HR & Millennials: Insights Into Your New Human Capital

A White Paper by the Human Resources Professionals Association
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01

List of Recommendations
- Provide a flexible and balanced work environment
- Strengthen and promote training and skills development
- Implement a mentoring program
- Ensure your organization embraces collaboration
- Ensure salary rates are competitive
- Ensure millennials have an opportunity to grow within your organization
- Offer flexible work options
- Ensure technology is part of the workplace
- Offer reverse mentoring
- Provide managers with generational training
Introduction
ILLENIALS, SPECIFICALLY WORKERS WHO WERE BORN BETWEEN 1980 AND 1995, ARE PROBABLY ONE OF THE MOST DISCUSSED AND DEBATED AGE GROUPS. THEY ARE OFTEN SAID TO BE DISLOYAL, HIGHLY SELF-INTERESTED, AND, BY SOME, EVEN LAZY. YET, ARE THESE CHARACTERIZATIONS ACCURATE, AND SHOULD EMPLOYERS CARE?

Ontario’s economy is changing at a rapid pace and is dramatically different than it was even a few short years ago. In today’s highly competitive global marketplace, talent is mobile and competition for workers between jurisdictions, as well as organizations, is fierce. A recent world-wide survey of CEOs by Price Waterhouse Cooper (PwC) highlighted that retention of Millennials is one of their largest issues.¹

Millennial workers are the future of all Canadian businesses. Today, Millennials represent the largest age cohort in the Canadian workplace², and are steadily moving past entry-level jobs, and into leadership roles. Studies in the United States show that Millennials are now the largest living generation, larger than even the Baby Boomers³, and that trend continues in Canada. According to Statistics Canada projections compiled by Environics Analytics, the Canadian Millennial population will grow past 11 million people, while the next largest generation, Baby Boomers, continues to decline.⁴ It is therefore critical for the human resource industry to understand Millennials – what defines them, how to attract them, retain them, and integrate them into our organizations.

With this goal in mind the Human Resources Professionals Association (HRPA) has undertaken to help its Members understand the Millennial generation by exploring what Millennials look for from their employers and how they can be better transitioned into a new workplace. The recommendations made in this report are based on a literature review of primarily quantitative studies conducted on these issues, as well as a survey of 1,026 HRPA Members, which was conducted online from September 14, 2016 to September 28, 2016.

[PROJECTED MILLENNIALS POPULATION BY (THOUSANDS), CANADA]
SOURCE: STATISTICS CANADA / ENVIRONICS ANALYTICS
Understanding Millennials
O Understand if millennials are indeed different from other generations, the HRPA surveyed its members to see if, based on their own experiences, the average millennial worker has a different set of values or motivations than employees from other generations. The survey found that 90.3% of respondents felt that millennials did tend to have different values and motivations.

However, these differences are not simply the result of their younger age. Many researchers agree the millennial generation is different from other generations, in-part because of the environment they have grown up in. According to a study by the Boston College Centre for Work and Family, there are several environmental factors that have helped create the millennial generation. These included the impact of technology in daily lives such as the internet and smart phones, changes in the availability of secure jobs, and delays in making "adult commitments" such as having children, or getting married. These factors have influenced how millennials have grown up and have also shaped what millennials desire from their employers.

Q - In your experience, on average do millennial workers have different values or motivations than other employees in your workplace?

Source: HRPA Member Survey September 14-28, 2016.

90%  YES, they tend to have different values and motivations
10%  NO, they are the same as other generations
04

What Millennials Want - How to Attract and Retain Them
Understanding that millennial recruitment is different from recruiting other generations of employees is critical for organizations. This is evidenced in the fact that according to the 2010 US National Association of Colleges and Employers, 41% of millennials who were looking for jobs turned down offers, indicating they hold some desires above simple employment.6

At the same time retention is an ongoing challenge for this age group as well. Looking at Canadian millennials, Deloitte found that 61% of millennials said they will leave their current employers in the next four years. This creates a "loyalty challenge" and is caused by various issues such as not feeling fully utilized or mentored.7 HRPA Members are feeling the pressure of this loyalty challenge. In its survey of members 64.1% of respondents indicated that millennials tend to leave their companies faster than other generations.

