



## Job fulfilment, not pay, retains Generation Y talent

- New research from the iOpener Institute, which analysed responses from over 18,000 professionals, has shown the digital generation – Generation Y – values job fulfilment over financial reward
- The iOpener analysis clearly shows that Generation Y, the digital cohort born after the early 1980s, are motivated to stay with their employer, and to actively recommend their organization to friends, by the level to which they **are fulfilled their job**, rather than **levels of pay**
- This new analysis provides an important wake-up call for management to pay attention to employee feelings of engagement, empowerment, purpose and future development if they are to retain and foster young talent in their company.
- Specifically, Generation Y need to feel that their work has a strong economic or social purpose. They need to feel proud of their organization and the work that it does. Incremental pay increases will not, on their own, motivate and retain Generation Y employees
- Just as important is the relationship, revealed in this study, between word of mouth recommendation and job fulfilment
- Recruiting talent is expensive. Positive word-of-mouth recommendations across an employee's social network play a powerful role in attracting talent, and therefore provides employers with hard financial advantage



## Introduction

Numerous studies have now recognised that word-of-mouth recommendations are the holy grail of marketing<sup>1</sup>. Nowhere is this more so than amongst the digital Millennials who are Generation Y, the demographic cohort born after the early 1980s and before early 2000s. They are today's 20-to-30-something workforce who have collectively fuelled the socially networked, multi-channel society and represent the management class of the future. This "digital native" generation is the creative engine of the digital economy. Yet they also exhibit a new-found job mobility<sup>2</sup> which, from an employer's point of view, is a ticking time-bomb of potential cost and disruption to their businesses. Organizations do not want to invest in training and coaching key employees only to see the benefits of that investment being reaped by another employer. Therefore, today's organizations need to recognise what motivates Generation Y, and implement effective, relevant talent retention/attraction strategies to build their senior workforce of the future. This paper offers insights from iOpener Institute research which will help address this critical task.

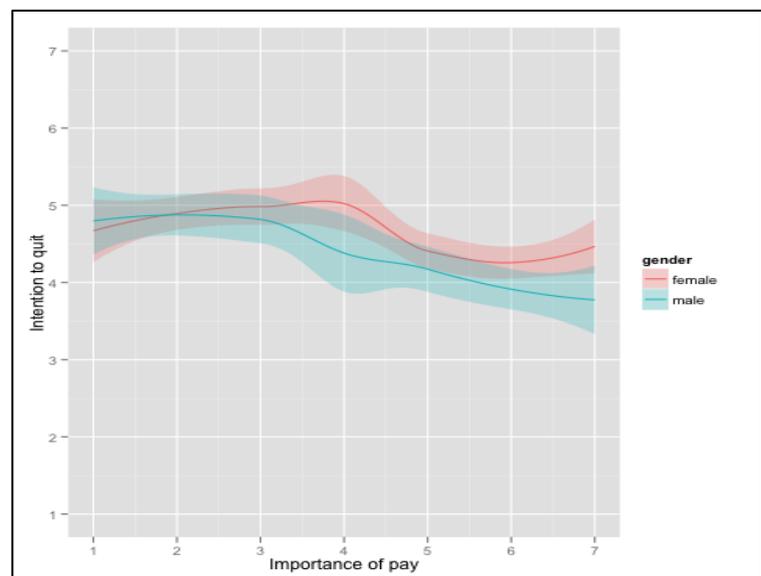
## Retaining talent

A number of studies have investigated the attitudes and expectations of Gen Y graduates and their managers in relation to work<sup>3</sup>. Generally, they have found that Gen Y is very talented and ambitious. But many are not happy at work. The majority are already eyeing the exit and many are planning on leaving their employers within two years. Business organizations therefore need to address the mobility of their Gen Y cohort in order to retain their talents and obtain a return on their investment in these employees.

The Baby Boomer generation, who make up the majority of current senior management, is frequently portrayed as self-centred, unconcerned about the next generation, workaholic and obsessed with earnings, often to the detriment of happiness at work<sup>4</sup>. These attitudes may, in the past, have encouraged businesses to regard earnings as the principal means of retaining talent. However, Gen Y does not share this outlook, and simply throwing money at the talent retention challenge is unlikely to work for the up-and-coming management generation.

