

# WHITE PAPER

## Gen Y Impact on Strategy

Ready, Willing and Able. May 2008

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## Uncharted Territory

Never before has one generation wielded so much influence on a total labour market and future organisational strategy. Organisations and economies will be substantially affected by Generation Y's collective behaviour with broad implications in both the economic and social arenas. Despite the challenges faced, organisations have an opportunity to proactively harness this colossal force by embracing new ways of thinking. Pierre Sane, Assistant Director General for Social and Human Sciences for UNESCO, has stipulated that we need innovative approaches to build tomorrow's world. This can only be accomplished by giving generation Y a seat in forums to shape it.

The question then becomes obvious, what motivates Generation Y employees and what do organisations need in the future to harness this Generation and to drive strategy?

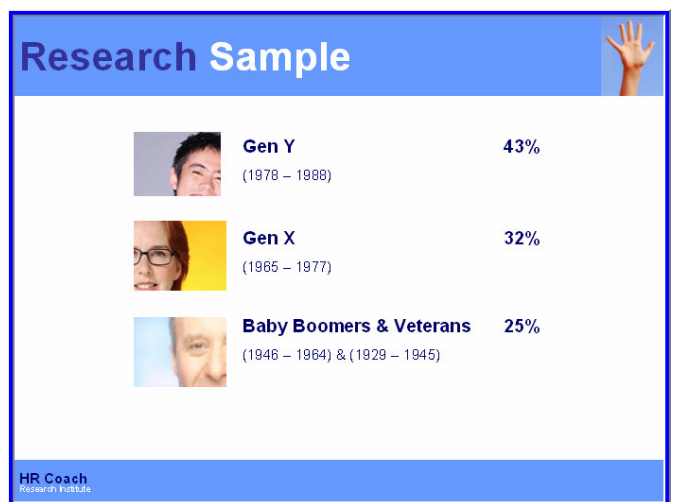
In response to critical market needs, a pilot study was commissioned by the HR Coach Research Institute. It sought to profile and examine a cross section of Generation Y employees and other generations, to develop a greater understanding of what it is that motivates these employees when making decisions relating to employment.

*The Research data pool included Generation Y and also perspectives of other Generations.*

*The results provided an interesting insight. What other generations assume about Generation Y is very different to their own self perception.*

*Which raises the question – are we judging without understanding them?*

**The answer is yes.**



## Generational Push for Change

Whilst exploring international workforce flexibility trends, the HR Coach Research Institute identified the motivations and mobility of Generation Y in Australia was a key driver for organisational strategy to provide more flexible work arrangements. This strain on organisational change, together with the oversupply of businesses and undersupply of employees, is forcing organisations to rethink their employee management and retention strategies.

***Of high importance in attracting and retaining Generation Y is providing a flexible work arrangement, where lifestyle is high on the agenda.***

## Businesses unprepared for Change

It is estimated that there will be a shortfall of 195,000 people within the workforce over the next 3 years<sup>1</sup>. This is placing unprecedented pressure on the business market. With an oversupply of businesses and an undersupply of potential employees, it is inevitable that some businesses will not survive.

A 5 year research project commenced in 2006 by the HR Coach Research Institute is identifying that businesses are unprepared for change. For those organisations that employ between 2 and 100 are under pressure when competing with the corporate market – specifically for Generation Y.

As the war for talent intensifies and hits the Business sector, the harsh reality is that some businesses will be forced out due to the inability to attract and retain Generation Y. However, business owners who proactively address their people and process issues stand a fighting chance and can even flourish in difficult times.

The question is how. And is the answer Y?

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<sup>1</sup> Department of Workplace Relations – Workplace Tomorrow Report Dec 2005

## Productivity – More with Less

With less people in the labour market, businesses will be required to do more with less. It is a fact that different and even difficult times, creates different and better solutions.

So how do we do more with less with a generation that we know little about? It is well documented that Generation Y are not loyal, tend not to stay long in positions and are mercenary in relation to money. Enough is being said about them – and yet little is talked about with them.



