

Management

Generation Y goes to work

Reality bites for young workers

Dec 30th 2008 | SAN FRANCISCO | From the print edition

JESSICA BUCHSBAUM first noticed that something had changed in May 2008. The head of recruitment for a law firm in Florida, Ms Buchsbaum was used to interviewing young candidates for summer internships who seemed to think that the world owed them a living. Many applicants expected the firm to promote itself to them rather than the other way around. However, last May's crop were far more humble. "The tone had changed from 'What can you do for me?' to 'Here's what I can do for you'," she says.

The global downturn has been a brutal awakening for the youngest members of the workforce—variously dubbed "the Millennials", "Generation Y" or "the Net Generation" by social researchers. "Net Geners" are, roughly, people born in the 1980s and 1990s. Those old enough to have passed from school and university into work had got used to a world in which jobs were plentiful and firms fell over one another to recruit them. Now their prospects are grimmer. According to America's Bureau of Labour Statistics, the unemployment rate among people in their 20s increased significantly in the two most recent recessions in the United States. It is likely to do so again as industries such as finance and technology, which employ lots of young people, axe thousands of jobs.

This is creating new problems for managers. Because of the downturn, Net Geners are finding it harder to hop to new jobs. At the same time, their dissatisfaction is growing as crisis-hit firms adopt more of a command-and-control approach to management—the antithesis of the open, collaborative style that young workers prefer. Less autonomy and more directives have sparked complaints among Net Geners that offices and factories have become "pressure cookers" and "boiler rooms". "The recession is creating lower turnover, but also higher frustration among young people stuck in jobs," warns Cam Marston, a consultant who advises companies on inter-generational matters.

Such griping may reinforce the stereotype of young workers as being afraid of hard work—more American Idle than American Idol. Yet a survey of 4,200 young graduates from 44 countries published in December by PricewaterhouseCoopers, a consultancy, found that they want many of the same things from work as previous generations, including long tenure with a small number of employers. And they are willing to put in the hours to get them, if they are treated well.

Indeed, Net Geners may be just the kind of employees that companies need to help them deal with the recession's hazards. For one thing, they are accomplished at juggling many tasks at once. For another, they are often eager to move to new roles or countries at the drop of a hat—which older workers with families and other commitments may find harder to do. Such flexibility can be a boon in difficult times. "In the economic downturn what we are really looking for is hungry 25- to 35-year-olds who are willing to travel," says Frank Meehan, the boss of a fast-growing mobile-phone applications business that is part of Hutchison Whampoa, a conglomerate based in Hong Kong.

Net Geners' knowledge of internet technology can also help companies save money. Consider the case of Best Buy, a big American consumer-electronics retailer. Keen to create a new employee portal, the firm contacted an external consultancy that quoted it a price of several million dollars. Shocked by this, a group of young Best Buy employees put together a small team of developers from their own networks who produced a new portal for about \$250,000. Another Net Gener at the company cobbled together a mobile-phone version of Best Buy's website for fun in seven days in his spare time.

Best Buy, which announced in December that its third-quarter profit had fallen by 77% compared with the same period a year earlier, is also betting that its Net Geners can come up with new ways of boosting sales using the web and other means. "We'll weather the storm and be stronger because of the Net Generation," says Michele Azar, Best Buy's head of internet strategy. Estée Lauder, a cosmetics firm, is also encouraging Net Geners to help it innovate. It has launched an initiative called iForce which brings together young staff to dream up ways of marketing products using emerging technologies.

Programmes such as iForce are based on the notion that Net Geners are well placed to encourage their peers to dip into their pockets. According to a recent survey by the Economist Intelligence Unit, a sister company of The Economist, Net Geners place more emphasis on personal recommendations than on brands when deciding which products and services to buy. Hence the importance of hanging on to clever youngsters who have grown up with Facebook, MySpace and so forth, and who know how best to create buzz among their peers.

Net Geners who find themselves out of a job are likely to use the same know-how to create a buzz about themselves so they can find another one. Charlotte Gardner, a 25-year-old Californian who was made redundant by a financial-services firm in November, has since been using online job and social-networking sites, as well as micro-blogging services such as Twitter, to promote her skills to potential employers. Ms Gardner, who is optimistic she will find another job soon, describes herself as "a glue kid"—someone who can get different kinds of people to work well together.

Firms battling through the recession will need plenty of "glue managers" who can persuade Net Geners to stick around and work with their colleagues on important projects. They will need to provide regular feedback to young staff on what is happening in the workplace and why—as well as plenty of coaching on their performance (see article). Companies that keep Net Geners in the dark will find themselves the targets of unflattering criticism both inside the firm and online. "These kids will scrutinise companies like never before," explains Don Tapscott, the author of several books on the Net Generation.

In the end, compromises will have to be made on both sides. Younger workers will have to accept that in difficult times decisions will be taken more crisply and workloads will increase. Their managers, meanwhile, will have to make an extra effort to keep Net Geners engaged and motivated. Firms that cannot pull off this balancing act could see an exodus of young talent once the economy improves. That, to borrow from Net Geners' text-message shorthand, would be a huge WOMBAT: a waste of money, brains and time.

From the print edition: Business