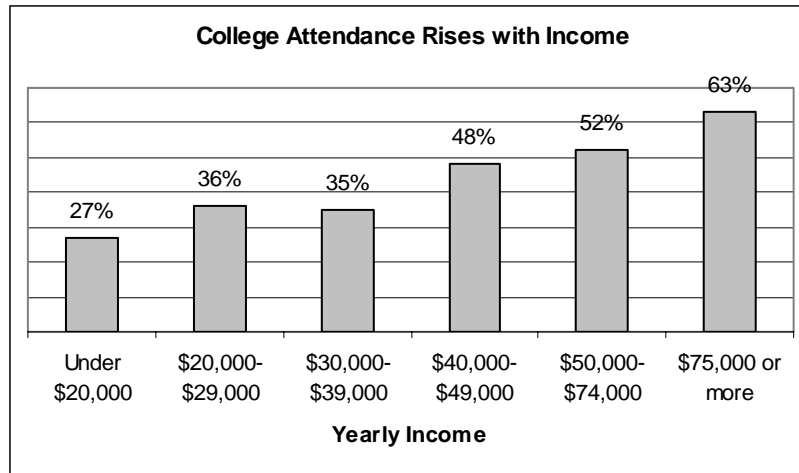
*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census: Educational Attainment in the United States, 2002

There are also many choices in higher education today because of the commonality of attending colleges. There are many alternatives beyond public and private schools, from on-line learning to the traditional classroom.

Most parents want their children to graduate from college. 58% want their children to graduate from college and 28% want them to obtain an advanced degree. Only 14% of parents do not want their children to receive a college education. (*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census: A Child's Day, 2000)

More affluent families have more children that are attending college. The majority of families with children ages 18 to 24 and incomes of \$50,000 or more have at least one child in college. (*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census: School Enrollment-Social and Economic Characteristics of Students, 2002)

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*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census: School Enrollment-Social and Economic Characteristics of Students, 2002

Asian-American women are the most highly educated of the Gen Y'ers. They are the most likely to attend and obtain a degree from a University. 56% have college experience and 16% have a bachelor's degree. (*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Census: Educational Attainment, 2002)

College attendance rates create competition for top schools and top jobs. A 4-year degree is a minimum requirement for most positions. The general attitude is that obtaining a degree will not get you a better career, but will get you in the door. With college attendance rated so high, advanced degrees have become what to strive for to get the position desired.

Here is an example of what those graduating college seniors feel about the job market:

- 51% do not expect job offers upon graduation
- 16% are headed to grad school
- 57% are moving home after graduation
- 56% are willing to relocate for a job
- 34% are concerned that off-shoring will affect them
- 74% think relevant work experience is most important in getting a job
- The national average for expected first year salaries is \$39,500

(*Source: monstertrack.com, Entry-Level Job Market Outlook, Spring 2004)

Employment

Attitudes Toward Work

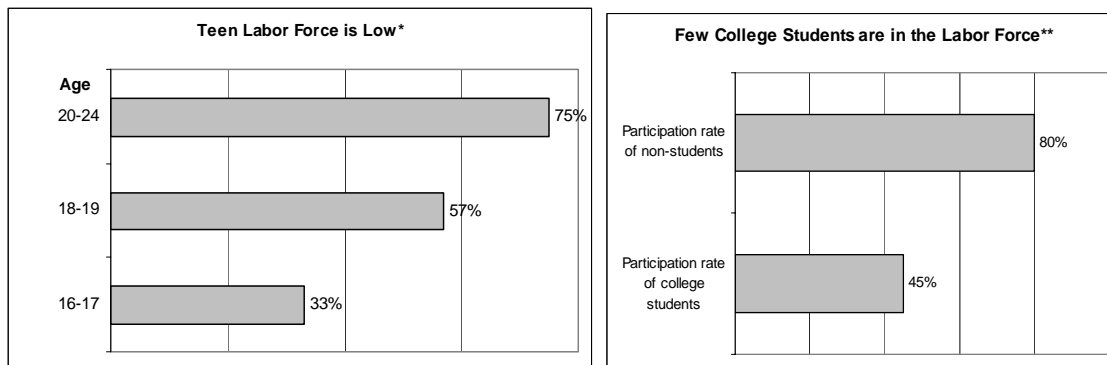
Generation Y wants to start at the top, or at least be climbing the corporate ladder by their sixth month on the job. They believe that they deserve the position they want, whether experienced or not. The members of Generation Y are not against hard work by any means. This is not a lazy generation, just one that expects immediate gratification, due to a childhood of receiving it.

