



## A Demanding Future

**Generation Y**, the workforces' newest additions, are posing new & unique challenges for Reward professionals

Following on from the baby boomers born in the 50's and the Generation X's of the 60's, and 70's, Generation Y, most widely accepted to be those born between 1981 and 1993, are fast filling up a sizable percentage of the current working population, so the chances are you are already working alongside and managing Gen Y employees within your organisation.

Feedback from our clients shows that learning how to manage their expectations when it comes to reward, and understanding how effective-reward strategies can be used to motivate and engage a generation that has a very different perspective on the employment package to their predecessors, is becoming ever more crucial to recruiting and retaining the key talent of today (and tomorrow).

The introduction of Generation Y to the workplace has been portrayed (mainly in the media as opposed to personal opinion!) as being a negative influence, with a view that young people are not willing to work hard and reap the rewards in the future; they know what they want and they want it now! However, research and experience is showing that this stereotypical view of young people in business is largely down to the misinterpretation of Gen Y's values, and how they express them, rather than any innate differences between what makes each generation tick.

**So what are the traits of a Gen Y-er?  
Not wishing to stereotype too much,  
the characteristics of Generation Y  
are widely regarded to be:**

- **Techno-savvy and connected 24-7** – Gen Y’ers have never known life without a mobile phone and are more likely to ‘social network’ than email
- **Self-confident** - from a lifetime of support from so called ‘helicopter parents’ perpetually ‘hovering’ in the background
- **Service-minded** – Gen Y are used to tasks being completed quickly and efficiently
- **Optimistic** - they have never experienced a period of economic instability (until now)
- **Environmental** – Gen Y’ers are one of the largest populations to support environmental causes
- **Educated** – For Gen Y’s going into higher and further education is the norm
- **Entrepreneurial** – Gen Y’s nurtured upbringing has taught them to believe anything is possible
- **Bored by routine** – technology has allowed Gen Y to work and communicate how they want, when they want
- **Opinionated** – Just as much Gen ‘Why’ as Gen Y – they have been taught not to take things at face value
- **Success-driven and goal orientated** – Gen Y has less loyalty to employers and are happy to move jobs to get the stimulation and rewards they feel they deserve
- **Lifestyle-centred** – Gen Y has seen their parents work long hours at the detriment of family life; they want a better balance

**How does this affect how you should reward younger employees?**

Globally recognised expert on Generation Y, Peter Sheahan, says he believes “with a better understanding of the Gen Y mindset which drives behaviour, business can better attract, manage and engage this generation. More than any previous generation, Gen Y wants to be CEO at age 26 and they are not prepared to sacrifice their whole life, including friends and family, to get there. They want it fast. ‘The old paradigm: Pay your dues, work hard and then you will be rewarded. Today, that paradigm is reward me now and then I will work hard”

When looking to attract key young talent to your organisation it is advantageous to have a structured reward process in place– something, no doubt you are well aware of – however, what you offer at interview or induction stage needs to come to fruition, as if Gen Y’ers do not feel fairly rewarded, or feel that have not received something they were promised at interview, they are likely to talk with their feet and move on.

**Effective on-boarding**

This is where on-boarding comes in. On-boarding initiatives, where the benefit package is clearly communicated as part of the recruitment process, is an effective way to demonstrate how you will reward and nurture potential employees and is something we have been working closely with many of our clients to implement. Effective on-boarding helps to give a real flavour of the full employment and reward package– something that resonates particularly well with Generation Y employees, who are concerned with how you will fairly reward them for their efforts, rather than just focusing on salary. This also blends well with organisations who already undertake a Total Reward approach to their reward communication as both tangible and intangible rewards are then clear for a new employee to appreciate.

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**Offer flexibility**

Offering a range of benefits through both Voluntary and Flexible Benefit schemes is also a good way to engage with younger employees who are often less interested in traditional prescriptive benefits, in favour of rewards that will enhance their lifestyle. For example as part of flex, holiday trading can promote a good work-life balance, and green initiatives, often less popular with more mature workers, can appeal to Gen Y’s environmental side.

As a result of changing work-place attitudes to reward, some of our clients are taking steps to move away from the phrase ‘work-life balance’ towards ‘sustainable working experience’ where the working environment and the rewards offered support an employee’s way of life – incorporating everything from flexible working, to health and wellbeing, to discounted shopping and more.

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## Keep it online

The tech savvy Gen Y are also likely to be responsive to any rewards that you can base online – as choosing benefits from a web portal will come naturally for them. An online scheme that uses up to the minute technology and is intuitive to the user will impress Generation Y; even more so if the portal is accessible on the move via their mobile or iPhone.

Where older employees may in some cases take a while to grasp the simplicity of using an employer provided online voluntary benefit scheme, for Gen Y, using an online discount portal and collecting cash back is no different from getting the weekly shop delivered or checking your bank account online.

## Don't forget to praise

Finally, one of the most important ways to engage Gen Y is free – a simple thank you and regular feedback is essential to keep Gen Y, who have been used to constant recognition and feedback from parents, teachers and universities, motivated. Make sure that appraisals are more than an annual event, and if possible, tie these meetings into a 'reward review' where you can offer fair rewards for good work and progress. As well as good old fashioned pay rises, an extra days holiday, some shopping vouchers or a months free parking are great alternative ways to engage Gen Y employees who respond well to being incentivised regularly.

## What does this mean for the X'ers and Baby Boomers?

Essentially what Generation Y wants from their employer is not really much different from other generations – they are just not afraid to ask for it. With less loyalty to their employer than previous generations, Gen Y is more likely to move on if they do not get the recognition and overall package that they want – but what is contained in that 'perfect package' is likely to appeal to the majority of employees; previous generations just felt it was inappropriate to make these demands.

As expert Paul Sheehan says, "If you, as an organisation, were to become more Generation Y friendly, you would by default become more employee friendly. You would clearly be an employer of choice. This is because Generation Y want the same things we all want from a job, the only difference being that they expect it. Or, more frequently, they demand it".

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