

# HR Connect – Asia Pacific

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## Engaging Generation-Y in the Workplace: Bridging the Gap between Happy Juniors and Happy Seniors

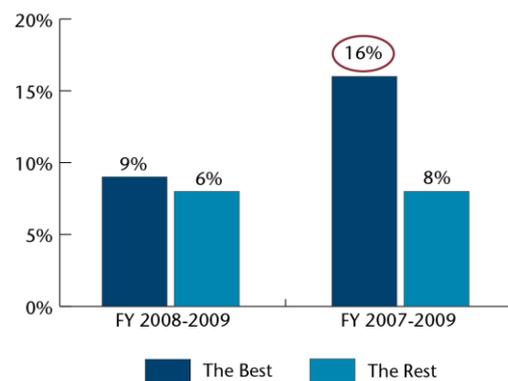
By Geoff Wade, Operations Manager, Regional Talent & Rewards Analytics Center, Aon Hewitt

The workplace has a continual stream of employees entering and exiting the organization's doors. As businesses expand and evolve, fresh graduates join to gain vital experience in their chosen field of work. These graduates may move on, or stay until they become senior employees, at some point they retire. Each cycle of new employees may have different wants and needs as their generation adapts to our ever changing world.

Individual wants and needs tie directly into *employee engagement* – a good indicator for measuring job satisfaction. High levels of engagement correlate with good talent retention and financial performance. Based on the findings of the recently concluded *Aon Hewitt Best Employers in Asia Pacific 2011 Study*, "Best" employers achieved double the growth in profit levels compared to the "Rest", even taking into account the economic crisis from 2008-09.

Organizations can analyze engagement levels in order to improve their HR and management policies; however, the policy improvements need to be linked to what employees need and want. For emerging markets in Asia, the focus increasingly is on the needs and wants of "Generation Y" those born during the 1980s and early 1990s. Generation Y employees are increasingly the largest proportion of the workforce as clearly shown in the 2010 age pyramid of China and India (see Figure 2).

Figure 1: Growth in Profit/Earnings



Source: Aon Hewitt Best Employers in APAC 2011 Study

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**Figure 2: Population of India and China in 2010**



Source: UN World Population Prospects. Projections are based on medium fertility, normal mortality and normal international migration.

## Patterns in Engagement based on Age

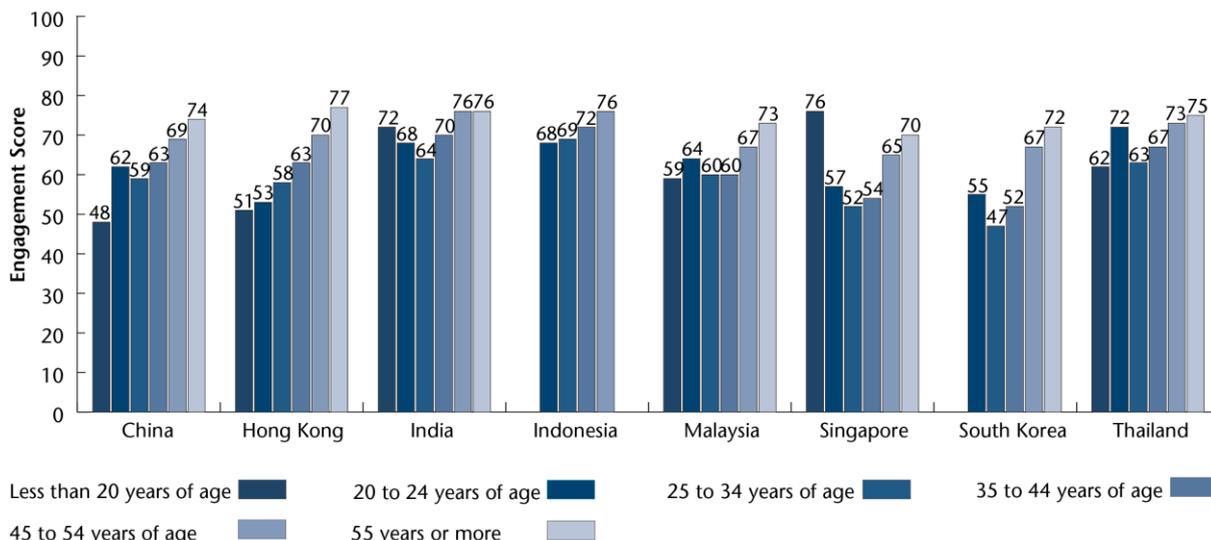
Our Best Employers study highlighted the vast gap in engagement between what independent judges highlighted as a “Best” employer, and the “Rest.” Based on a country’s data, two patterns emerge when looking at overall engagement. One is a simple linear increase, as the age of the employee increases. The other reveals a dip in engagement during the middle sectors of an employee’s working life, after starting out strongly.