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A few themes in the Millennial labor force are:

- They do not plan on being at the same location for an extended period of time.
- They want to be at the top of the chain right away.
- The Generation Y employee wants to do the work better and faster than their co-workers. Being competitive with themselves and others is in their nature.

Most families of Generation Y are dual-earner households. This accounts for 60% of couples with children under the age of 18. Generation Y expects to work. However, the labor force rates are low among those under age 25, because of school, after-school activities and college attendance rates. The main focus is on education while young.



(*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Labor Statistics, 2003)

(**Source: The Millennials: Americans Born 1977 to 1994; Bureau of Labor Statistics College Enrollment and Workforce Activity of 2002 High School Graduates, 2003)

Impact on the Workforce

With the majority of the current workforce aging, the Millennials are entering the workforce at a time of a demographic shift. There will be a shortage of skilled workers as the Baby Boomers begin to retire and a flood of newbies, as Gen Y enters the workforce.

This is a time when kids are working along side those old enough to be grandparents. This creates a clash of views, and at the same time, a necessary cooperation between generations. Generation Y workers do not want to be seen as children. Generation Y'ers think that they can show others a few things when it comes to work.

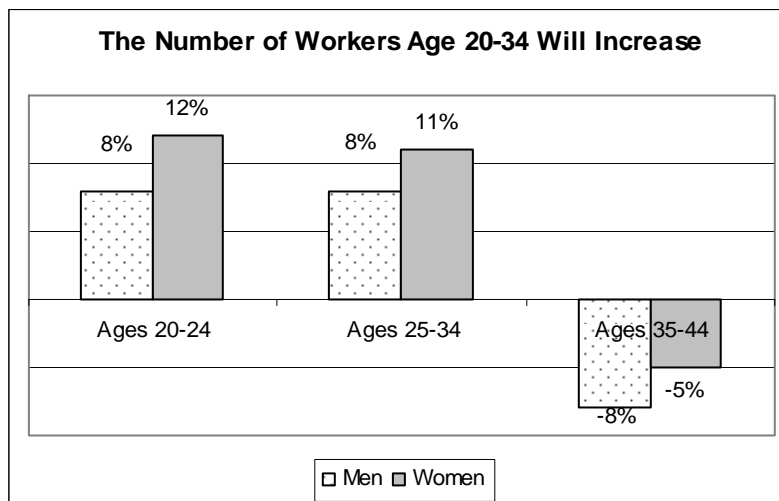
Generational relations can be rough. Both sides of the generational spectrum are dismissive of the other's abilities. This is where the tension is created. According to a survey by Lee Hecht Harrison, 60% of employers are already experiencing intergenerational tensions at work. (*Source: Generation Y: They've Arrived at Work with a New Attitude, 2005)

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Generation Y is expected to get along better with the Baby Boomers than those belonging to Generation X. This is because they are more tolerant of others' views. Generation X thinks that the Y'ers do not want to perform menial tasks in entry-level positions. The feeling of "I had to work to get here, why don't they?" is one of the major obstacles between members of Generation X and Y.

By the year 2012, Generation Y will have filled the 18-34 age group. This means that the number of younger adult workers will increase by 10% between 2003 and 2012, according to the Bureau of Labor Statistics. This happens at the same time the number of workers aged 35-44 will decrease by 6%.

Labor force participation by Generation Y is expected to remain stable in the coming decade, except for an anticipated decline in people age 16-17. This decrease may be because of competition from the grandparents of Generation Y to retain part-time employment as a supplement to retirement savings. (*Source: The Millennials: Americans Born 1977 to 1994)

