

Generation Y in the Workplace Australia

Prepared by
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What do you do?



Manpower®

Generational Talent Management

In today's workforce four generations work side-by-side: Veterans or Pre-Boomers, Baby Boomers, Generation X and Generation Y. Each generation has different attitudes and expectations regarding their jobs and careers. The generation who have entered the workforce in the past decade, Generation Y, is exhibiting some very distinctive characteristics when compared to their older counterparts.

Generational differences have real implications on how employers and employees interact. Each generation brings a unique set of attitudes to the workplace and often they do not fit the expectations of today's leaders. In order for companies to fully benefit from the skills and perspectives of the new workforce, they must incorporate a Gen Y outlook into their cultures, organisation and management styles.

In undertaking this study, it was recognised that Gen Ys should not be considered a single homogenous group. This report profiles Gen Ys under 25 and Gen Ys over 25 in order to provide a deeper understanding into these very different sub-generations. The younger Gen Ys aged under 25 who are now entering the workforce, have very different priorities compared to older generations; because of their reliance on technology, they believe they can work flexibly anytime, anywhere and that they should be evaluated on work product, not on how, when or where they got it done. Is this different from many of today's knowledge workers regardless of age?

There is an assumption that all Gen Ys are the same, that is they do want long-term relationships with employers, but on their own terms. However, the biggest difference is that both Gen Xs and Gen Ys were raised in a consumer-driven service economy and expect to influence the terms and conditions of the job. Gen Ys are the children of Baby Boomers and as such have not really had to "want" for anything, and this has impacted on their work-life balance. Boomers and older Gen Xs live to work, while the Gen Ys work to live - and this attitude alone suggests a big difference.

The talent shortages the Australian market is currently experiencing, has allowed employees move jobs and change careers more frequently. As a result, Gen Ys have therefore been categorised as frequent job-changers however this is the case across all generations.

Research shows that Baby Boomers place emphasis on work as an anchor in their lives, and although Gen Xs enjoy work, they are more concerned about work/life navigation.

Generation Snapshot

	Total No.	% of Australian Population Aged 14+	% of Workforce
Baby Boomers	4,429,000	26%	33%
Generation X	4,386,000	26%	34%
Generation Y	4,081,000	24%	26%
Older Generation Y (Aged 25+)	1,331,000	8%	10%
Young Generation Y (Aged under 25)	2,750,000	16%	16%

See Appendix for Generation definitions.

Generation Y comprises one quarter of the Australian population aged 14+.

For the purpose of this report, Gen Y is compared predominantly to Gen X, however the distinguishing characteristics of Gen Y have also been compared to the population in general.

Social Attitudes & Values

Government, Obedience, Respect, and Globalisation

In regards to issues of trust and respect for government and authority, the older the generation, the less respect and trust you have.

Gen X (benchmark group) are 6% more likely to distrust the government than the general population and 10% more so than younger Gen Y. This group have no real opinion on how the Government is doing in running the country, and are exactly the same as both Gen Y groups in the slight disregard for authority. Globalisation is of little concern for this group compared to older generations.

Older Gen Ys, like the Gen Xs, are more likely to distrust the Government than the general population and 10% more so than younger Gen Ys. While they are less inclined to think the government is doing a good job, they are not as vocal as the younger group and also have a slight disregard for authority. Globalisation is not perceived as an issue for this group and they are a little more positive than their younger counterparts, being 15% less likely to consider this a problem than the general population.

Young Gen Ys are 4% more likely to trust the government than both older Gen Ys and Gen Xs however they are less inclined to think the Government is doing a good job and have a slight disregard for authority. This group perceive the least issues with Globalisation of all generations.

Technology & the Future

Technology, Speed of Change and Looking Forward

With the fast pace of new technologies in the past few decades, younger generations have been exposed to technology such as email, the internet, mobile phones and much more high-tech products whilst growing up so tend to be more comfortable with technology than older generations who have had to learn how to use technology at a later life stage. Gen Ys have been able to take this technological understanding into the workplace. However they are not quite as optimistic about the future as older generations.

