

PwC's NextGen: A global generational study

In 2013, PwC, the University of Southern California and the London Business School announced the results of a unique and unprecedented two-year global generational study. A wide range of data was gathered from PwC employees and partners of PwC firms around the globe involving people from different generations, career stages and cultural backgrounds.



**Evolving talent strategy to match
the new workforce reality**

Summary and compendium of findings



Introduction

The largest, most comprehensive global generational study ever conducted into the attitudes of “Millennial” employees has found that in order to foster a greater sense of commitment among Millennials (those born between 1980 and 1995 and currently under 33 years of age) it will be necessary to transform the core dynamics of the workplace. Conducted by PwC, the world’s largest professional services network,¹ the University of Southern California and the London Business School, the survey captures the various forces at play that are influencing the experience of Millennial or “Generation Y” employees. These include: workplace culture, communication and work styles, compensation and career structure, career development and opportunities and work/life balance. The study revealed that work/life balance is one of the most significant drivers of employee retention and a primary reason this generation of employees may choose a non-traditional professional career track.

Just as notable, however, are the widespread similarities between Millennial employees and their non-Millennial counterparts, all of whom aspire to a new workplace paradigm that places a higher priority on work/life balance and workplace flexibility. The research shatters commonly held myths about Millennials in the workplace, uncovering attitudes and behavior that largely mirror those of their more senior colleagues.

By virtue of this sweeping study, which included more than 40,000 responses from Millennials and non-Millennials alike, PwC possesses the most comprehensive body of research into the aspirations, work styles and values of professional service employees in the Millennial generation. The findings both confirm and dispel stereotypes about Millennials and provide compelling guidance as to how organisations must adapt their companies to fit the demands of both Millennial and non-Millennial employees.

The largest global generational study ever conducted

18 global territories participated

44,000
web-based surveys
(completed anonymously)

300

interviews and

30

focus groups
conducted

1,000

Millennials and

45 leaders participated
in an online “jam”
hosted on a social
media platform

¹ As used in this summary, PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure (<http://www.pwc.com/structure>) for further details.