This assertion is supported by the first element of analysis in this iOpener Institute report. Figure 1 illustrates that, while pay and financial rewards are not unimportant to Gen Y (i.e., people are not prepared to be *under*-paid for their work), there is

Figure 1. *Throwing more money at Gen Y employees will not keep them in your company.*



<sup>1</sup> For instance, McKinsey Quarterly, A new way to measure word of mouth marketing, April 2010

<sup>2</sup> See, for instance:- Proceedings of the 7<sup>th</sup> European Conference on e-Government, 2007; McCrindle Research, New Generations at Work, 2006, and Generation Y, 2009;

<sup>3</sup> For instance, The Institute of Leadership & Management (ILM) and Ashridge Business School, Managing Generation Y, 2011

<sup>4</sup> See, for instance, Pew Research, Baby Boomers Approach 65 – Glumly, 2010, et al

no significant correlation between increased levels of pay and greater talent retention. Having demonstrated that pay is not the key issue for the Gen Y cohort, the study then moved on to see what these digital 20- to 30-somethings **do** value.

This iOpener Institute research analysis next looked at the correlation between job fulfilment and likelihood of quitting. Job fulfilment was measured by the extent to which people stated that they “love their job”. Here, a very strong correlation emerged, definitively showing that a fulfilling job is what keeps the Gen Y employee on board, not simply throwing money at them. A single point of increase in job fulfilment brings down the intention to leave by 0.8 points. Statistically speaking, job fulfilment (or, rather, lack of it) explains almost 60% of the variance in a Gen Y employee’s desire to leave. This suggests that Gen Y is not inherently interested in jumping ships for the sake of a bigger pay packet. Instead, Gen Y is simply not prepared to stay in jobs that make them unhappy. Management take note.

The analysis in this report suggests that being involved in work that is challenging and interesting is a top priority for Gen Y. The report findings reveal that Gen Y also have to feel that their work is worthwhile and makes a valuable contribution to the economy or society. There is an extremely strong alignment between job fulfilment and feeling that your occupation is doing something worthwhile.

This finding meshes well with the general observation that Gen Y is very civic-minded and interested in volunteering and community service. Managers would therefore do well to help Gen Y by raising awareness of how their organization’s products, services and culture is worthwhile and has a positive impact the on the world. And providing Gen Y with opportunities to contribute to the community through meaningful work will help retain them in an organization.

Figure 2. Gen Y stays in a job because they feel fulfilled, not because of the money