Gen X (benchmark group) While they are coping well with the changing technology, they are almost 34% less comfortable with this issue than the younger Gen Ys. While Gen X do not cope as well as Gen Y with changes in the workplace, they are very optimistic about the future.

Older Gen Ys While changing technology is a part of their life and they are comfortable with the changes, they are less comfortable with it compared to their younger counterparts, although still more comfortable than the Gen Xs. They are the most optimistic of all generations about the future and 8% more so than the average person in Australia.

Young Gen Ys Changing technology is a part of their life and they are 34% more comfortable than the Gen Xs and 13% more comfortable than the Older Gen Ys. They are also positive about the future, but less so than the other two groups.

Lifestage and it's Impact on Values & Opinions

Marital Status and Living Arrangements.

The key issue with considering an homogenous approach to an artificially labelled group is that they are not homogenous.

Gen Xs (benchmark group) this group are older and therefore much more likely to be married (72% are married). Many have children (61%) and this fact alone provides a wake up call to the realities of life. Only 16% own their own home, half are paying off a mortgage and one third are renters.

Older Gen Ys are just moving through the early lifestage changes and are fairly evenly balanced with 46% married or living in a de-facto relationship and 54% still single. They have moved out of the nest, with just 16% still at home. The rest are evenly divided between living in a relationship or sharing a house. Children are starting to have an impact on the older Gen Ys with 25% of them now parents. 57% are currently renting, however with rapidly rising rental prices, this group may be forced to purchase property earlier than anticipated.

Young Gen Ys Only 15% are married. 58% of this younger group still live at home with their parents. It is easier to have a care free attitude to work and life when you have no real financial burdens. The next largest group are living the "Friends" life with 20% sharing a household. The joy (or burden) of kids is yet to come to this group and either has home ownership with 45% still renting.

The Serious Side of Life - Work, Work, Work

Work Status and Education

Generation Y is the most formally educated generation with 23% having completed high school.

Gen Xs (benchmark group) work is a very natural fact of life with 78% of all Gen Xs employed and most of them working full time. They are well prepared for work, 40% have a degree or diploma; they comprise 35% of all people in Australia with a degree or diploma.

Older Gen Ys are more like their Gen X counterparts than younger Gen Ys. 77% are working of which 57% are in full time work. This represents 763,000 of Gen Ys. This group are better educated than Gen X, with 46% having a degree or diploma and 12% still completing university.

Young Gen Ys are working their way through their education as 61% are now working, 29% full time and 32% part time. They are not yet as well prepared with just 16% holding a degree or diploma; however 21% of them are still in university so they will ultimately be a well-educated group.

Income & Spending

What impact does money have?

Gen Xs (benchmark group) With a large proportion being tertiary educated, it is not surprising that they are succeeding financially with 33% of them earning over \$50,000 per year and 60% earning over \$30,000. They also have a large disposable income, and are ranked as the biggest spending generation. A little over half feel financially stable, however this is 8% less likely than the rest of the population, predominantly stable boomers and pre-boomers. With the large portion of Gen Xs paying off their homes, it is not surprising that they are the most worried about current interest rates, 17% more than the population.

Older Gen Ys Although the general consensus is that this group are disgruntled about pay, they are only marginally less satisfied when compared to older generations. They are however succeeding financially with 23% earning over \$50,000 per year and 55% earning over \$30,000 per year. Unlike younger Gen Ys, only 7% are earning less than \$15,000 per year. Older Gen Ys are slightly more conservative with their money and are considered medium to big spenders. Nearly half believe they are stable financially, however they are 16% less likely to feel stable compared to the population.

Young Gen Ys are just starting out with only 20% of them earning over \$30,000 per year, another 21% earning less than \$15,000, but they still live at home so the majority (41%) are medium discretionary spenders.

