HOW TO ATTRACT & KEEP YOUNGER (GEN Z) TALENT IN THE WORKPLACE

two beagles

Business & Marketing Consulting & Coaching

TALENT MANAGEMENT OF THE FUTURE FOR MILLENNIALS AND GEN Z EMPLOYEES

The modern workplace is evolving rapidly, with a new generation of employees emerging. Millennials (born 1981-1996) and Gen Z (born 1997-2012) are the youngest generations in the workforce, and they present unique challenges for CEOs looking to attract, onboard, train, and retain top talent.

These generations have very different expectations, values, and needs than previous generations, and companies must adapt to meet these demands if they want to keep these employees. In this white paper, we'll explore the challenges and costs of attracting, onboarding, and retaining Gen Z and Millennial talent, and ways to win in the current talent war.

"Millennials and Gen Z want to work for companies that are socially responsible and have a clear purpose beyond making a profit."
– Richard Branson, Founder of Virgin Group

Here are some of the biggest challenges that companies face today with their talent management.

1.**Competition for Talent:** Gen Z and Millennials are the most educated generations in history, and they have high expectations for their careers (or work-life). Companies are now competing for the best talen,t which is driving up the cost of attracting the right candidates and keeping them onboard.

2. **Work-Life Balance:** Gen Z and Millennials prioritize work-life balance (or, as they see it, life-work balance). They want to work for companies that offer flexible schedules, remote work options, and opportunities for professional growth

3. **Purpose-Driven Work:** These generations want to work for companies that align with their values, and contribute to society in a positive way. They are attracted to companies that have a clear mission and purpose, beyond making a profit.

4. **Up-to-date Technology:** Gen Z and Millennials grew up with technology, and they expect their workplaces to be equipped with the latest tools and software. Companies must invest in current technology to attract and retain top talent.

5. **Diversity and Inclusion:** These generations value diversity and inclusion in the workplace and want to work for companies that prioritize these values (institutionalizing them, and being open to improving in this area, rather than just talking about DEI). Companies must create a culture that is inclusive and welcoming to all employees.

These challenges represent a sea-change in the culture of the modern workplace (in the U.S.) Culture is one of the most difficult and elusive aspects of the work environment, which means it's difficult to change. But bad cultures are the reason for most employee churn.

Donald Sull, a senior lecturer at M.I.T. Sloan School of Management, co-authored a study on employee attrition which found that **a toxic corporate culture was 10x more likely to contribute to attrition than compensation.**

While there's no standard definition of a toxic culture, it can be characterized as having the following characteristics:

- Lack of respect for all employees
- Acceptance of bad or abusive behavior from managers
- Acceptance of back-stabbing or unethical behavior among colleagues
- No consideration of stress levels among all employees
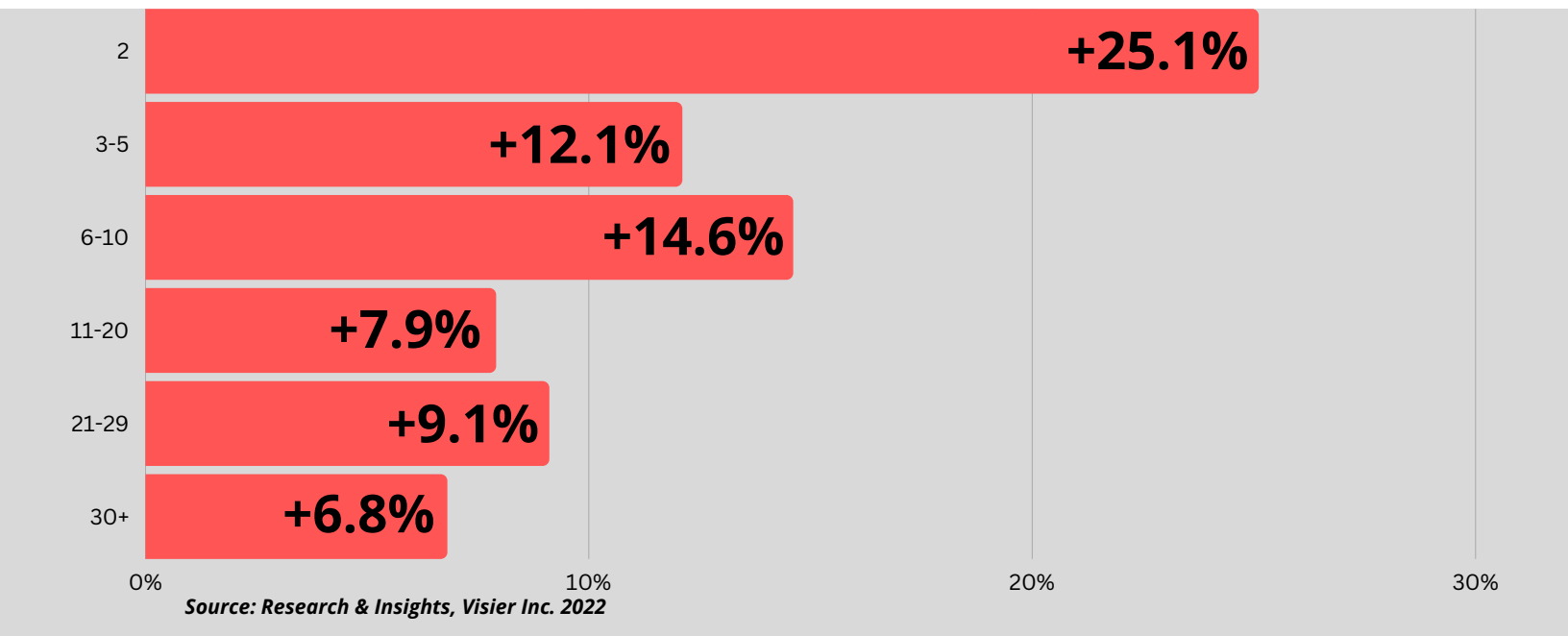
9.1%