The HR Coach Research Institute lead by a Generation Y researcher Udo Doring wanted to find out more. As Udo Doring identified with comments received from participants:

*“Despite popular rumour Gen Y isn’t to blame for third world debt, rising interest rates and the epidemic that is child obesity! We are not slaughtering whales, lopping trees in the Amazon or sabotaging peace talks with North Korea. What we are doing is trying to make it in this big bad world and all this bad press isn’t helping!”*

*“It seems to be a growing trend that Gen Y is being chastised for all that is wrong in the world and quite frankly Generation Y are growing tired of it. Y has become a dirty letter and they are not going to stand for it.”*

Doring states “Following the feedback, I just want to extend an olive branch to our greying friends and broker a lasting peace between the generations. In the fabled words of a great philosopher; why can’t people just get along?”

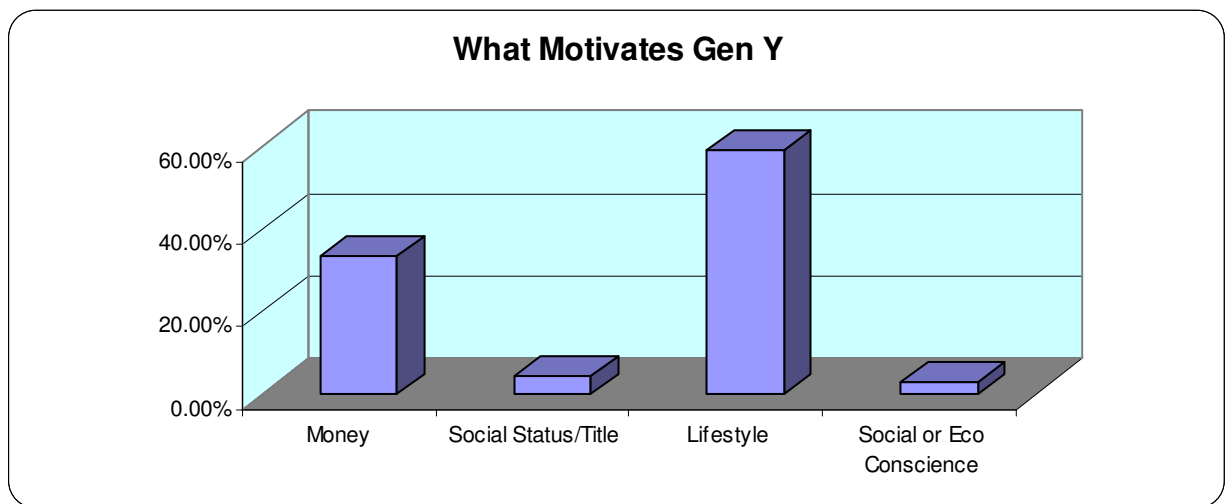
So why aren’t businesses getting the best out of Generation Y? It is simple – we are talking about them – and not with them.

## Generation Y – an opportunity or a threat

The results from the pilot study on Generation Y has been very interesting indeed. Are they misunderstood? Well, not completely but they are certainly grey areas.

What drives them, how do you get the best out of them and what will engage them have been questions that businesses owners constantly ask.

The HR Coach Research Institute identified that Generation Y is very misunderstood in this area – and the results have been surprising.



Yes Generation Y is a threat to businesses – if they are misunderstood, not engaged and underpaid. Are they an opportunity – absolutely! If they are involved, asked what they think and provided an environment of flexibility. This is good news for the business sector in competing with the corporate market in attracting and retaining Generation Y.

Following international flexibility research, it clearly identifies that the business sector which employs less than 200 employees has a competitive advantage for employees as they can provide more flexible job opportunities.

Interestingly, why Generation Y stay in their job and why they leave are two very different things. This places pressure on businesses to constantly second guess the motivations of their people. Businesses that focus on retention will be a step ahead in capturing the heads, hearts and pockets of this generation.