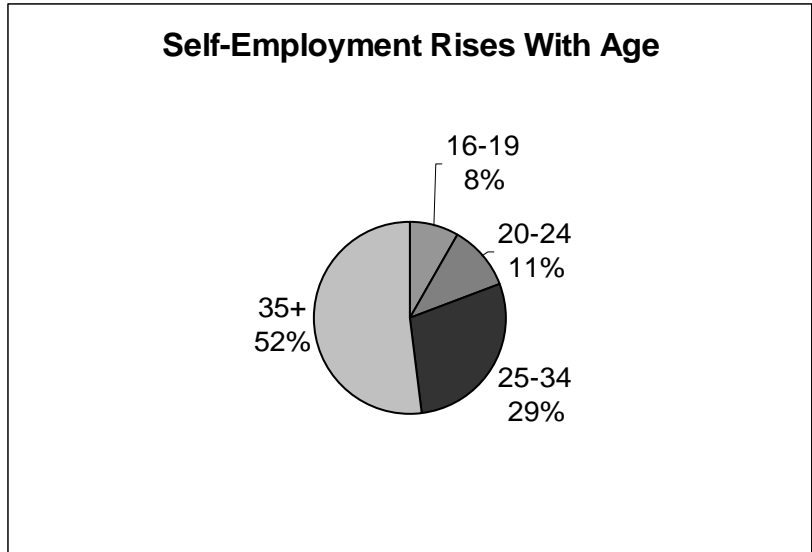


*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Labor Statistics, 2003

Self-Employment

With attitudes the way they are, many of the Millennials would like to be self-employed. However, very few are able to do so because of high start-up rates and the cost of providing health insurance. Only 1.9% of workers under age 25 are self-employed. This figure rises to 5.3% for those between 25 and 34. (*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Labor Statistics, 2003)

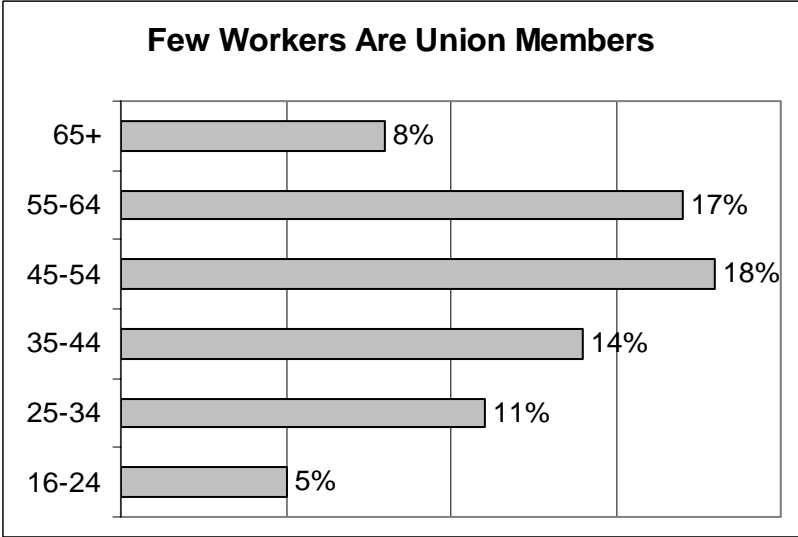
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*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Labor Statistics, 2003

Union Membership

Few Generation Y members belong to unions. Union membership has decreased drastically over the past 30 years. This steady and ongoing decline is due to the fact that the economy rewards employers that have more flexible workers. Only 6% of men and 4% of women under the age of 25 belong to unions.



*Source: The Millennials: Americans Born 1977 to 1994; Bureau of Labor Statistics, 2003

Recruitment

Generation Y will not only help fill in for the number of missing workers the Baby Boom generation is leaving behind; they will also bring along with them fresh ideas and an enthusiastic and motivated workforce.

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To recruit and retain this new group entering the workforce will be a challenge for the employers of America.

The Most Commonly Used Media of Generation Y:

Top 5 general web sites visited:

1. eBay.com
2. Amazon.com
3. CNN
4. MTV
5. KaZaA

(*Source: www.volunteertoday.com/archives%202004/Aug04recruit.htm#ManagingY)

The Most Commonly Used Media of Generation Y for Career Opportunities:

MonsterTRACK.com, Career Fairs and Personal Networking (*Source: Understanding Generation Y: Student Monitor-Media and Lifestyle, Spring 2004)

The decision to take a position or not involves many factors for Generation Y. A good job is no longer defined by monetary gains alone.

Position selection is behavior-driven. Generation Y'ers want to take a job because they want to work there, not because they have to. Making a difference in the world, or the company, is what these new workers are looking for.

Although Generation Y is technologically plugged in, they only appreciate technology when it is useful to them. Email and the Internet have made communication very impersonal; this is acceptable most of the time, but not during the application process.

To catch their attention, you want a high technology campaign that is colorful, upbeat and modern. The key is to distinguish yourself from the rest of the media storm.

Gen Y likes the fact that they can fill out an application for employment from the comfort of their house at all hours of the day. That is about where the convenience of on-line job hunting should end. They are fast to recognize when a potential employer uses technology in lieu of important parts of the hiring process. Adding a personal touch is very important, in order to take away the dehumanizing feeling of the online recruitment process. Generation Y expects to interact with recruiters who are knowledgeable and skillful. They want specifics about the company, the possibilities and the opportunities. Personal contact is very highly regarded and usually taken over hi-tech proficiency in the recruitment arena.

The best people to connect with Generation Y is Generation Y. Questions and concerns are put at ease when answered by an already devoted employee of the same generation. The staff member can let the Gen Y employee in on how the job function really works and the pros and cons of their position. This staff member can serve as the go-to person for your new Generation Y employee throughout their employment.