For example, in Figure 3 below, Singapore’s pattern shows strong levels of engagement in employees under the age of 20, and then drops throughout their 30s, before recovering later on. Alternatively, China shows a linear increase in engagement as the employee’s age increases, showing extremely low engagement scores for their fresh graduates, but becoming much more engaged as the employee grows older.

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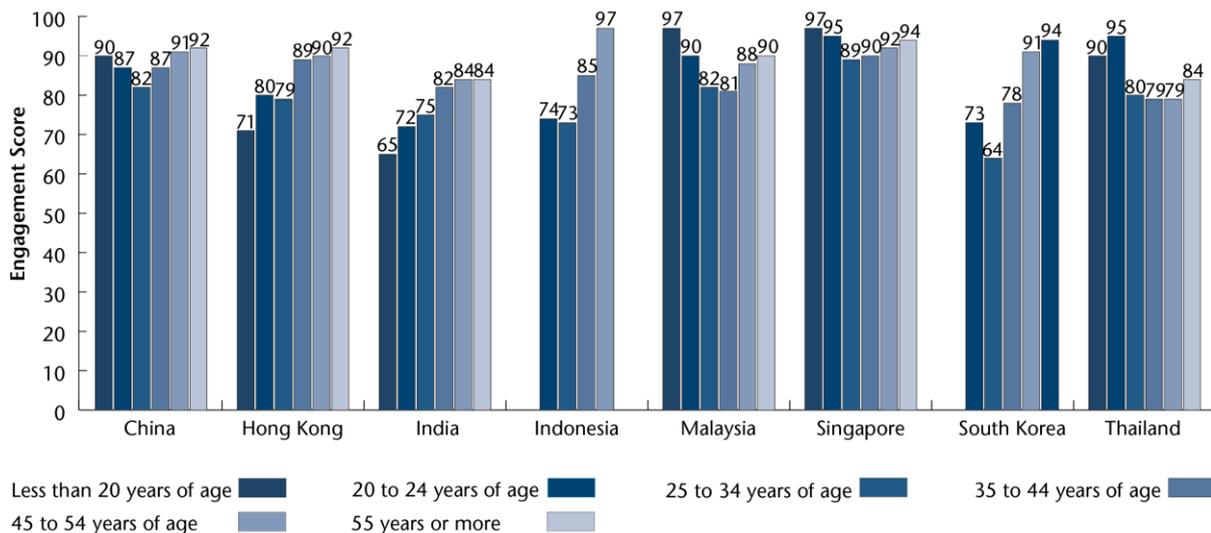
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**Figure 3: Overall Engagement Scores for the “Rest” Employers**



