

MANAGING GENERATION Y – A THEORETICAL PERSPECTIVE

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Abstract. *The European labor market faces unprecedented challenges today: four generations that have different work ethics and, at times, colliding working styles meet in the workplace. Moreover, in many regions of the European continent the population is aging at a fast pace, and a shortage of qualified work force that has not been common in the last ten to fifteen years can now be observed. Younger employees tend to leave the organizations they get hired by before celebrating four years since their employment date, yet many do not even stay with a company for one full year. This behavior puts tremendous pressure on the human resources specialists and on the human resources budgets, as the costs related to recruiting new employees and the costs of employee training increase. Human resources management has become perhaps more provocative than before, as working with a team that does not have time to mature due to personnel changes might create disruption of the workflow. The generation Y, which would soon become dominant in the labor market, is known to have some particularities that might influence in a negative way the already difficult situation that more and more employers face. In an attempt to offer human resources specialists a tool to understand what motivates generation Y employees and how could employee retention rate increase within a company, this theoretical paper presents the main characteristics of generation Y as employees and their expectations in a work-related environment.*

Keywords: *generation Y; Millennials; employee retention; human resources management; labor market.*

Introduction

The pace at which the world changes and evolves increased dramatically during the last century. In a fast moving environment where competition for resources is sharpening, both people and companies have to learn constantly. As technology develops, innovations are embraced by commoners, reshaping their way of thinking and influencing their ways of acting. For a company wanting to survive in this competitive market it is mandatory to adapt to the new requests of the workforce, and to make them valuable resources. This fact is determined by an empirical reality: members of generation Y – the generation said to differ significantly from the previous ones – entered the labor market in 2000 and until 2025 they will represent 75% of the global workforce (Delloite, 2016).

In Romania, Millennial employees already represent 45% of the workforce and the largest percentage of them are aged 35 to 37 (INSSE, 2017). This also points to the fact that the employment rates of younger generation Y members are yet far from ideal but also to the fact that there has been a dramatic decrease of births since the early 90s, which is coupled with the significant migration of the younger Romanians. At the same time and perhaps paradoxically, there are companies in IT, retail and Call Centers where the predominant working population belongs to this generation. The managers who work with these youngsters are either part of the same generation and understand empirically how they should act in order to increase their teams' productivity and maintain equilibrium, or they feel a more and more acute need to change their approach and the practices related to communication and leadership in order to be able to perform their designed role in the organization (Hobart & Sendek, 2016).

The demands and motivators in the case of older generations have been studied and are generally known to managers. This is rarely the case with Millennials employees. Their expectations and values concerning the relationship with their manager have only begun to be understood. This article aims to present a comprehensive theoretical framework regarding the characteristics of the generation Y members that interfere with their actions as employees and that can enhance or worsen the relation with their managers.

Literature review

Generational cohorts and generational research

The study of generations has initially attracted marketing specialists, who tried to use it in order to segment the markets and target specific groups of consumers (Arsenault, 2004). The theory regarding generations is based upon the idea of cohorts, which are groups of people with similar beliefs and attitudes, who experience similar problems and share similar experiences in a certain period of time. According to Jenkins (2008), the members of each generation have their own characteristics, values, and attitudes based on events that have shaped their lives. Each generation is believed to have been shaped by powerful external forces (that is, not intrinsically linked to the personality of each member): media, economic and social events, popular culture, values shared by families and friends and used as guidance in action, etc. These forces create unique sets of values that help researchers understand the differences between various generations (Pînzaru et al., 2016).

The literature presents several generations, considering their birth-year periods (even if sometimes they can vary slightly). According to Twenge, Campbell, Hoffman and Lance (2010, p. 1118) there are four generations at work in today's workforce: The Silent Generation (1925–1945), Baby Boomers or Boomers (born 1946–1964), Generation X or GenX (born 1965–1981), and Generation Y (born 1982–1999). It must be noted that this result is based on a U.S. sample and does not necessarily reflect the situation globally (Festing & Schafer, 2014). In addition to this, the people who are born at the beginning of a generational cohort or at the very end of it share experiences with both their own cohort and the previous or the next generational cohort (Benson & Brown, 2011).