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Generation Y is heavily influenced by the input of their parents. It is not uncommon for a member of Generation Y to hold off making a decision, even related to employment, without first discussing it with their family.

Hiring the next generation of workers means utilizing new recruitment methods. Eric Chester, author of “Getting Them to Give a Damn: How to Get Your Front Line to Care about Your Bottom Line,” suggests that employers no longer need to hire the best people, but the right people. Using personality profiles to hire people with similar work habits and views will reduce the tension and turnover in the workplace.

Retention

You have wooed, dazzled and broken through the parent barrier. You have secured a member of Generation Y as a part of your team. Now what?

This generation does not expect, accept or understand the same rules and regulations as its predecessors. Elements of the workplace important to this generation include:

1. Good relationships with boss’s and co-workers
2. Income
3. Opportunity for growth
4. Opportunity to show off skills and receiving recognition of a job well done
5. Challenging daily work
6. Flexible schedules for social and personal time
7. A casual dress environment

The attitude of this generation is a direct product of their parents. Being born into the age of “active parenting,” these kids were overindulged, overprotected and over supervised. Because of this, Gen Y’ers want constant feedback. Unlike their predecessors, Generation X, these are not latchkey kids, forced to be independent. These kids know that their parent are behind them, and rely on them for personal and financial support.

Do not assume that their values, work ethic and attitudes are the same as the previous generations. Understanding the needs and wants of the Y generation is one of the most important steps in keeping them as employees.

Steps to Retaining a Generation Y Employee

1. Encourage their values: Any way to show appreciation for their individuality and let them be expressive will keep them around. Allow them to have input into the decision-making process. They want to be heard.

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2. Train them: This is the most education-oriented generation in history. If you want a job well done, tell them how to do it. Complete training and availability of answers is the key.
3. Mentor them: They want to add to your company, not own it. Do not be afraid to give feedback, positive or negative. Make their work valid: Don't just give orders, give the reasoning behind them. If you want them to do something, tell them why, in a way that lets them know the importance of the task to the company.
4. Show them how their work will contribute to the bottom line: They need to know they are making an impact.
5. Provide full disclosure: They value fairness and ethical behavior, while also being skeptical. If they feel you are not truthful, they will not be satisfied.
6. Create customized career paths: This will create a sense of control that Gen Y desires and will provide them with a realistic account of their progress and their future with the employer.
7. Provide access to technology: Having the newest and the best technology at their fingertips will attract and retain Generation Y employees.

The bottom line is that Generation Y is not very different from any other generation; they, too, want to be respected and recognized for their workplace contributions.

In Summary

The largest generation since the Baby Boomers, Generation Y is making waves. Growing up in the age of technology, educational availability and parents who want to give it all to their children has made the members of Generation Y a product of their environment.

Generation Y is the workforce of the future. Employers across all industries will need to understand and appreciate the qualities and values of the Gen Y worker in order to recruit and retain them. A few things to keep in mind:

- These kids are connected: technologically savvy, they are used to using cellular telephones and the Internet as primary means of communication.
- They are career-minded: the work they do should mean something and have importance to them personally and to their company.
- They are confident: products of encouraged self-esteem and educational opportunities, they believe they can do it all.

Generation Y will bring new ideas and values into the workplace. They are highly educated, willing to learn, technologically savvy and motivated. Understanding and being sensitive to the needs of these workers will be the key factor in recruiting and retaining them. If you want them to care about your company, show them that you care about them.

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Generation Y at a Glance

Age

- This Generation includes people born between 1977 and 1994
- There are over 70 million people belonging to Generation Y
- Generation Y is more than three times the size of Generation X

Ethnicity

- Generation Y is the most ethnically diverse generation to date
- One out of every three Generation Y members is not Caucasian
- Nine out of ten children under 12 have friends outside their own ethnicity

Home

- One out of four lives in a single parent household
- Three out of four have working mothers
- The child is the center of the household

Money

- One out of nine high schoolers have a credit card co-signed by a parent
- Teens have an average of \$100/week disposable income
- 40% of teens have a part-time job

Connectivity

- Generation Y seems to be less cynical and more concerned with social issues than Generation X, although whether to act on those feelings is always a question
- 75%-90% have a computer at home
- 50% have Internet access at home

Interaction

- They prefer directness over subtlety, action over observation and coolness over all else
- They are heavily influenced by their peers and the media
- Although technically advanced and saturated, they would prefer personal contact

Status

- They feel crunched for time, always in a hurry
- They have direction and know what they want

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