Within this challenging environment, for organizations to properly attract and retain millennials, they must examine the motivations of millennials, and adjust their employment strategies accordingly. The HRPA’s literature review has identified a number of key millennial desires, and offers the following recommendations:
MILLENNIALS SEEK A WORK-LIFE BALANCE

Millennials desire flexible work arrangements and jobs that allow them a reasonable work-life balance. Many non-Millennials also desire flexible work arrangements, however, Millennials go further and are willing to give up the promise of future increased compensation to maintain a better work-life balance. Only 20% of Millennials wanted promotions if taking one would negatively impacted their personal/family lives.

RECOMMENDATION: PROVIDE A FLEXIBLE AND BALANCED WORK ENVIRONMENT

Having a flexible work environment is critical to most Millennials, yet not always offered by organizations. As a PwC study explains, 28% of Millennials said their work-life balance was “worse than they had expected” prior to joining their organizations.

The HRPA surveyed its Members to see what portion of their organizations have changed their vacation or flexible work policies in order to attempt to improve Millennial retention. The survey found that a full 79.4% of respondents worked at organizations that have not changed their policies, and 20.6% have modified their approach in some way, with 12.6% of respondents indicating they had changed their flexible work policies specifically. In addition, many survey respondents indicated that their organizations have adjusted policies related to various leaves and vacation days.

Rent-A-Centre, a company with a large percentage of Millennial workers, is one company that provides flexible environments as a way to retain employees. Their stores offer staff weekends off on a rotating basis as a way to make their Millennials happy. They have also revised their vacation policies to make them more appealing by allowing new employees to take holidays.
**MILLENNIALS DESIRE PROFESSIONAL DEVELOPMENT**

Research has shown that Millennials would prefer employers offer training and development above all other benefits. This training could come from formal training programs, mentoring, or even collaboration.13

Looking at Millennials broadly, research shows that 63% of Millennials feel their "leadership skills are not being fully developed by their employers." To drive the point further, 71% of those Millennials looking to leave in the next two years identify being unhappy with this deficiency.14 Here in Canada, a full 77% of Millennials at all employment levels felt their company’s ability to provide leadership development for Millennials was “weak”.15 A lack of professional development can come in two primary ways. The first is structured training programs, while the second is through different types of mentorship programs.

**Q - HAS YOUR ORGANIZATION CHANGED ITS VACATION OR FLEXIBLE WORK POLICIES IN AN ATTEMPT TO RETAIN MORE MILLENNIALS?**

*SOURCE: HRPA MEMBER SURVEY SEPTEMBER 14-28, 2016.*

- 79% NO, WE HAVE NOT CHANGED OUR POLICIES
- 13% YES, WE HAVE CHANGED OUR FLEXIBLE WORK POLICIES
- 6% YES, WE HAVE CHANGED BOTH POLICIES
- 2% YES, WE HAVE CHANGED OUR VACATION POLICIES

**RECOMMENDATION: STRENGTHEN AND PROMOTE TRAINING AND SKILLS DEVELOPMENT**

According to a study by the Conference Board of Canada, Canadian businesses understand the value of skills development, and are investing more in training than they did a few years ago. However, investments are still far below 1990 levels. This research found that employers in Canada spend $800 per employee on training, which is considerably lower than what employers spend in the United States. The good news, however, is that the gap between Canada and the US appears to be diminishing.16

Research conducted by the OECD shows that Canadian workers participate in employer-sponsored education at a lower rate that many other countries including the United Kingdom, the United States, and Australia. Yet unlike other countries, the training discrepancy between different types of workers appears to be lower. In Canada there is little difference between the rate of training white-collar workers receive versus blue-collar workers, while white-collar workers participate at a higher rate in most other countries.17

Companies with HRPA Members appear to provide employee training at a high rate. A previous survey of HRPA Members conducted from April 18-26, 2016 showed that 73% of respondent’s organizations invest regularly in employee training. However, 57% of those respondents felt their employers should increase the level of training they provide.