Characteristics of Generation Y

Most of the authors present Generation Y members as people born roughly between 1977 and 2000. Twenge, Campbell, Hoffman and Lance (2010, p. 1120) refer to the years between 1982 and 1999 when giving the generational span, and Tapscott (2009, p. 16) points to the ones between 1977 and 1997. It is notable that authors who have addressed this topic have come with a variety of names for the age group. The more frequently used denominations are “Millennials”, “Echo-Boomers” or “Thumb Generation” (Huntley, 2006) and “NetGeners” (Tapscott, 2009). The different denominations are mostly due to the criteria considered by the authors relevant to differentiate between generations.

Most research on this generation was conducted in the United States of America resulting in detailed reports on many representative aspects of Generation Y in this country: demography, ethnicity, lifestyle, political beliefs, religion, technology, and social media usage (Pew Research Center, 2010). Thus, the characteristics depicted in the following section of this paper are mostly representative for the people in this generation who live in the American culture. In Romania, there are few studies to relate to, but the global environment where this generation grew encourage us to state that these youngsters share similar values to the ones in the US, or in other parts of Europe, Asia or Australia. To support this assertion, we refer to a recent research that shows that Romanian youngsters feel that they share certain characteristics with their worldwide peers (Petre & Săvulescu, 2015). Some specificities that have resulted from the fact that some Romanian members of the generation Y lived in the communist era (1977-1989) would be wise to be acknowledged, but a study concerning these potential differences has not been conducted yet.

Overall, many authors consider this generation different enough from all other generations before them (Broadbridge, Maxwell & Ogden, 2009; Pînzaru et al., 2016; VanMeter, Grisaffe, Chonko & Roberts, 2013). However, there are researchers who find them similar enough to other generations at their age (Deal, Altman & Rogelberg, 2010; Guillot-Soulez & Soulez, 2014; Murray, Toulson & Legg, 2011). However, there is at least one important reason for an in-depth study of generation Y: they are the generation with the biggest employee fluctuation (Hobart & Sendek, 2016, Pew Research Center, 2010).

Regardless of the debate surrounding the terminology used to name members of this generation, there is general consensus when it comes to a few characteristics of these people. First and foremost, it is said that they are technology savvy. This generation is gifted on this domain, and if they are asked to solve something in this area, they'll do it quickly and efficiently. This could be an asset for the companies they work with, and some studies even revealed the benefits of practicing the Reverse Mentoring (Hobart & Sendek, 2016), where young employees were mentors for the older ones for technical tasks.

Secondly, they are known to be always connected to their social media accounts, even at work (Millennialbranding, 2013). Trough social media use, Millenials gravitate towards a Social Circle comprising of advisors that they have chosen as guides for them in various domains (The Millennial Mindset, 2017). These advisors come from various

backgrounds, and they are equally people they meet online, and people they know personally.

Thirdly, they are favoring transparency both from the brands they choose to purchase, and from the companies they work for (Millennialbranding, 2013). Through their Social Media accounts, they share their opinions and use the opinions of their peers to influence their decision-making. Being transparent with company policies, and inner workings can go a long way in establishing a sense of confidence. They trust their peers, and they need to trust the leader to become loyal (Millennialbranding, 2013).

Fourthly, they ask for a flexible program, because they need time for their hobbies, for their families, and for volunteering. They are the first generation more interested in making the job fitting to their family and personal life (Spiro, 2006). Accelerated development of technology, the ability to access the information anytime and anywhere (Meier, Austin & Crocker, 2010), their capacity of *multi-tasking*, make possible for this generation the work from anywhere and anytime (Treuren & Anderson, 2010). The research made on a population of 1000 employees from the USA, showed that almost 70% of the employees stated that being in an office regularly is unnecessary and 25% thought that working from home can increase their productivity (Millennialbranding, 2013).

Social consciousness is the fifth characteristic they exhibit. They would prefer to work for a Socially/ Environmentally Responsible company. They volunteer more than any other previous generation and they want to see the impact they have on society and the environment. Millennial consumers expect their favorite brands to help them make their communities better and provide them with the tools they need to impact their world (Hobart & Sendek, 2016; The Millennial Mindset, 2017).

The sixth characteristic is related to thinking globally: they understand the global markets and they are used to interacting with brands and companies from different parts of the world (Hobart & Sendek, 2016). They are also flexible: they could start the college in one country, and finish it in another country, only to choose then to get a job in a different part of the globe. They understand their competition is global and they have to fight to be the best in their domains.