Source: Aon Hewitt Best Employers in APAC 2011 Study

**Figure 4: Overall Engagement Scores for the “Best” Employers**



Source: Aon Hewitt Best Employers in APAC 2011 Study

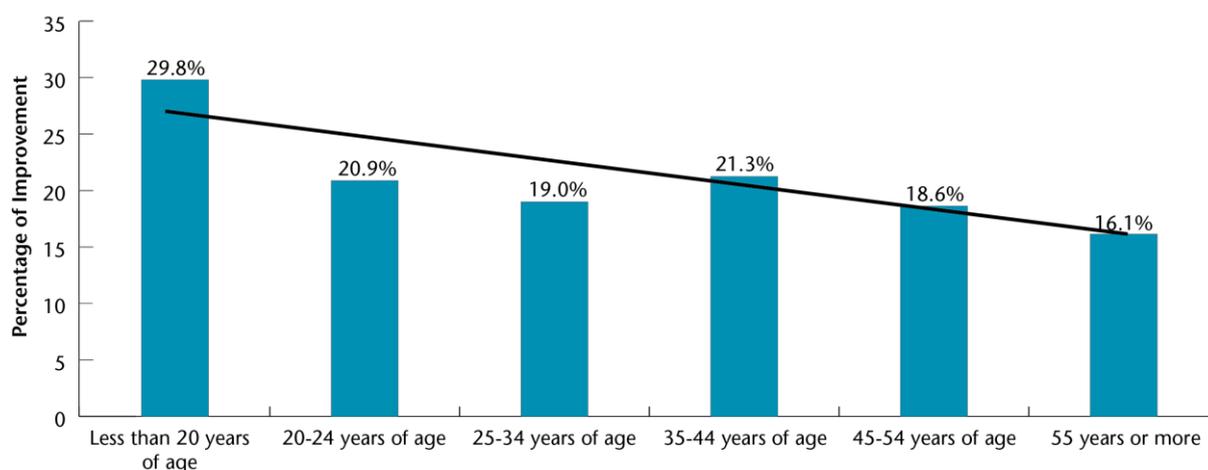
Engagement scores amongst the “Best” employers are extremely high compared to the “Rest.” Also, many Asia Pacific countries now show the dip model, rather than the linear increase model, due to large increases in the engagement scores of their “Less than 20 years” and “20 to 24 years” age groups. This suggests that the “Best” employers’ handling of their younger employees is a decisive

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factor in their higher engagement. Figure 5 below shows the biggest gaps between the “Best” and the “Rest” occurring in these age groups.

**Figure 5: Difference in Engagement Scores Between “Best” and “Rest” Employers by Employee Age Groups**



Source: Aon Hewitt Best Employers in APAC 2011 Study

As highlighted by the black diagonal line, the difference in average engagement scores between the “Best” and the “Rest” for the under 20s age group is 30 points; whereas the discrepancy between engagement scores for the “Best” and the “Rest” for employees over 55 is 16 points, almost half.

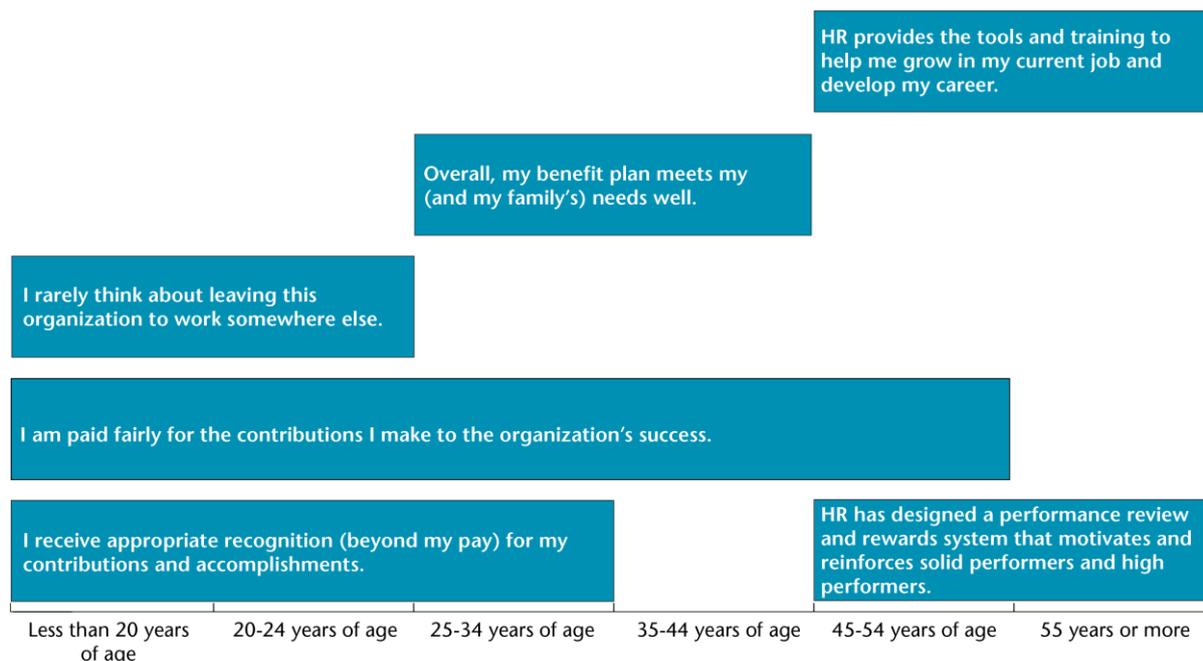
## Engagement Differences between Young and Old