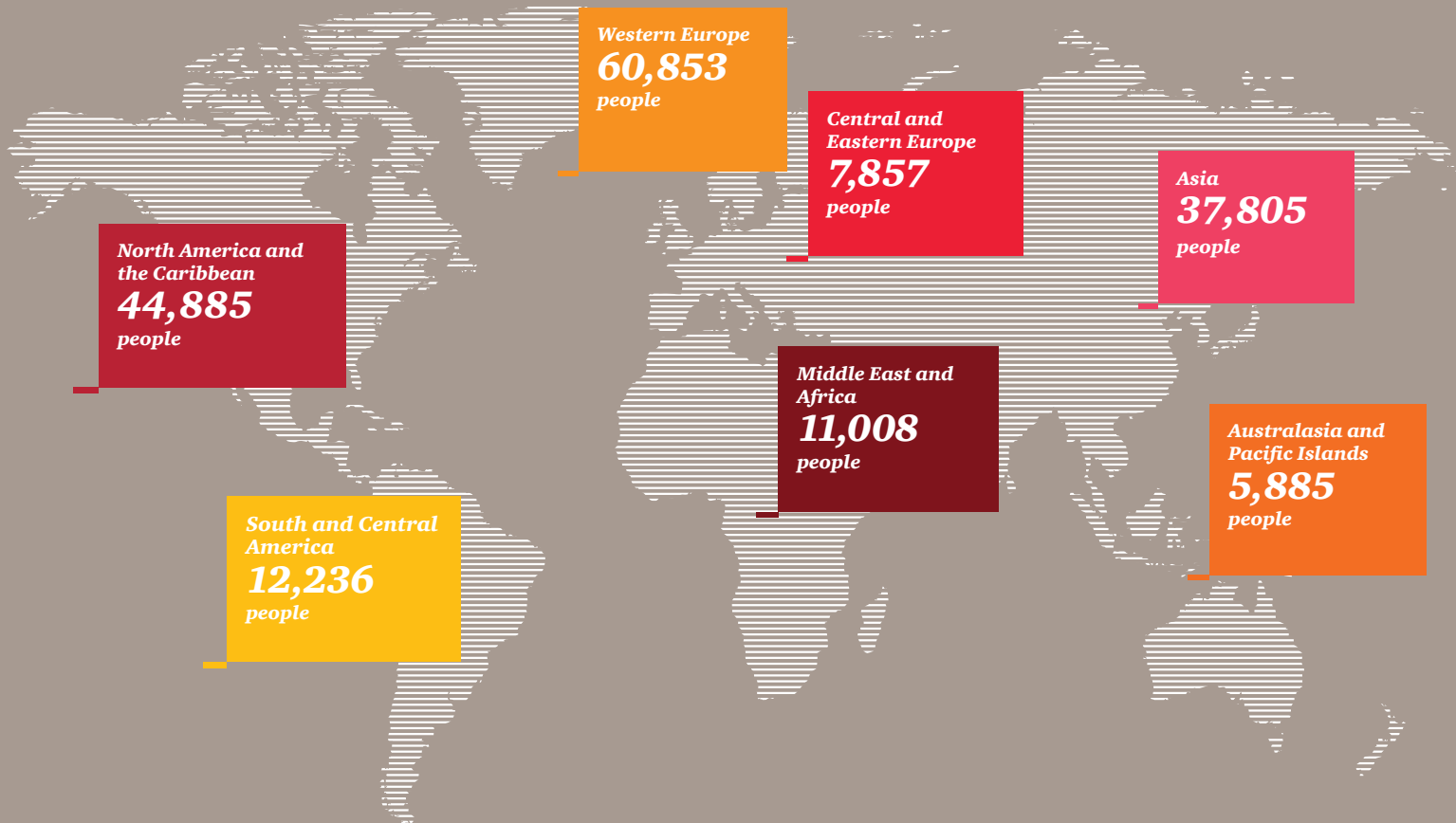
Where it started

A decade after the first Millennials entered the halls of PwC, PwC firms began to notice that the youngest generation of professionals were leaving PwC in growing numbers after just a few years. Additionally, and perhaps even more alarmingly, a significant majority of them appeared to lack interest in the traditional professional services career path, one that required an intense work commitment early in their career in exchange for the chance to make partner later on.

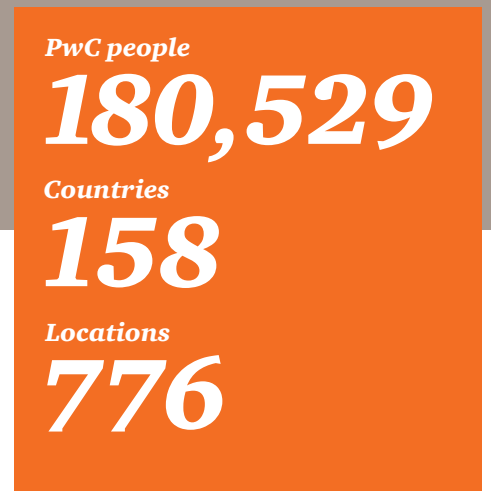
PwC knew it needed to clarify the impact of what appeared to be a shift in culture. As a result, PwC undertook a massive generational study, the largest of its kind, to better understand the attitudes and goals of its Millennial workforce. Together with the University of Southern California and the London Business School, PwC set out to survey tens of thousands of employees of PwC firms from around the world—in 18 territories, throughout every one of the PwC's lines of business (which include providing Assurance, Advisory and Tax services) and across all generational groups.

The results—*PwC's NextGen: A global generational study*—was born, providing both qualitative and quantitative insight into the mindset of Millennials, and how they compare to other generations. These insights will drive workplace changes for entire populations of workers—Millennials and non-Millennials alike—throughout PwC and beyond.

People in the PwC network of firms



Figures at 30 June 2012



Millennials at PwC

The generation born between 1980 and 1995 has entered the workforce in a big way. At PwC, Millennials represent a majority of employees; two out of three of PwC's staff are in their 20s and early 30s. Within that group, most are unmarried (75%) and without kids (92%), and for three out of four of them, PwC is their first job out of college. By 2016, almost 80 percent of PwC's workforce will be comprised of Millennials.

