

How Millennials Want to Work and Live

Purpose • Development • Coach • Ongoing Conversations • Strengths • Life

THE SIX BIG CHANGES LEADERS HAVE TO MAKE



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GALLUP

From the Chairman and CEO



PEOPLE OFTEN ASK GALLUP, "Are millennials really that different?"

The answer is yes — profoundly so. Millennials will change the world decisively more than any other generation.

As this report shows, millennials will continue to disrupt how the world communicates — how we read and write and relate. Millennials are disrupting retail, hospitality, real estate and housing, transportation, entertainment and travel, and they will soon radically change higher education.

Millennials are altering the very social fabric of America and the world. They're waiting longer to get married and have children, and they're less likely than other generations to identify with specific religions or political parties.

Defined by their lack of attachment to institutions and traditions, millennials change jobs more often than other generations — more than half say they're currently looking for a new job.

Millennials are changing the very will of the world. So we, too, must change.

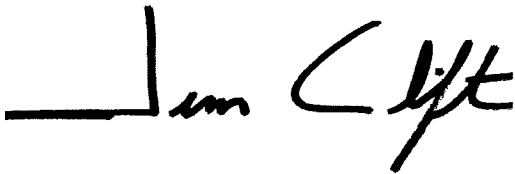
Gallup is recommending that our client partners change their organizational cultures this year from *old will* to *new will*. There are six functional changes that we call the "Big Six."

The Change in Leadership

Past	→	Future
My Paycheck		My Purpose
My Satisfaction		My Development
My Boss		My Coach
My Annual Review		My Ongoing Conversations
My Weaknesses		My Strengths
My Job		My Life

1. *Millennials don't just work for a paycheck — they want a purpose.* For millennials, work must have meaning. They want to work for organizations with a mission and purpose. Back in the old days, baby boomers like me didn't necessarily need meaning in our jobs. We just wanted a paycheck — our mission and purpose were 100% our families and communities. For millennials, compensation is important and must be fair, but it's no longer the driver. The emphasis for this generation has switched from paycheck to purpose — and so must your culture.
2. *Millennials are not pursuing job satisfaction — they are pursuing development.* Most millennials don't care about the bells and whistles found in many workplaces today — the pingpong tables, fancy latte machines and free food that companies offer to try to create job satisfaction. Giving out toys and entitlements is a leadership mistake, and worse, it's condescending. Purpose and development drive this generation.
3. *Millennials don't want bosses — they want coaches.* The role of an old-style boss is command and control. Millennials care about having managers who can coach them, who value them as both people and employees, and who help them understand and build their strengths.

4. *Millennials don't want annual reviews — they want ongoing conversations.* The way millennials communicate — texting, tweeting, Skype, etc. — is now real-time and continuous. This dramatically affects the workplace because millennials are accustomed to constant communication and feedback. Annual reviews no longer work.
5. *Millennials don't want to fix their weaknesses — they want to develop their strengths.* Gallup has discovered that weaknesses never develop into strengths, while strengths develop infinitely. This is arguably the biggest discovery Gallup or any organization has ever made on the subject of human development in the workplace. Organizations shouldn't ignore weaknesses. Rather, they should minimize weaknesses and maximize strengths. We are recommending our client partners transition to strengths-based cultures, or they won't attract and keep their stars.
6. *It's not just my job — it's my life.* One of Gallup's most important discoveries is that everyone in the world wants a good job. This is especially true for millennials. More so than ever in the history of corporate culture, employees are asking, "Does this organization value my strengths and my contribution? Does this organization give me the chance to do what I do best every day?" Because for millennials, a job is no longer just a job — it's their life as well.

A handwritten signature in black ink that reads "Jim Clifton". The signature is written in a cursive, fluid style with a horizontal line extending to the left of the name.

Jim Clifton, Chairman and CEO

Overview

IN THE U.S., ROUGHLY 73 MILLION MILLENNIALS were born between 1980 and 1996. Like those in every generation before them, millennials strive for a life well-lived. They want good jobs — ones with 30-plus hours of work a week and regular paychecks from employers. They also want to be engaged in those jobs — emotionally and behaviorally connected to them. In addition to finding a steady, engaging job, millennials want to have high levels of well-being, which means more than being physically fit. Yes, millennials want to be healthy, but they also want a purposeful life, active community and social ties, and financial stability. Regarding that financial stability, millennials want to be able to spend money not just on what they need, but also on what they *want*.

However, Gallup has found that millennials struggle to find good jobs that engage them. Millennials have the highest rates of unemployment and underemployment in the U.S., and only 29% of employed millennials are engaged at work. Half of millennials say they feel good about the amount of money they have to spend, and less than 40% of millennials are what Gallup defines as “thriving” in any one aspect of well-being. Their overall well-being nearly matches that of Gen Xers and baby boomers, meaning that millennials have not been able to forge better paths for themselves than many Americans have before them. While it is every parent’s dream to have their children lead a better life than their own, not all millennials are positioned for such success.

Why does any of this matter? Because the strength of the workplace and marketplace depend on what the millennial generation can accomplish. If millennials cannot find good jobs, the economy will continue to lag. If they are not engaged in those jobs, companies’ profitability, productivity and innovation will suffer. And if they are not thriving in their well-being, they will struggle in life, affecting how they perform as citizens, consumers and employees.

In nearly every corner of the U.S., business executives, community and civic leaders, marketers and managers are talking about millennials and their behaviors, attitudes and beliefs. They want to understand how this generation is similar to and how they differ from their predecessors, as well as how to apply this knowledge to create more engaged employees and consumers and healthier, happier citizens.