## Are Generation Y – Ready, Willing and Able

Businesses may be asking at this moment – so if it is all about them – what about my business? This is a valid argument and one that has been explored. Where the answer lies is identifying your young leaders today who are ready to take the challenge. The HR Coach Research pilot identified that 14% Generation Y are very interested in involvement in decision making and the bottom line of business.

Of critical importance is that 52% of the same sample group are ready to be groomed as future leaders. This is a positive sign for businesses specifically to compete with the corporate sector for future talent.

In a nutshell, Generation Y are seeking an environment of mutual success. Business owners must respond through genuine communication that their personal success must then create success for business.



*The results have shown that profiling employees to create a mutual success model is important for businesses to strategically manage people resources in growing businesses.*

Louise Broekman  
Founder  
HR Coach Research Institute

Feedback direct from Generation Y on this issue is that they want to be engaged and communicated with – not about.

An interesting response received from a Generation Y in a focus group evaluating the result was – “well it just makes common sense – I want to be connected with my employer. I mean, who wants to work with a dud!”

## Measurement – the starting point

Measuring the motivation, satisfaction and fit for Generation Y in business is critical if that connection is to work. Developing a communication process around measurement is the starting point.

HR Coach, as a result of this research, has developed a program which incaptures strategic business needs and employee satisfaction. In May 2008, it launched the STAR Workplace Program, where businesses engage with their employees. It is also designed to build their Brand as employer which assists in connecting to a Brand Savy Generation Y Market.

## About the STAR Workplace Program

Look for the sign. Businesses who enter into the STAR Workplace Program have taken a proactive approach to attract and retain their people and connect them with their Strategy.

Feedback from Generation Y on the Program has been outstanding.

The STAR Workplace Program enables businesses to assess their own workplace.

Gone are the days where a consultant judges and assesses what you do. What is important is the satisfaction of the business owner and the satisfaction of the people working within the business.

When we measure this – we can see how you create Mutual Success together.

Australian workplaces are not all the same. What matters is how we link people to profit in a way that staff are happy in contributing to business goals. The STAR benchmarking tools have developed to understand what really drives strategy. The four components that are evaluated include:

- Strategy Fulfillment
- Team Satisfaction
- Actions and Processes to Retain Employees
- Results of Performance



By benchmarking your own performance enables teams to gain a better understanding of what makes your business tick. From there, you are in control to develop a plan for Generation Y and other Generations in a way that is right for your business and your staffs individual needs.

Accredited STAR Workplace facilitators who are members of the HR Coach Network review the results with businesses and help prioritise actions and review options for the next six and twelve months.

## Future Research

Preliminary findings from the HR Coach Research Institute is discovering broad implications to business in relation to Generation Y. We would like to know your thoughts. Log on to:

[www.hr.coach.com.au](http://www.hr.coach.com.au)

The more data we have – the more we create a real understanding. Currently the HR Coach Research Institute is undertaking further research in Generation Y from an international and cross cultural perspective. So watch this space.

## Researcher Profile

Udo Doring, a Generation Y, has recently returned from the United Kingdom where he, on behalf of the Queensland Government's Department of Premier and Cabinet and HR Coach, piloted an International Labour study producing The UK HR Index.

He has worked throughout Australia and Asia, specializing in process reengineering and change-management.

## How Professionals Help Businesses

Look for a qualified HR Coach who understands the method of measurement and communication strategies within a proven methodology. We strongly suggest to not develop a HR Plan without measuring your current business in terms of Strategy, Process, Talent Productivity and Satisfaction. Only then, will you know which strategies will help you get connected with Generation Y.

## About The HR Coach Research Institute

The HR Coach Research Institute is the foundation to Australia's largest independent HR Coaching Network of business professionals working with the business sector in developing strategies for growth through effective people management.

Using contemporary management research from the HR Coach Research Institute, HR Coaches have been recognised nationally for innovation in method and business model.



## For Further Information

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