PwC's *NextGen* study dispels many of the myths about Millennials that have existed since they first entered the workplace. For example, Millennials are often perceived as being less committed to their work. In fact, the *NextGen* study revealed that PwC's Millennials and non-Millennials are virtually equally committed to the workplace. And while the report did find some notable differences (for example, Millennials have greater expectations around support and appreciation from their organisations than their Non-Millennial counterparts) it is both those differences *and* similarities that are compelling PwC—and likely other organisations—to sit up, take notice and accelerate their pace of change.

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About the NextGen study

This global study of PwC's workforce is not its first foray into assessing the attitudes of this new generation of employees. In 2008, PwC began digging deeper into an observed shift in thinking among younger employees in *Millennials at Work; Reshaping the Workplace*. The *NextGen* study was designed to further explore that early thinking, and represents the largest research project of its kind. *NextGen* was a multi-year undertaking that included input from one in four of the 180,000 employees of PwC firms—at all levels of seniority, across every service that PwC offers throughout its global network of member firms. Working with the University of Southern California and the London Business School, PwC sought to clearly identify Millennials' attitudes and aspirations and how they aligned with PwC's workplace culture and expectations. In other words, PwC wanted to better understand this new generation of individuals entering the workforce.

To pinpoint and compare the findings between Millennials and non-Millennials, a sub-set of employees at the same career stage (9,120 Millennials and 4,030 non-Millennials at the Senior Associate and Manager levels) was culled from the larger research for additional analysis.

The data was collected between 2011 and 2012 and subsequently was compiled and analyzed.



Key learnings

71% of PwC Millennial employees (vs. 63% of non-Millennials) say that their work demands interfere with their personal lives.

If they were able to make their current job more flexible, 64% of Millennials would like to occasionally work from home, and 66% of Millennials would like to shift their work hours.

Across the board, 15% of male employees and 21% of female employees say they would give up some of their pay and slow the pace of promotion in exchange for working fewer hours.

41% of Millennials prefer to be rewarded or recognized for their work at least monthly, if not more frequently, whereas only 30% of non-Millennials would like that level of frequency.

37% of Millennials—vs. only 28% of non-Millennials—would like to take advantage of career opportunities overseas with PwC.

1 Many Millennial employees are unconvinced that excessive work demands are worth the sacrifices to their personal life.

Employment at professional services organisations like PwC can come with considerable work demands, especially during certain periods of the year. While working through and excelling during such demanding times can have significant rewards in an employee's future career (e.g., rapid skill development and advancement within the firm), Millennials are largely unconvinced that what they would have to give up is worth such a sacrifice. Millennials value work/life balance, and the majority of them are unwilling to commit to making their work lives an exclusive priority, even with the promise of substantial compensation later on.

2 Millennial employees are not alone in wanting greater flexibility at work.

Millennials want more flexibility, the opportunity to shift hours—to start their work days later, for example, or put in time at night, if necessary. But so do non-Millennials, in equal numbers. In fact, a significant number of employees from all generations feel so strongly about wanting a flexible work schedule that they would be willing to give up pay and delay promotions in order to get it. The similarities in attitudes across generations are striking. For their part, Millennials do not believe that productivity should be measured by the number of hours worked at the office, but by the output of the work performed. They view work as a “thing” and not a “place”.

3 Millennials say that creating a strong cohesive, team-oriented culture at work and providing opportunities for interesting work—including assignments around the world—are important to their workplace happiness, even more so than their non-Millennial counterparts.

Millennials place a high priority on workplace culture and desire a work environment that emphasizes teamwork and a sense of community. They also value transparency (especially as it relates to decisions about their careers, compensation and rewards). They want to provide input on their work assignments and want and need the support of their supervisors. Millennials also are particularly attuned to the world around them, and many want the chance to explore overseas positions. All of the above statements also are true of non-Millennials, yet not to the same degree as the Millennial generation.

38% of Millennials do not expect to work at one place for nine years or more (vs. 30% of non-Millennials who have the same expectation).

When it comes to communication about their career plans and progress, 96% of Millennials want to talk face to face, just as 95% of their non-Millennial counterparts do.