"When a resignation occurs, employees on that team are 9.1% more likely to leave."
- Visier Insights Report

What happens when there's a toxic culture? Those employees who have talents they can use elsewhere will leave. And once an employee leaves because of a toxic culture, employee turnover can be contagious (Visier Insights Report).

Difference in probability of resignations by peers On the team vs Not on the team

This graph shows the likely contagion effects, by team size.

Team size	Difference
2	+25.1%
3-5	+12.1%
6-10	+14.6%
11-20	+7.9%
21-29	+9.1%
30+	+6.8%

Source: Research & Insights, Visier Inc. 2022

A toxic culture will also lead to unfavorable reviews on Glassdoor, which will change the front door of an organization into a turnstile as people leave. And a toxic company festers, with the bad players staying and the good players leaving as soon as they can.

"Your employees come first. And if you treat your employees right, guess what? Your customers come back, and that makes your shareholders happy. Start with employees and the rest follows from that."
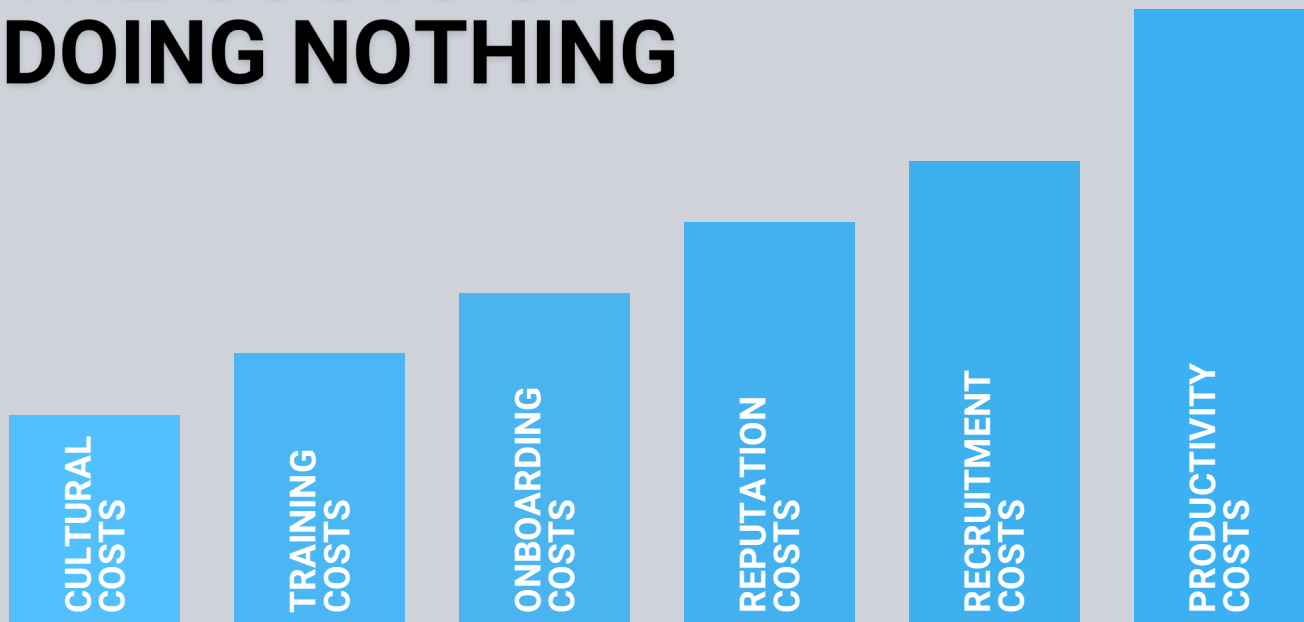**- Herb Kelleher, Co-Founder of Southwest Airlines**

THE HIGH COST OF NOT CHANGING

The idea of a workplace culture hurting an organization is somewhat new. And senior leaders can remember when no one cared what they felt, when they were on their way up the corporate ladder. So why should they worry now about those who are just starting out?