What Industry Groups Attracts Them?

The Community Services industry is the dominant sector across all generations with the exception of young Gen Ys, who are still in Retail jobs.

Gen X (benchmark group) are dispersed across a number of industries. 20% work in Community Services, 9% in Manufacturing and 8% in Finance, Property or Business Services.

Older Gen Ys show a similar profile to Gen X with Community Services (16%), and Finance sector in the top three industries, however Retail overtakes Manufacturing with 11% of Older Gen Ys working in this sector.

Young Gen Ys This group are more likely to work in the Retail industry than any other generation, accounting for 17% of Young Gen Ys. Recreational/Personal (10%) and Community Services (9%) are the other sectors younger Gen Ys are involved in.

What Roles Are They In?

Whilst Baby Boomers still dominate management roles, Gen Xs are hot on their heels and Gen Ys will be the managers of tomorrow.

Gen X (benchmark group) most of this group have opted for white collar jobs with 42% working as managers, professionals or white collar workers. Other occupation groups, include sales and service workers (26%), and trades or labouring (21%).

Older Gen Ys The largest number of this group are working as managers, administrators or professionals (37%) followed by sales and service jobs (32%), another. Trades and labouring account for 22%.

Young Gen Ys This group are moving from their education into the full-time labour force so few have yet made it to management and professional roles, but 200,000 of them (7%) have. Those who are working, are currently in the entry level career path of the sales and service industries (40%) with trades and labouring attracting 22%.

What Type of Employees are They?

Gen X (benchmark group) One third of Gen Xs believe they are intellectuals, which is 3% more likely than the population. More than one half of Gen X's are success-driven and 42% are risk-takers, 10% more likely than the population. 70% are time-poor, making them the most time-short generation, 15% more so than the remainder of the population. They consider themselves leaders rather than followers (53%) and are 8% more likely than the population to think so. Job responsibility is a driving force for this generation with 71% stating it is important in their role.

Older Gen Ys are less confident than younger Gen Y's in their intellectual ability (45%) but are still 34% more likely than the population. 67% of them are success-driven and half believe they are leaders, rather than followers. Half of older Gen Ys are risk-takers, and are 42% more likely than the population to be so. After Gen X, they are the extremely time-poor with 65% believing there are not enough hours in the day. Compared to other generations, older Gen Ys place the greatest importance on responsibility in their role.

Young Gen Ys are the most success-driven generation with three-quarters stating it is important to them. They show a similar propensity to lead rather than follow to the Older Gen Ys and Gen Xs. Young Gen Ys are extremely confident in their intellectual ability with more than half of them considering themselves as intellectuals. They are also the biggest risk-takers with 62% believing risk is important for innovation. Again, job responsibility is a driving force for this generation however not as important as older Gen Ys.

What Do They Really Think About Their Job?

Job Satisfaction, Pay, Engagement and Attitudes

	Overall Job Satisfaction	Job Recognition	Future Opportunities	Current Pay	Job Security	Dealing With Customers	Receive Sufficient Training	Engagement With Management	Intention To Change Jobs This Year
Gen X	61%	44%	33%	41%	44%	60%	45%	41%	21%
Older Gen Ys	54%	41%	34%	35%	38%	53%	38%	34%	26%
Young Gen Ys	44%	33%	27%	29%	32%	47%	39%	29%	21%

Gen X (benchmark group) Most of this group are relatively satisfied with their current job (61%) but when it comes to all other attributes, they are not as happy with the level of personal recognition, future opportunities, pay, training and engagement, this group's overall engagement score is just 46%. They have been working for some years and job security is an important issue. This group do not yet realise what a tight job market means and that they are now, more than ever, in control of their career and where they want to take it.

Older Gen Ys are becoming more similar to the Gen X group as they grow up and life takes hold, with more than half being generally happy with their current job. Like Gen Xs, their biggest concerns are future opportunities, engagement with superiors and pay. Despite the fact that they are generally more satisfied than the younger group with an overall engagement score of 40%, more than one quarter of them (344,000) are looking to change employers this year.