When you were born definitely makes a difference



Non-Millennial (before 1980)

Transactional needs are more dominant

- Control over work
- Development opportunities
- Pay satisfaction



Millennial (1980–1995)

Social needs are more dominant

- Team cohesion
- Supervisor support & appreciation
- Flexibility

4 Many—but not all—stereotypes about Millennials are untrue.

Despite a reputation perhaps to the contrary, the Millennial generation of workers share some similarities with older generations in the workplace. They have grown up not expecting their organisations to meet all of their needs, including job security, and don't see themselves working for one organisation for their entire careers. Although Millennials have a natural aptitude for electronic forms of communication, email and social media platforms are not always their communication vehicles of choice, especially when it comes to discussions with their managers about their careers. Also, while a common perception exists that Millennials are not as committed or hard working as their more senior colleagues, the study effectively “busted” this myth by revealing that Millennials are as equally committed to their work.

5 Millennial attitudes are not *totally* universal, although there is significant commonality between the United States/Canada and Western Europe.

The global study found notable similarities and differences among Millennials throughout the world. For example, Millennial workers in every PwC firm around the world aspire to have greater work/life balance. However, the issue is particularly important for Millennials in the more developed economies of North America and Europe and in the East region, where work/life balance has a stronger bearing on turnover, commitment and job satisfaction than in other parts of the world. Additionally, we discovered in a few countries where there is a strong differentiated culture that cultural norms can ‘trump’ Millennial views that surfaced elsewhere in the world. Millennial workers in East region countries also place a higher value on information about which assignments will enhance their development than do their non-Millennial colleagues.

6 While the same basic drivers of retention exist for both Millennials and non-Millennials, their relative importance varies, with Millennials placing a greater emphasis on being supported and appreciated.

The *NextGen* study revealed that while the reasons for staying or leaving the firm are virtually the same between both Millennials and non-Millennials, their relative importance differs. Millennials have a greater expectation to be supported and appreciated in return for their contributions, and to be part of a cohesive team. Flexibility in where they work and how much they work is also a key driver in Millennial satisfaction. This view differs in importance from that of the non-Millennial generation, which places greater importance on pay and development opportunities. Millennials in developed countries also expect PwC to create a work environment that allows them to thrive both personally and professionally.

Retention

The *NextGen* study found a number of factors that drive employees' emotional connection with the firm and, therefore, retention. These factors can be categorized into four groups:



Using data to predict turnover

Utilising the above model and the rich data obtained from the *NextGen* study, PwC has a greater understanding of the turnover risk of staff by level, geography and other demographics. This information is already being used in territories around the PwC network to improve people engagement and reduce turnover.

What PwC has learned from the NextGen study

Global turnover rate in the PwC network of firms continues to decline while people engagement around the globe is increasing

As a result of its *NextGen* study, PwC is better prepared to address the challenges of the future, understanding more clearly that the Millennial generation is pushing all organisations closer to the work world many of them want. It is critical that organisations acknowledge this seismic upheaval and devise new strategies and paradigms that will create a new, stable foundation from which to build.

This transformation—at PwC and elsewhere—has already begun. For example, PwC’s 16th annual global CEO survey, released in January 2013 at the World Economic Forum in Davos, found that 77 percent of CEOs were planning on revising their strategies for managing talent in the coming year. They also identified the “availability of key skills” as among the top four business threats, with 58 percent of those surveyed concerned that the lack of key skills could threaten growth prospects. These are just some of the factors that will influence both our people and client strategy in future.

By all accounts, PwC’s attention to the factors that contribute to its ability to attract and retain talent is paying dividends. In 2012, PwC once again secured its position as the world’s largest network of professional services firms, while at the same time it has received the highest marks on the annual CFO.com survey from among the Big Four. Across the globe, PwC UK placed #5 in the *Sunday Times* Best Big Companies to Work For, PwC China was ranked #1 in the Chinese Institute of Certified Public Accountants top China Accounting Firms for the ninth consecutive year, PwC Korea was honored by the President of Korea with the 2011 Best Job-Creation Award to Top 100 Enterprises. PwC has also ranked #5 on *DiversityInc*’s 2012 Top Companies for Global Diversity list and #1 in the US on *DiversityInc*’s 2012 Top Companies for Diversity list. PwC was also named one of the “100 Best Companies to Work For” in the US for the ninth consecutive year by *FORTUNE* magazine.