There's a high cost for not worrying, which is the increasing cost of attracting, onboarding, training, and retaining employees. Gen Z and Millennial employees who change jobs frequently are escalating these worker-related costs, because of their churn.

The cumulative price for attracting, onboarding, training, and keeping employees rises, as the need to do so more frequently rises.

THE COSTS OF DOING NOTHING

CULTURAL COSTS

TRAINING COSTS

ONBOARDING COSTS

REPUTATION COSTS

RECRUITMENT COSTS

PRODUCTIVITY COSTS

Recruitment costs: When an employee leaves after a few months, the company must invest in recruitment efforts to find a replacement. This can be costly, especially if the company is competing with others to attract top talent.

Onboarding costs: Onboarding a new employee can be expensive and time-consuming. When an employee leaves after a short period, the cycle must begin again when an employee replacement is found.

Training costs: When an employee leaves after a short amount of time, the company loses the investment made in training them. Again, the cycle must be repeated with someone new, adding to the cost of churn.

Productivity costs: It takes time for someone to gain momentum and figure out the workings of a new organization. Productivity lags as one person after another tries to get going in a position.

Cultural costs: Employee churn creates a culture of instability and uncertainty for other employees. And they're typically overburdened with the work they need to fill in, until a replacement is found. This drives resentment and hostility.

Reputation costs: With Glassdoor and other reputation sites online, the "churn and burn" of employees isn't a hidden problem anymore. Disgruntled previous employees who share their frustration, and the existence of a toxic culture, make it even harder to recruit talent.

Once you tally up all these costs, it doesn't make sense, financially, to keep going on with business as usual. That means it's time to invest in strategies to create a positive culture that aligns with the values of these generations.

"When you hire good people, and you provide good jobs and good wages and a career, good things are going to happen."
– James Sinegal, Co-Founder of Costco

5 STEPS TO IMPROVE TALENT MANAGEMENT

How can an organization create a culture for the future of the workforce? It starts with leadership. "Culture comes from the top," says Dick Clark of Clark Leadership Consulting.

Here are some of the ways leadership can start to make a change and focus on the culture for their employees.

1. Start by asking – what is the problem?

There's nothing like starting with asking questions, so employees feel heard. Anonymous surveys take the pulse of your organization's lifeblood. Asking and getting honest feedback is the best way to understand what's going on with your workforce.

HubSpot, the marketing software company, conducts quarterly employee engagement surveys. "We can get up to 7,000 comments and we literally read and analyze every single one of them to understand how we're doing," said Eimear Marrinan, Sr. Dir. of Culture.

2. PINPOINT THE PROBLEMS AND THEIR ROOT CAUSES

At HubSpot, the biggest issues were employee burnout and mental health. In other organizations, they may be work-from-home flexibility or flexible work hours.

The most important task is to find out what the biggest issues are, and to understand the root causes. Going to the source is the only way to address the issues.

Often, these issues are cultural and fixing the problems might involve better communications, manager training, or other programs that focus on making a difference at the cultural level.

3. Act in concrete ways to make it better

It's not enough to talk about making it better. Actions speak louder than words. In the HubSpot example above, the company started offering more extensive mental health benefits, organized a week off in the summer for everyone, and banned internal meetings on Fridays, as well as training their managers to better help their teams.

This effort paid off, cutting in half the level of employee burnout over the course of a year.

4. Institute employee development

Some employees look at work as transactional and don't want to put in any more effort than necessary. But others seek growth and opportunities. For them, it's critical to have clear paths to learning and development. This might include classes, mentoring, coaching, or even rotating assignments that introduce them to other areas of the organization. When younger employees perceive that the organization takes an interest in them, and their well-being and growth, they will reciprocate by staying and growing with the company.

5. Consider salary benchmarking

One of the biggest complaints on social media (as well as Glassdoor) is the issue of salaries. With the push to more transparency and pay equity in the workplace, understanding where your salary levels are internally, as well as compared to competitors, can help deal with some of the current talent management issues.

These five steps can seem like a lot, but not acting can be dangerous (and expensive), too. If you're feeling overwhelmed, start small, with the survey. Once you get the results, and you have time to review the findings, you'll feel more comfortable coming up with a plan.

Remember: the future tree is planted now.

Leadership in company culture comes from the top. Contact me to learn how to create the culture of the future to attract and retain the best talent.

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