Young Gen Ys are least satisfied with general job satisfaction, however this would be the case in any generation when they were this age. They are very disgruntled with all other workplace issues, with future opportunities being their biggest concern together with pay and engagement. Their overall engagement score at 34% is the lowest of the three groups. Despite this they are not about to jump ship as with just 21% wanting to change this year, the good news is that 79% are not actively looking for a new job (yet).

They're Leaving, But Where Are They Now?

Intention to change jobs compared to the capital city working population

		Sydney	Melbourne	Brisbane	Adelaide	Perth
Gen X	Percentage	24	19	11	6	8
	Index	135	125	135	142	119
Older Gen Ys	Percentage	24	24	11	5	9
	Index	151	179	123	122	163
Young Gen Ys	Percentage	20	20	11	5	10
	Index	118	136	133	115	148

The above analysis compares the proportion of each generation who are intending to change jobs in the next year with the proportion of the markets population intending to change.

Gen X (benchmark group) While Sydney has the largest percentage of Gen Xs considering changing jobs, the propensity to change is highest in Adelaide, followed by an even propensity score in Sydney and Brisbane. While Melbourne has 19% of the group intending to change jobs, this market has the lowest propensity score, so perhaps the most satisfied group of Gen Xs.

Older Gen Ys Big city means big pressure, with Melbourne, Perth and Sydney older Gen Ys having a very high propensity to change jobs this year with Melbourne at 179 (79% more disposed to change jobs than the other groups), Perth also looks very worrying for employers with a score of 163.

Young Gen Ys Again, Sydney and Melbourne have the highest percentage of this group considering changing jobs, but these markets also have the highest number of young Gen Ys. Perth is clearly the city with the highest propensity to change jobs this year and is in fact 12 points stronger than the next city of Melbourne. In this group those in Adelaide seem to be the most content.

What Industry Are Job Changers Current Working In?

		Professional	Associate Professionals	Trades	Advanced Sales & Services	Intermediate Sales & Services	Elementary Sales & Service	Production & Transport
Gen X	Percentage	23%	11%	14%	2%	15%	7%	9%
	Index	121	122	140	187	111	105	143
Older Gen Ys	Percentage	27%	12%	11%	2%	24%	8%	3%
	Index	183	144	142	241	171	108	99
Young Gen Ys	Percentage	8%	7%	12%	1%	24%	29%	6%
	Index	150	155	143	277	155	143	173

This analysis looks at the probability of job changers by job type from the percentage of subject groups who intend to change jobs, and then compares that percentage, to the percentage make up of the industries population to provide the weighted probability index.

Gen X (benchmark group) while professional roles have the largest percentage of Gen Xs considering changing jobs this year, the propensity to change is highest in advanced sales and related services roles, with Gen Xs in this occupation group 90% more inclined to change jobs than the general worker. Professional services and intermediate sales jobs are also under pressure with high scores.

Older Gen Ys Advanced sales and services work, is also not very appealing to this group, with the probability of changing jobs this year being 1.4 times more likely than the rest of the industry. The next highest occupation group is professional services and intermediate sales and services.

Young Gen Ys Again, advanced sales and services work is not very appealing to this group, with the probability of changing jobs this year being 1.7 times more likely than the rest of the group. The next highest industry is production and transport. Employers in these industries will need to pay particular attention to engage these workers or they will leave.

While the sales and services industry covers a wide variety of job types including retail sales, call centre sales, and various other sales roles, there appears to be a universal discontent with Gen Ys for this type of work. Employers in these industries will need to pay close attention to the engagement factors of the Gen Y staff as having an intention to change jobs being 2.4 to 2.7 times higher than the rest of the industry should be taken seriously.

Are They Working For You?

There are certain jobs within industry groups that are under real threat.

