

Retaining & Engaging Younger Employees In a Post-Recession Environment

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Congratulations!

Congratulations to **Marjorie Walton-Oliva**! She won our monthly GAC Survey draw for a \$50 gift certificate!

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Introduction

As the economy rebounds from the recession, many industries and markets are opening up and once again recruiting employees. As such, we have several clients who have begun to experience higher turnover rates, particularly of younger employees. n-gen has recently been engaged by some clients to evaluate their current practices and identify ways to increase retention and engagement both within a unionized environment and within the private sector. This month's newsletter will explore both retention challenges and mechanisms.

Retention Challenges

Current research suggests that organizations will experience higher levels of turnover as the economy improves, particularly of high potential employees who are usually the first to be recruited away. 6 in 10 employees intend to pursue new job opportunities in 2010. 40% of employees say they have had difficulty staying motivated in the past year, and 24% of employees say they do not feel loyal to their current employer. This is particularly true of rising of high potential employees, where a 2009 study found 1 in 3 high reported feeling disengaged, with 12% actively searching for a new job.

HR leaders are aware of the challenges facing them in a post-recession environment, with 54% indicating that they see retention of high-value employees as a top priority for 2010. Seniors leaders indicate they are prepared to take action to ensure they can retain and engage top employees by investing in:

- Increased investment in learning and development
- Promoting top performers
- Raising salaries

Our GAC survey results this month indicate that 57% of Gen Ys 'probably will' leave their employer in the next three years. The majority of Gen Xers said they "probably won't" (50%) and Baby Boomers are most likely to stay with their current employer (55%). Not surprisingly, Gen Ys are most apt to leave an organization for new opportunities. This is driven in part because Gen Ys are loyal to their colleagues, not the organization. Also, this cohort has an expectation that they will work for multiple employers throughout their career. They want to experience different types of organizations and roles to build their professional skill set.

The tenure of our GAC survey respondents mirrors this trend. The average tenure with their current employers is 2.5 years for Gen Ys; 4.5 years for Gen Xers and 15.5 years for Baby Boomers.

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E-Learning

n-gen's e-learning course, **Four Generations**, is now available for individual purchase.

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While there is misperception that Gen Xers and Gen Ys aren't loyal to an organization, this is not necessarily the case. Gen Xers will stay with your organization as long as they are gaining marketable skills that will enhance their resume. This is their form of job security because it keeps them marketable in the event of downsizing.

Many Gen Ys feel they need to leave an organization in order to gain exposure to different industries, sectors and work environments. To retain them longer, frequent career moves and exposure to a wide variety of tasks will be most engaging.

In recent research, in our client work, and in our GAC survey results, there is a consistent theme. Employees stay with their current employer for three reasons:

1. Career growth
2. Compensation & benefits
3. Great colleagues & peers

Career Development as a Retention Mechanism

Lack of career growth was cited by all GAC survey respondents as the number one reason their colleagues left the organization and the top reason they would leave their current employer.

In a study of Gen Ys, this cohort, more than any other generation, indicated that personal development and career paths are most important to them. In another report, 38% of Gen Ys ranked career advancement as the third most important factor when making a decision of where to work.

Leaders who previously cut talent development programs during the recession are embracing the concept that they must re-invest in these areas to increase engagement. Almost one in three executives indicated in a 2009 study that they would be increasing career-pathing opportunities as a way of retaining top performers.

Gen Ys GAC survey respondents ranked 'ability to move' (86%) and 'access to company paid training' (71%) as the two most engaging factors to them. Gen Xers also selected training as their top engagement factor (70%) followed by 'mentoring by a senior colleague of my choice' (65%). Baby Boomers rated mentoring by a senior colleague (50%) as their most engaging factor.

Both Gen Xers and Gen Ys desire rapid career progression, compared to their more experienced Boomer colleagues. They don't enter the employment relationship with a 'pay your dues' mentality. High performers expect that they will be rewarded with career advancement (and increased pay), and that the criteria for advancement will focus almost exclusively on results, not tenure. Coaching and mentoring are important vehicles to help younger employees gain the required skills to progress in the organization.

Engaging Work Environment as a Retention Mechanism

Creating an engaging work environment for Gen Xers and Gen Ys will involve a combination of factors - management practices, work options, rewards and team activities. If the work environment is disengaging, your ability to retain high performing employees will suffer.

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From n-gen research, we know that the best ways to engage and retain younger employees is to have great managers. This is particularly important for Gen Xers, who place their loyalty with their direct manager, rather than the organization. Leaders who take a partnering approach to developing employees' skills and helping them achieve their career goals (within or outside the organization) will encourage high levels of employee performance. In addition, managers that take a collaborative approach to leadership, and who solicit employee opinions, will be the most engaging to Gen Ys since this cohort is accustomed to having their opinions solicited, listened to, and acted upon.

An engaging work environment is characterized by a number of factors:

- A great manager - one that empowers employees, is accessible and delegates stretch assignments
- Work that is meaningful
- Work that value to customers / clients / citizens
- Flexible work environment
- Strong team culture

GAC survey respondents across the generations reported 'work that is meaningful' as very important to creating an engaging work environment as well as having a 'manger who empowers employees to make decisions'. 75% of Gen Xers and 71% of Gen Ys also rated 'flexible work schedule' as very important to them.

The goal of Gen Y is find work and create a life that has meaning. Younger employees must understand the meaningfulness of the work they do as it relates to the organization, the customer and the community. Gen Xers seek meaning in their work based on whether or not they are fully utilizing their capabilities and skills. Meaningful work to a Gen Xer is a project that contributes to a tangible result and is challenging to them. Flexibility is a key factor to an engaging work environment because Gen Xers and Gen Ys seek a work-life balance. They are willing to work for less money, if they can have a lifestyle that allows them to manage their own schedules and work remotely. One study revealed that employees will take on average a 21% pay cut in order to have more personal time. Time off is often perceived as valuable as a monetary reward and can be used to drive engagement and increase retention.

One Gen X survey respondent explains, "I left my previous employment when my son was born; they did not offer any of the incentives to retain employees that would have made my work there more challenging or upwardly mobile. While the pay was stable, I chose to leave for flexibility (with a drastic pay cut as well) for my son's early years."

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