Hobart and Sendek (2016) reveal further enlightening aspects concerning this generation mindset: generation Y members are not indolent, they just refuse to work extra hours at their workplace because they accept to take work at home. Also, they ask colleagues when they need pieces of information and do not search for it themselves because they believe this way they would be more productive and not waste time. They see their career as a marathon, not as a sprint. They have been accustomed to receive participation prizes and rewards for anything they do, since childhood, so they expect appreciation for everything they do and feedback. As regarding their supposed lack of loyalty to companies, one could understand their choice of changing jobs two to three times more than elder generations as a means to gain extensive work experience and use their talents. When they perceive their role as important for the organization and when this role is more important in the hierarchy, they tend to remain longer with the employer (Hobart & Sendek, 2016, Pew Research Center, 2010).

Twenge (2009) insisted upon the fact that generation Y members are egocentric, narcissistic and centered on their own needs. If we look at their behavior in a different light, we see that the way they were raised by their partners taught them to reject the idea that one measure fits all. They see themselves as owners and builders of their personal brand and thus they seek to express their individuality (The Millenium Mindset, 2017). Sometimes they seem spoiled and over-confident (Twenge, 2009; Pînzaru et al., 2016), but in fact they just want authentic leaders to work with them instead of imposed authority figures they cannot respect just because of hierarchical reasons (Pînzaru & Mitan, 2015).

The heterogeneity of Generation Y preferences

The firms today are looking for the best ways to attract employees belonging to Generation Y and to know if the stereotypes or myths associated with this Generation are true, because individuals belonging to the same generation are supposed to have similar attitudes that are also different from other generations (Deal et al., 2010). However, the issue is not only whether employees from different generations should be managed differently, but also whether employees from the same generation have similar attitudes. The authors below found through their studies that the members of Generation Y do have some similarities, but the whole group is enough heterogenic. If the attitudes of members of a generational cohort are not homogeneous, one may question the value of the concept of generation as a relevant criterion for human resource management (Guillot-Soulez & Soulez, 2014). In the same line of thought, Costanza, Badger, Fraser, and Severt (2012) present a meta-analysis of generational differences in job satisfaction, organizational commitment and turnover intentions and conclude that generational differences probably do not exist in these regards.

Some differences have been, however, identified by other authors among members of the same generation – namely generation Y. For example, Maxwell and Broadbridge, (2014) demonstrated that for the UK graduates population, there are differences between men and women when it comes to career transition after graduation. Gendered nuances were found in several aspects of the respondents' views on their career transition, including statistically significant differences: more women continuing their student job after graduation; women being more accepting of starting after graduation in a non-graduate level job; and more women than men encountering gender discrimination in the workplace. The identified nuances and differences appear to be setting the genders on diverging career tracks as early as the transition from university, in that they seem to signal more career progress, even advantage, among the men than the women.

A study conducted in France (Guillot-Soulez & Soulez, 2014) on a population of 592 new graduates with a professional BA in business studies, aged 20 to 26 (41 percent men and 59 percent women), demonstrated using a conjoint analysis that if the whole young graduates from Generation Y prefer job security and a relaxed work atmosphere, their preferences are heterogeneous. The authors describe four different classes of employees regarding the future employer, type of contract and atmosphere at work (Guillot-Soulez & Soulez, 2014, pp.327-328): Class 1 (12.3 percent), "security seekers," is essentially formed around the work contract attribute. These are applicants that are looking above all for job security, and, to a lesser degree, regular working hours. Class 2 (53.5 percent) comprises of the "career-minded," who stand

apart from other classes by their desire to work in a prestigious company in which they can climb the corporate ladder. A high salary and permanent contract are also sources of utility for them. The “balance seekers” make up class 3 (28.6 percent). They are interested in the quality of working life and achieving work-life balance, a motivation illustrated by the strong utility associated with a relaxed work environment, a job close to home, regular working hours and varied tasks. Class 4 (5.6 percent) was named “easy-going” due to the significant weighting of atmosphere; the “easy-going” are looking above all for an informal work environment. Surprisingly, they see utility in several levels that were viewed in a negative light by the other respondents: they value low-profile firms, non-management positions and jobs involving routine tasks.