It’s important to realize that employee concerns greatly vary by age. Of course, there are the obvious common concerns – all age groups, apart from the oldest, place “Overall Pay” in their bottom three engagement scores. The younger age groups gave low scores for the “Stay” and “Overall Recognition” drivers, admitting they regularly consider leaving their organization for new pastures and their feeling that HR does not provide them due recognition for their work. The middle age groups showed a common concern in their “Overall Benefits” as they build their families and their responsibilities in life increase. The older age groups gave their lowest scores on a range of issues all related to “People/HR Practices” – in general, the older age groups were more critical of business policy and less concerned with their compensation. Interestingly, these patterns were repeated across all countries in the region – all that differed was the magnitude of the negative opinion.

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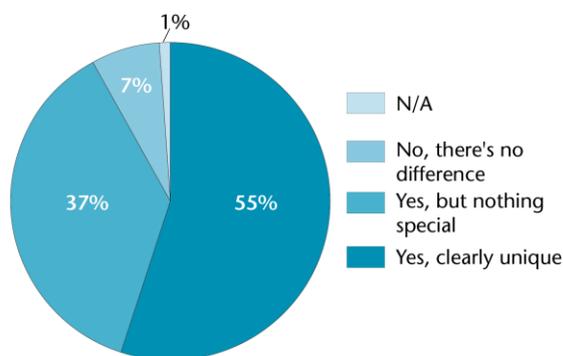
**Figure 6: Biggest Employee Concerns By Age Group**



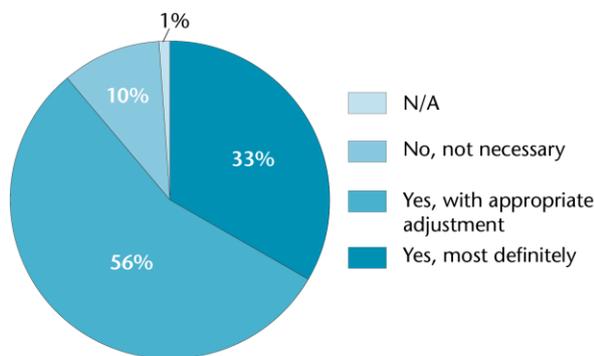
Source: Aon Hewitt Best Employers in APAC 2011 Study

The younger generation feels that HR needs to address their specific needs. A 2010 Aon Hewitt study of Generation-Y in China revealed that the majority feel that their generation is characterized by significant social and cultural differences from past generations, so they should be treated accordingly.

**As a Generation-Y, do you feel that you are different from those born in the 1970s?**



**As a Generation-Y, do you think your company should have a different set of management strategies for the Gen-Y?**



Source: Aon Hewitt 2010 Generation-Y Employee Study

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## Does Engaging the Younger Generation Matter?

Is engaging young employees the key to high engagement scores throughout the company? Or is it a waste of time and resources trying to keep them happy when they may well move on to new pastures at some point? The way “Best” employers handle their younger generation and cope with their differing priorities may actually be the defining factor of their overall scores. Their ability to keep their juniors happy increases retention and improves engagement scores across all employee groups.

McDonald’s Singapore is a multiple-time winner of the Aon Hewitt’s Best Employer Awards. Shaun Ee, Human Resources Manager for McDonald’s Singapore, considers meeting the requirements of their younger employees to be of equal importance to engaging their seniors. “For us, we invest the same amount of time to engage and retain the young, as the mature workforce. We do not take it for granted that mature people are with us longer.” Shaun also believes that engaging the younger workforce has a cascading effect on the happiness of the whole team, suggesting that if the younger workforce is highly engaged, the older workforce feel more comfortable in taking on a “fatherly figure” role, and consequently, overall morale of the workplace improves. (View the McDonald’s case study [“Tailoring HR Policy and Initiatives for the Younger Generation”](#))

## Conclusion

The world is continually evolving, and lifestyles and attitudes change over time, too. But these changes aren’t always taken into account within the workplace. Often, the status quo is maintained and HR policies and initiatives don’t take into account the distinctive mindset of this new generation of employees. Companies often regard a low-retention rate for young employees as an expected, acceptable demographic. In addition to this, there is no certainty that the usual HR processes will fit our new generation of employees as they grow older – perhaps a Generation-Y employee will still be looking for flexibility, responsibility, and the effective use of technology when they are 40 years old.