While costs of training may be high for organizations, Millennials demand this type of professional development, and the costs of not providing it might be more expensive in the long run.
The HRPA membership survey revealed that with those Members that attempt to recruit Millennials, the top three tactics deployed to do so are LinkedIn (73.3%), corporate career websites (72%) and school job fairs (62.4%). In addition, other avenues that were often highlighted included internship programs, Instagram and Glassdoor.

**RECOMMENDATION: IMPLEMENT A MENTORING PROGRAM**

Mentoring can have a direct effect on retention rates. According to Brack and Kelly, one survey conducted by Bellevue University’s Human Capital Lab showed that Millennials who participate in a mentor program have a 23% higher retention rate than those that do not.18

There are different types of mentoring programs that organizations can deploy. Some use more traditional forms mentoring such as one-on-one mentoring or group mentoring. While other organizations deploy different methods such as reverse mentoring, which allow more senior workers to learn skills such as technological ones from their Millennial counterparts.19

Another new mentoring model deployed by some organizations is an informal mentoring structure where workers would have a small group of colleagues who act as a “personal Board of Directors.”20

The HRPA surveyed its Members to see what percentage of organizations have official mentoring programs for Millennials or young workers. The survey found that 60.3% of respondents did not have an official mentoring program. Those companies that do have a mentoring program, most often have an informal one. In addition, many respondents indicated their mentoring program was not age-specific, and all employees were able to access it.

**RECOMMENDATION: ENSURE YOUR ORGANIZATION EMBRACES COLLABORATION**

According to the Toronto Star, a study by Career Edge Organization found that Millennials rank collaboration in the workplace as a key priority.21 Meanwhile, a study by PwC which surveyed 44,000 people concluded that Millennials desire collaboration as primary elements of their workplace.22 Millennials look for corporate cultures that prioritize collaboration and a feeling of community.23

**Q - DOES YOUR COMPANY HAVE AN OFFICIAL MENTORING PROGRAM FOR MILLENNIALS OR YOUNGER WORKERS**

Source: HRPA Member Survey September 14-28, 2016.
MILLENNIALS CARE ABOUT THEIR SALARY

Salary rate, and the potential for increased salary, are important to Millennial works. One study showed that 95% of all survey respondents considered salary rates to be important, very important or extremely important, making it the second most important criteria Millennials used when choosing an employer.24

As salary rate is the second most important thing to Millennials who are evaluating employers, it is important that salary and benefits packages are competitive. In the HRPA survey of Members few respondents indicated they used salary directly as a way to retain Millennials, while many more indicated that their organizations have improved benefits packages as retention tool. Items such as different leaves, fitness and enhanced pensions were all mentioned.

MILLENNIALS DESIRE OPPORTUNITIES FOR PROMOTION

According to Ng and Schweitzer, promotional opportunities were ranked as the most appealing aspects of a business. They explain they average length of time Millennials expect to be promoted in is 15.1 months, and almost 70% of Millennials expect to be advanced within 18 months of taking their first job.25 The Boston College study also confirms how important promotional opportunities are to Millennials, but concludes this focus “seems logical… given these young adults are at the beginning states of their careers.”26

However, this does not mean that Millennials are necessarily unhappy with their current rate of career advancement. Indeed, the Boston College study showed that almost 60% of Millennials surveyed were happy with their career advancement progress27, while a PwC survey revealed that 56% of Millennials felt they could be promoted to the “most senior levels” of their organizations.28

Q - DOES YOUR COMPANY HAVE AN OFFICIAL MENTORING PROGRAM FOR MILLENNIALS OR YOUNGER WORKERS?