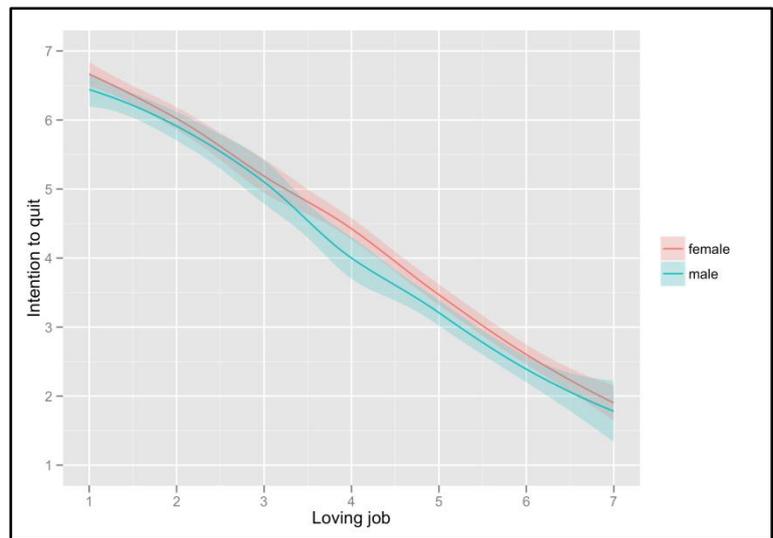
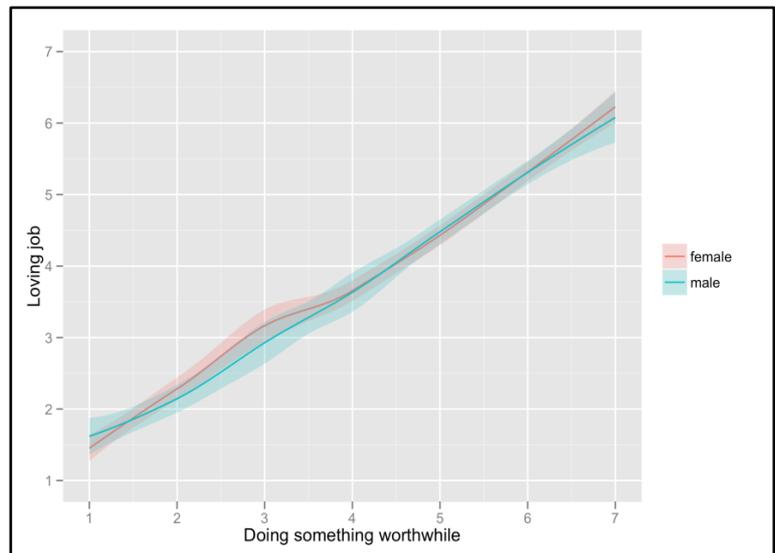
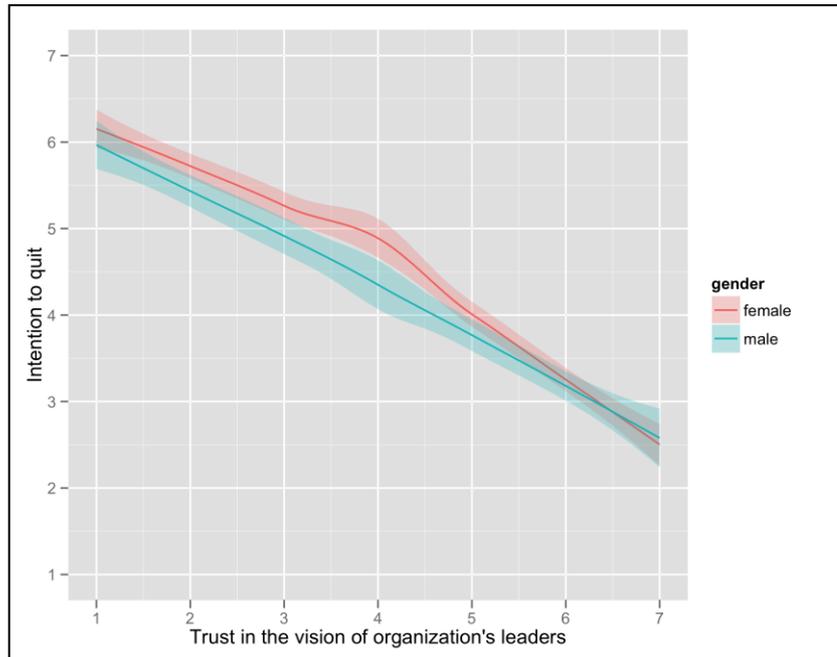


Figure 3. For the civic-minded Gen Y, loving your job is firmly associated with doing work that is worthwhile.



One further factor is worthy of note. Gen Y also needs to believe in the strategic direction that their employer is pursuing. A correlation was noted between the trust that Gen Y employees have in their leaders' vision, and their intention to leave the organisation (see Figure 4). The more Gen Y believes in the leadership's corporate strategy, the less likely they are to leave. This highlights the need to regularly and convincingly communicate key points of corporate strategy, along with tangible proof points of how that strategy is being implemented and the contribution it is making to corporate success.

Figure 4. Retaining Gen Y talent is also dependent on the successful and convincing communication of corporate strategy.