		Hospitality Workers	Sales
Young Gen Ys	Number of workers intending to leave now	TOTAL 41,000	TOTAL 176,000
		Sydney 7,000	Sydney 39,000
		Melbourne 6,000	Melbourne 33,000
		Brisbane 2,000	Brisbane 17,000
		Adelaide 5,000	Adelaide 13,000
		Perth 4,000	Perth 15,000
		Other 17,000	Other 59,000
Older Gen Ys	Number of workers intending to leave now	TOTAL 11,000	TOTAL 41,000
		Sydney 2,000	Sydney 11,000
		Melbourne 5,000	Melbourne 7,000
		Brisbane 0	Brisbane 5,000
		Adelaide 0	Adelaide 2,000
		Perth 0	Perth 1,000
		Other 4,000	Other 15,000

This analysis looks at the number of job changers within the two key groups of hospitality workers and sales workers.

Gen Ys, in these two industries are on the move. There are 217,000 Gen Y workers in sales that are ready to leave their existing job and they are living in all markets. There are 52,000 Gen Y workers in the hospitality industry who have had enough and are ready leave. In this industry, as Gen Ys get a little older, they become more content and in markets such as Brisbane, Adelaide and Perth they seem to be doing something right in keeping them engaged.

How Have 15 to 25 Years Olds Changed?

15-25 year olds who are both working and studying make up the largest group, followed by those who are just working.

The proportion of youth who are studying and working at the same time has increased significantly since 1987 from 41% to 48%.

There are significantly less youth who are looking for work but not studying with their proportion changing from 7% to 4%.

The proportion of unemployed who are not looking for work has remained at a stable 7% of this age group since 1987.

	Working & Studying	Working & Not Studying	Just Studying	Unemployed & Not Studying	Unemployed & Studying	Not In The Labour Force & Not Studying
Jan 1987	1,639,200	1,419,800	53,100	274,000	327,200	289,400
Jan 1990	1,718,700	1,463,206	60,500	201,900	262,400	175,600
Jan 2000	1,620,900	1,171,100	83,100	173,300	256,300	250,800
Jan 2007	1,869,300	1,299,000	80,200	146,500	226,600	257,500
Change Since 1987	230,100	-120,800	27,100	-127,500	-100,600	-31,900

Conclusion

Generation Y is a product of the current labour market. They do switch jobs more frequently, however this is due to the talent short market that Australia has and is still experiencing that has opened up a plethora of career opportunities to the market.

Employers should adapt attraction/retention strategies and management techniques to better suit Gen Ys in order to allow them to flourish and engage in the workplace.

Strategies including work/life balance, better engagement with management, opportunities, responsibility and recognition of good work are essential to manage this generation.

In the future people of this age group, 15 to 29 (regardless of the generational tag we apply at that time) will start to lose their market clout as their numbers as a percentage of the populations starts to decline.

Since 1979 this age group has made up 24% of the Australian population, however demographic projections show that by 2013 this dominating position would have declined to 19% and will plateau to around 17% until around 2045.

Who knows what they will call this age group in the future, except perhaps those "scarce and valuable young staff that we all need" but can't find.

Research sources

This research was undertaken in partnership with Roy Morgan, utilising a household panel of 57,062 people over the age of 14.

Gen Y profiling was undertaken with 11,487 Gen Ys and 14,179 Gen Xs as part of the total panel.

How Have 15 to 25 Years Olds Changed? was sourced from ABS Data. 6291.0.55.001 Labour Force, Australia, Detailed Table 03a. Labour force status for 15-24 year olds by Educational attendance, Age and Sex.

Definitions

GENERATIONS

The definitions for generations vary depending on the source. Having considered the variations, Roy Morgan have defined generations essentially using 15 year breaks:

- Pre 1946: Pre-Boomers
- 1947-1960: Baby Boomers
- 1961-1975: Generation X
- 1976-1990: Generation Y
- 1991-2005: Generation Z

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