RECOMMENDATION: ENSURE SALARY RATES ARE COMPETITIVE

Professional development should not be seen as a means to an end. To attract and retain Millennials, organizations should highlight their development opportunities as well as what career paths may be available in their organizations. With existing Millennial employees, organizations must be cognizant of their career tracks and be supportive of their advancement when appropriate.
How do Millennials get along with others and how to transition a workforce?
### Generational Differences

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<tr>
<th></th>
<th>Traditionalists</th>
<th>Baby Boomers</th>
<th>Generation X</th>
<th>Millennials</th>
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<tr>
<td><strong>Assets</strong></td>
<td>Experience; Dedication; Loyalty; Emotional maturity</td>
<td>Service oriented; Dedication; Team perspective; Experience</td>
<td>Adaptability; Techno-literacy; Independence; Willing to buck the system</td>
<td>Collective action; Optimism; Ability to multi-task; Techno-savvy</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>Reluctant to buck the system; Uncomfortable with conflict</td>
<td>Not necessarily budget minded; Uncomfortable with conflict</td>
<td>Skeptical; Distrustful of authority</td>
<td>Need for supervision and structure; Inexperience</td>
</tr>
<tr>
<td><strong>Motivations</strong></td>
<td>Connecting their actions to the overall good of their organization</td>
<td>Leaders who get them involved and show them how to make a difference</td>
<td>Permission to work on their own schedule</td>
<td>Connecting their actions to their personal career goals</td>
</tr>
<tr>
<td><strong>Preferred methods of communication</strong></td>
<td>Written</td>
<td>Verbal; Personal interaction</td>
<td>Voicemail; Email</td>
<td>Instant messages; Text messages; Email</td>
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As baby boomers delay their retirement and extend their careers, we now have up to four generations coming together in workplaces—traditionalists, baby boomers, generation x, and millennials. Each of these generations is unique, and their differences can cause communication and management challenges. To make things more difficult, a move by many organizations to flatten their management structures has caused these generations to work more closely together in these environments than in the past.  

These challenges can cause intergenerational conflicts, which more than 60% of organizations experience, and a study by Ernst and Young showed that as many as 75% of managers find that overseeing these types of multi-generational workforces to be a challenge. That study went on to indicate that 72% of managers found tensions between older generations being managed by younger employees, while 77% felt that each generation had different work expectations which posed a challenge.

The HRPA surveyed its members to determine if they have experienced the same rate of intergenerational conflict. It would appear these types of tensions are slightly less prevalent in organizations with HRPA members, with 54% of respondents indicating they have experienced tensions between millennials and different age groups of workers due to a perceived difference in values or work habits.

Given the extent of the problem, the HRPA surveyed its members to see how many of their organizations have done anything differently in an attempt to integrate millennial employees with the rest of their workforces. Unfortunately, only 9.8% of respondents indicated their organizations had taken steps to integrate millennials. However, of those 9.76%, 94.6% of them indicated the actions their employers had taken did help to improve employee integration.

In the face of these significant challenges, it is important to identify some of the larger pressure points and evaluate different approaches to keep each generation happy.
GENERATIONS HAVE DIFFERENT VIEWS ON WORK-LIFE BALANCE

As Diaz explains, Millennials’ greater need for a work-life balance can create tensions with older workers who may not understand their priorities. However, the PwC NextGen Study found that non-Millennials want greater work flexibility at the same rate as Millennials. Yet as Hershatter and Epstein explain, Millennials may have more confidence than other generations to demand such balance.

**Recommendation:** Offer flexible work options

Options such as compressed scheduling, working from home, and job sharing can all create flexibility that workers require. Ensure your corporate culture embraces these options, so all workers understand they are able to participate in them.