For Romanian population, a study conducted by Mitan (2014b) using Schwartz Value Inventory (the 52 items variant) brought to light the idea that there are two categories of Romanian generation Y members: the Revolutionaries and the Guardians. Revolutionaries want to discover the world; they are dominant, curious and independent, with a great deal of self-esteem. They do not expect help from others and they want to become influential in the society. They are prepared to work a lot and to create a desirable public image for themselves. They are hedonistic and they search for unusual life experiences, so the author called them daunting thrill seekers. They reject any constraint that religion and culture could impose over them, they distance themselves from their cultural roots, but they also value security and stability. They are pragmatic people and they have a utilitarian approach to life. Guardians are moderate individuals who accept their place in the world, who do not have professional ambitions and who focus mainly on the community they come from. They respect religion and tradition and they do not search for adventure. They are disciplined, they value wisdom and they search for beauty in everything around them. They believe in friendship and they are willing to work for the good of their families and of the communities they belong to. They are open-minded, they love nature, they are tolerant and they do not understand the need for social status. To them, security is the most important thing and they believe that belonging to a hive is the best way to be secure.

As regarding the particularities Romanian youngsters have in a working environment, there are some differences from the profile Tapscott made in 2009 (Mitan, 2014a). There are at least three profiles: The Enthusiasts, the Rebels and the Pessimistic Individualists. The Enthusiasts are attracted by the use of technology and they share the characteristics of generation Y members as pointed out by foreign literature: they are keen on using technology; they are always connected online, even when they relax, they have chaotic work schedules and they do not respect formal hierarchy, but they prove to be competent. They need constant feedback from their managers and they need leaders. Rebels are attracted by ITC and they are keen on using it, but they are idealistic individuals who want to work for CSR oriented companies and they want their work to bring a change in the world. They are more independent than Enthusiasts and less interested in receiving feedback at work. Pessimists are passive, disconnected from the ITC world and not interested in personal development. They do not understand technology well and they use it only superficially. They do not expect managers to trust them and they do not ask for feedback, they are most likely invisible employees, conformists who respect formal hierarchy and do not want to do teamwork.

Instead of conclusions: challenges of managing generation Y

For the first time in history, four different generations (Veterans, Baby Boomers, Generation X and Generation Y) need to work, collaborate and be productive together. After the retirement of Veterans and Baby Boomers, Generation Y is the most recent cohort to enter the workforce. "Workplaces are being redefined and organizations are being pressed to adapt as this new wave of workers is infused into business environments" (VanMeter, Grisaffe, Chonko & Roberts, 2013). The first challenge managers have in working with generation Y would then be defined by the reality that they have to create a work environment in which generations that differ visibly, at least regarding the way they understand authority, have to collaborate.

A second difficulty comes from the fact that generation Y members tend to change jobs rather frequently. According to a study made by LinkedIn (2016), on 3894 human resources and talent specialists from different countries (Canada, USA, Mexico, Brazil, Great Britain, France, Italy, Spain, Germany, China, India, Australia and New Zealand), the average time spent in a job by young people from the Generation Y is four years. Thus managers face a double pressure: to work with generation Y members and to retain them. These tasks might be even more difficult than estimated, as studies conducted in the United States and Australia demonstrated that Millennials are emotionally detached from the companies they work for (Rawlins, Indvik & Johnson, 2008). However, Kaliprasad (2006) pointed out that the ability to retain employees depends significantly upon the ability to manage them. As human resources specialists stated that employees are leaving managers, and not the companies they work for (LinkedIn, 2015), the exigencies imposed upon managers seem to be ever-growing. To make things even more complicated, there is only a small number of specific studies that would reveal ways to retain generation Y employees more within a company, although insightful studies presenting their attitudes as consumers and their values have been published (e.g. Deloitte, 2016; Pînzaru et al., 2016; Manpower, 2017).

Having in mind the important role played by the manager for the sanity of the company and for the equilibrium at the workplace, and taking into consideration the characteristics of the employees from this generation, the role of the manager is currently changing: the leader should be a *coach* and a *mentor* for his employees (Honore & Schofield, 2012; Miller, Hodge, Brandt & Schneider, 2013). This is the third and perhaps the most personally challenging task for managers to rise to. Because Millennials are the most educated generation until now and because of their supposed tremendous growth potential (Pew Research Center, 2010), they are not necessarily looking for a manager with very good technical skills, or who has all the answers. They are known as problem solvers, they know where to find the answer, even if they don't have it, they are used to look for it in real time and that is why they are looking for a manager to trust and to respect for his experience and for his ability to understand the employees, a manager who treats them as individuals and not as standard parts of a mass.

Future research based upon this theoretical framework would present the results of a survey-based research conducted in Romania, with generation Y employees from the major cities as respondents.

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