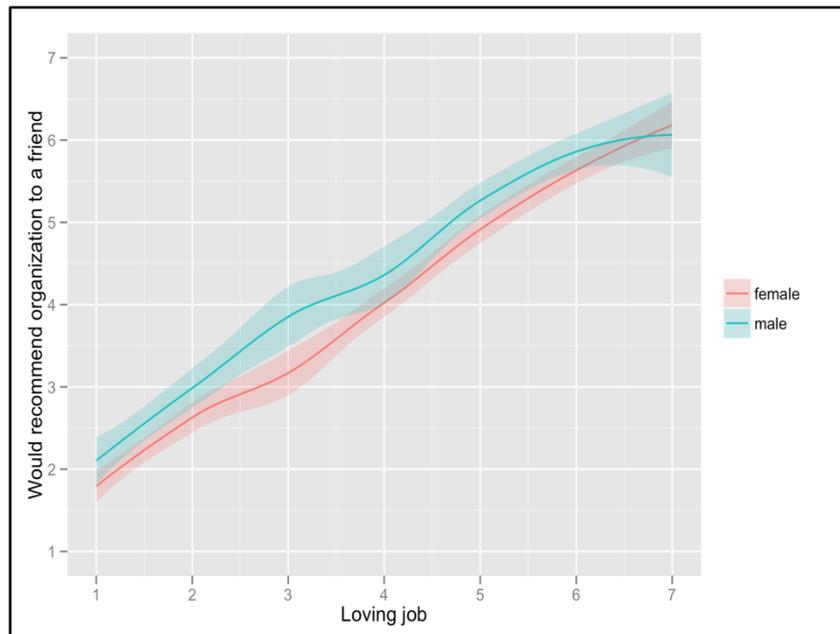


### Finding talent

As digital natives, word of mouth interaction has become much easier for Gen Y, with online and social network infrastructures facilitating such communications and conversations. And companies recognise just how powerful these word of mouth comments – positive or negative – can be. Many companies now invest in 'social media sentiment monitoring' as a barometer of their corporate reputation.

While companies are searching for talent, Gen Y talent is searching for new job opportunities, too. They use social media to tap into their own networks. And through this they form impressions about the organizations their friends and classmates work for. A company's reputation among Gen Y is in the hands of these friends, because they advise Gen Y where to find out about job opportunities and learn about the companies that offer

Figure 5. Job fulfilment is strongly associated with a likelihood of actively recommending your organization to a friend.





them. So, for a company to attract Gen Y talent, its employees must be spreading the good word about their high levels of job fulfilment and enjoyable working environment.

This iOpener research report shows that people experiencing high levels of job fulfilment - who “love their jobs” - are most likely to actively recommend their organization to friends (see Figure 5). The analysis used a 7-point scale to measure job fulfilment and likelihood of actively recommending one’s organization to friends. The data reveals that 48% of the variation from employee to employee in their willingness to recommend their organization to friends can be explained by the degree to which they feel fulfilled in their job. Statistically speaking, this is an extremely strong correlation. Put another way, a one-point increase in a Gen Y worker’s job fulfilment delivers a 0.75 point increase in likelihood of recommending their organization. How proud people feel about their employer organization has a similar impact. Each additional point in organizational pride yields a 0.77 point increase in likelihood of recommending their organization.

## Summary & Recommendations

Businesses are recognising that Generation Y—their up and coming management cohort—is different from the previous generations, especially in terms of job mobility. No organization wants to invest in the next generation of management only to find that they leave and destroy return on that investment. Therefore, it is essential to develop strategies that retain Generation Y talent and attract further top-level candidates in this age group.

This study, based on the analysis of thousands of responses, clearly demonstrates that simply throwing money at Generation Y will not be enough to retain them. Gen Y needs to find their job fulfilling, and to believe that the work they do is of economic and/or social significance. In fact, making sure Gen Y employees feel fulfilled and purposeful delivers a double bubble, in that they will also actively recommend their organization to friends as a good place to work - powerful word-of-mouth advertising for an organization in a socially networked world.

Strategies for retaining and attracting Generation Y talent should therefore include:

- Spread the word every time there is a reason to be proud. Do this often and by word of mouth; use stories to create engagement.
- Build pride within the organization by giving recognition to employees and colleagues. Make it a habit and do it regularly for all types of achievement.
- Create visibility internally about the impact of the organization’s work and how it benefits others, economically or socially. Link the work that individual Gen Y employees do to that bigger picture.
- Ensure that Gen Y employees understand the opportunities on offer within the organization. Tell them how challenging and interesting their future opportunities will be.



## The iOpener Institute and its Methodology

The iOpener Institute for People and Performance, an independent analyst and knowledge repository of management and employee insights, has gathered over 18,000 questionnaire responses from professionals in Europe, the US, Australia, India, China and Africa. Its data cover key components of workforce issues, its analyses provide insights on what affects performance levels, and its independent recommendations suggest experienced methods of improving the performance of organizations and people as a result. The iOpener Institute is based in Oxford, England.