Taking into account the mindset of the new generation and tailoring HR ideas to address the specific needs and values of different employee age groups, could be a key factor in raising engagement levels across the board. The [Aon Hewitt Best Employer Asia Pacific Study](#) has shown that the biggest difference between the “Best” and the “Rest” is the happiness quotient of the younger generation and highlights the “Best” as those companies that are truly in touch with their younger employees.

## Contact us

At Aon Hewitt, we use employee engagement as a key performance metric to measure the resilience and sustainability of your organization. To find out how Aon Hewitt can help you measure the level of engagement of among your various employee groups, and develop solutions to increase engagement within these groups and your organization, please contact us at [apac.service@aonhewitt.com](mailto:apac.service@aonhewitt.com).

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## Tailoring HR Policy and Initiatives for the Younger Generation – McDonald’s Case Study

Most organizations handle their employees in a universal fashion across the business, tailoring their policies and initiatives only by job level. However, developing specific initiatives targeted to different age groups provides more opportunities to boost employee satisfaction. McDonald’s tailors its policies and programs to different age groups based on the three principles of engagement, relevance, and empowerment.

### Engagement

Every age group welcomes open, two-way engagement about the business, about the particular restaurant they work in, and on personal issues, like their own career. While the type of information being communicated hasn’t changed much over the generations, the style of delivery and the communication channels used certainly have. Shaun believes “Nothing can go wrong from communicating the right thing in the right way. People, no matter how young or old they are, value engagement from wherever it comes from.”

McDonald’s has given their employees a number of methods for horizontal and vertical engagement. For younger employees there is a social network called “Ketchup”, an obvious pun on the words “Catch Up”. This Facebook-style application allows employees to communicate with their peers, HR, and even senior management. The ease of engagement using this social media breaks down the barriers of shyness or job level, and truly gives the younger employee a voice in the company. However, the older, more traditional employees are also taken into account. For example the Singapore office has a red post box so that any employee can write an anonymous message and post it directly to the Managing Director.

### Relevance

The age of the employee is a major factor in making the business relevant to them. Understanding the common concerns that employees of a certain age have is of major importance here. “To stay relevant [to young people], we ask ourselves, what do they value. After a global study, we found they value *family and friends*, their *future* with McDonald’s, and *flexibility*. In the older generation, the focus on the future isn’t as strong; they want to come to a workplace that is respectful and caring, where they have friends around them, along with the usual “bread and butter” issues. Flexibility is a big plus for our mature people enabling them to better plan their lives around their work.”

Initiatives are then decided based on age-group relevance. A good example is the “Voice of McDonald’s”, an American Idol-style global singing competition. Although obviously geared toward the younger employees, older employees also take part. “This creates great vibes in our restaurants” says Shaun. Other examples are managers taking younger employees to more hip, trendy, young hangouts to chill out. For more mature employees, the manager may bring them to family-oriented activities, such as fish farms. However, the importance of full-group activities are not forgotten, as these are vital for inter-group interaction.

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McDonald's relevance strategy is based on an "Employee Value Proposition" composed of these three pillars: *family and friends*, the future, and *flexibility*. Under "family and friends", employees are part of the McFamily and the company ensures that their medical and other needs are taken care of. Under flexibility, employees are given full flexibility in terms of their work schedules, so they can meet their home and childcare needs. Under future, McDonald's offers a university-accredited program to meet the aspirations of their employees to attain diplomas and degrees.

Recognizing and staying relevant to their different employee age groups cuts down the common workplace scenario of similar-aged employees keeping to themselves. "The younger crew will tell you that they view the more mature ones as their elders, taking care of them. The older crew feels like they can connect with the younger crew and reach out to them."

## Empowerment

Particularly for the younger set of employees, empowerment is a powerful tool for improving employee engagement. As seen in our Best Employer Asia Pacific data, our Generation X and Y participants placed "I receive appropriate recognition (beyond my pay) for my contributions and accomplishments" in their lowest scores. Shaun highlights McDonald's strength in this regard: "One of our mantras is that 'Every crew can be a manager'. No matter how young or old you are, you have the opportunity to become a manager. This is very relevant to our young people."

As well as opportunities for advancement, McDonald's gives recognition to their "McFamily" in other ways, for example, incentives at stores, talent development, and activities, such as outings.