Gallup has taken on a significant and wide-reaching research effort aimed at helping institutions, businesses and employers understand the millennial generation. Gallup gathered the data in this report from a variety of sources, including the Gallup Panel, Gallup Daily tracker, Gallup-Healthways Well-Being Index, and Gallup's employee and customer engagement databases. Through this extensive research effort, Gallup analyzed and uncovered the most important findings related to millennials, including how they present themselves as people, consumers and employees. From millennials' demographic makeup to their spending habits to their ideal employers, this report addresses everything that matters most to the U.S. economy as it pertains to America's largest — and least understood — generation.

Least engaged generation in the workforce

ONLY 29% OF MILLENNIALS ARE engaged, meaning they are emotionally and behaviorally connected to their job and company. Another 16% of millennials are actively disengaged, meaning they are more or less out to do damage to their company. The majority of millennials (55%) are not engaged, leading all other generations in this category of workers. Not engaging millennial workers is a big miss for organizations. The millennial workforce is predominantly “checked out” — not putting energy or passion into their jobs. They are indifferent about work and show up just to put in their hours.

MILLENNIALS ARE THE LEAST ENGAGED GENERATION AT WORK

Engaged				
MILLENNIALS	GEN XERS	BABY BOOMERS	TRADITIONALISTS	
29%	32%	33%	45%	
Not Engaged				
MILLENNIALS	GEN XERS	BABY BOOMERS	TRADITIONALISTS	
55%	50%	48%	41%	
Actively Disengaged				
MILLENNIALS	GEN XERS	BABY BOOMERS	TRADITIONALISTS	
16%	18%	19%	14%	

Often, millennials are characterized as entitled job-hoppers, but the reality is that 55% of this group is not engaged at work. They feel indifferent about their job and company — and *indifferent* and *entitled* are not synonymous. Many millennials likely don't want to switch jobs, but their companies are not giving them compelling reasons to stay. When they see what appears to be a better opportunity, they have every incentive to take it. While millennials can come across as wanting more and more, the reality is that they just want a job that feels worthwhile — and they will keep looking until they find it.

On the lookout for new jobs

GALLUP DATA REVEAL THAT 21% of millennials report changing jobs within the last year, which is more than three times the number of non-millennials who report the same. Gallup estimates that millennial turnover costs the U.S. economy \$30.5 billion annually.

Millennials also show less willingness to stay in their current jobs. Half of millennials — compared with 60% of non-millennials — strongly agree that they plan to be working at their company one year from now. For businesses, this suggests that half of their millennial workforce doesn't see a future with them.

Since many millennials don't plan on staying in their jobs, it makes sense that they are hunting for new positions. A Gallup study found that 60% of millennials say they are open to a different job opportunity; this is 15 percentage points higher than the percentage of non-millennial workers. Millennials also report the greatest willingness to act on better opportunities, with 36% reporting they will look for a job with a different organization in the next 12 months if the job market improves, compared with 21% of non-millennials.

Gallup estimates that millennial turnover due to lack of engagement costs the U.S. economy

\$30.5

BILLION ANNUALLY.

Performance management requires a constant focus on feedback

THE RELATIONSHIP BETWEEN MANAGER AND EMPLOYEE represents a vital link in performance management. As is often the case, communication is crucial for that relationship to succeed. Millennial workers are more engaged when their managers provide frequent and consistent communication and feedback. Forty-four percent of millennials who report that their manager holds regular meetings with them are engaged, while only 20% of millennials who do not meet regularly with their manager are engaged. This is similar to older generations; 43% of non-millennials who report their manager has regular meetings with them are engaged.

MILLENNIALS MORE LIKELY TO BE ENGAGED WHEN THEIR MANAGER HOLDS REGULAR MEETINGS WITH THEM

Does your manager hold regular meetings with you?

"Engaged"

YES

44%

NO

20%

Regular meetings and consistent feedback pay dividends not only in engagement, but also in performance. Employees who meet regularly with their manager generate higher performance for their team and company. They are also more likely to agree that they regularly receive recognition and praise, that someone cares about them as people and that someone cares about their development.

Effective feedback is rooted in a few essential tenets; chief among them is frequency. The more conversations managers have with their employees, the more engaged their employees become. But Gallup found that only 21% of millennials and 18% of non-millennials meet with their manager on a weekly basis. The majority of employees say they meet with their manager as infrequently as less than once a month (56% for millennials and 53% for non-millennials).

Most wired generation

MILLENNIALS ARE FIRST-GENERATION DIGITAL NATIVES who feel at home on the Internet. Technology — particularly gadgets like smartphones, but also tablets and laptops — has revolutionized the way they connect and interact with one another and with the rest of the world. While the vast majority of Americans surf the Web from a desktop or laptop computer at home or work, 85% of millennials access the Internet from their phones -- more than all other generations.

What are millennials doing online? Millennials get the vast majority of their information and news from the Internet. They are far less likely to watch conventional television to stay up to date. On the other hand, almost half of the members of the older generations get their news and information from TV, and just 34% find it online.

But millennials rely on the Internet for far more than news and information. For instance, at least eight in 10 report using it to manage their finances, pay bills, shop online, and watch or listen to online content in the past 30 days. At least half use it for reading blogs, researching health issues, or researching or booking travel plans. Smaller percentages use it for taking classes, participating in online auctions and other activities. While Gen Xers come close to the percentage of millennials using the Internet for each of these activities, in most cases, baby boomers and traditionalists lag behind.

Of course, millennials also rely on the Internet and smartphones or other devices to manage their social lives online. In this way, they are no different from older generations. The vast majority of all Americans say they use social media to connect with friends and family, including 93% of millennials and 84% of older generations.