GENERATIONS HAVE DIFFERENT APPROACHES TO COMMUNICATION

The daily use of technology is possibly the most obvious difference between Millennials and other generations according to Hershatter and Epstein. As a white paper developed by Adecco explains, Millennials reliance on technology can often be challenging for generations such as the Baby Boomers, who are much more used to in-person interactions or talking over the phone. However, the use of technology has expanded quickly past more ‘traditional’ forms of communication such as email. As the Pew Research Centre found, out of any age group under sixty, Millennials are the least likely to use email on a daily basis, and instead turn to forms such as texting.

**Recommendation:** Ensure technology is part of the workplace

Millennials will expect their workplace to include digital tools to allow instant connection, and team collaboration.

**Q - HAS YOUR WORKPLACE DONE ANYTHING DIFFERENTLY TO ATTEMPT TO INTEGRATE MILLENNIAL EMPLOYEES WITH THE REST OF YOUR WORKPLACE?**

**Source:** HRPA Member Survey September 14-28, 2016.

90% NO
10% YES
**Recommendation: Offer reverse mentoring**

The introduction of digital tools may satisfy Millennial workers, while at the same time, they could cause issues with older workers. To overcome this challenge, many organizations are using different forms of reverse mentoring, where younger workers are paired with older managers. This process allows the younger workers to teach their older workers about the tools they use as part of their daily lives.39

**GENERATIONS HAVE DIFFERENT REQUIREMENTS FOR INFORMATION**

Millennials desire to know the details of why they are being assigned a task, and often will not hesitate to ask their supervisors to explain. This approach is far different from other generations, who were taught not to challenge or question their superiors, and can sometimes be misconstrued as challenging.40

**Recommendation: Provide managers with generational training of the workplace**

Generational training can be helpful for older managers to understand the needs and motivation of younger workers. It can also be useful for Millennials that take on leadership roles to better understand their older employees.41 This second point is particularly important given that Millennials are taking on management roles at a rapid pace.42

The HRPA surveyed its Members to see what percentage of their organizations currently train their managers on how to supervise Millennial employees. The survey found that 85.6% of respondents did not have specific manager training about Millennials.

Q - DOES YOUR COMPANY TRAIN YOUR MANAGERS SPECIFICALLY ABOUT HOW TO WORK WITH MELLENNIALS EMPLOYEES?


- 86% Yes, we provide specific training and guidelines to our managers
- 14% No, we treat all generations the same
Conclusion
Millennials now make up the largest age group in Canadian workplaces, and are a critical component of the economy. Organizations now operate in a highly-competitive environment for recruitment and retention of skilled workers, and maintaining a stable and talented workforce is becoming more and more difficult. Within this context it is important for organizations to understand how millennials differ from other age cohorts and what motivates them.

Human resource professionals have a key role to play. Only by understanding the differences between generations of workers, and adapting recruitment and retention approaches for millennials specifically, can organizations ensure their workforces remain competitive going forward. Specifically, the HRPA recommends organizations:

1. Provide a flexible and balanced work environment;
2. Strengthen and promote training and skills development;
3. Implement a Mentoring Program;
4. Ensure your organization embraces collaboration;
5. Ensure salary rates are competitive; and,
6. Ensure Millennials have an opportunity to grow within your organization.

Recruitment and retention, however, is only part of the picture to maintaining a stable workforce. As more and more Millennials join the employment ranks and rise into management positions, intergenerational tensions are on the rise. With 3 out of ever 4 managers indicating they find overseeing a multi-generational workforce to be a challenge, organizations must take steps to try to minimize the pressures created. To this end, the HRPA recommends organizations:

1. Offer flexible work options.
2. Ensure technology is part of the workplace.
3. Offer reverse mentoring.
4. Provide managers with generational training.

While some HRPA Members have begun to adapt their recruitment, retention, and transition efforts, the HRPA’s Member survey indicates there is still a great amount of opportunity for organizations to improve in this regard. If companies do not adapt, they risk falling out of touch with their employees, and will fall further and further behind their competitors.
Endnotes