While these and other external honors reflect on the positive momentum PwC is experiencing around the world, so too do its own internal metrics, which measure the satisfaction of its employees in each PwC firm throughout its global network. Most notable perhaps is the fact that PwC’s overall global turnover rate continues to decline while people engagement around the globe is increasing. PwC looks forward to continuing these trends while incorporating many of its key learnings in 2013, and beyond.

It is important to note that these are not top-down changes that are taking place at PwC. They are the by-product of the firm’s commitment to listen actively and attentively to its employees. Through its annual people survey, social media, focus groups and now the *NextGen* study, PwC is providing its employees with opportunities to express their needs and priorities, and applying what they are learning to make changes to the way the firm operates. The transformation that is underway will not be complete in a matter of months or years; more likely, it will be an ever-evolving, dynamic process for many years to come.

The insights gained from the *NextGen* study will help PwC understand the key factors that drive employee engagement and retention. However, it will be critically important that PwC firms continue to invest time and energy into listening to their partners and staff, and use the information collected to explore new and innovative ways to deliver an exceptional experience to their people.

What organisations can learn from the NextGen Study

It is vitally important that organisations invest time and energy in both listening to their people, and conducting deep research and analysis into what drives and motivates them. Doing so will allow organisations to tailor their talent strategies to address these needs, and best position themselves for the future.

There are a number of key considerations organisations should think about in light of the findings of the *NextGen* study. For example, organisations may wish to:

- **Create a flexible work culture.** The *NextGen* study found that 15% of male employees and 21% of female employees would give up some of their pay and slow the pace of promotion in their careers in exchange for working fewer hours. Organisations may leverage surveys or other tools to understand if their own employees hold similar views. To address these needs, companies may elect to adopt policies that promote greater work/ life balance, such as providing employees greater flexibility in their work location or schedule without having to execute a more formal flexible work arrangement.
- **Fully leverage technology.** Accelerate the integration of technology into the workplace, enabling workers to harness technology in ways that give them more flexibility and increase efficiency. To Millennials this is an absolute must—they expect to have access to the best tools for collaboration and execution.
- **Increase Transparency around compensation, rewards and career decisions.** Take the mystery out of compensation decisions, and provide greater transparency to employees regarding their career development. Create a meaningful rewards structure that regularly acknowledges both large and small contributions made by employees.
- **Build a sense of community.** Emphasize teamwork, appreciation and support from supervisors, and give employees honest, real-time feedback, face-to-face.
- **Consider introducing or accelerating your global mobility program".** The *NextGen* study found that more Millennials (37%) view the opportunity to work overseas as part of their desired career path than their non-Millennial counterparts (28%). Consider introducing a global mobility program, with either short or long term assignments offered outside of the employee's home country. Providing these opportunities not only adds to the development of the individual working abroad, but also helps to create a cadre of future leaders with a global mindset.
- **Evaluate the impact that Millennials may have on the contingent workforce strategy of your organisation.** Given the importance of the contingent workforce now and in the future, organisations must understand how they can address the needs of Millennials, who want greater flexibility in their schedules and career progression, while meeting the needs of the business. Leveraging Millennials as contingent workers will provide organisations better control over variable costs, and enable a more flexible, dynamic workforce that is able to scale up or down to meet the changing needs of the organisation.
- **Invest time, resources and energy to listen and stay connected with your people.** Understand the generational—and in some cases, geographic—differences





that are at play and manage employees on a personal and local level so that their own individual needs are met. Create innovative ways to keep employees engaged and perform at their best.

- **One size does not fit all.** Generational differences do exist among Millennials and non-Millennials, and should be taken into account by organisations that include employees from both groups. For example, Millennials are more likely to leave if their needs for support, appreciation and flexibility are not met, while non-Millennials are more likely to leave if they feel they are not being paid competitively, or due to a perceived lack of development opportunities. Understanding these and other differences will help target customized solutions that will promote retention and an engaged workforce across all generations and levels.

PwC's *NextGen* study would not have been possible without the firm's strong working relationship with the University of Southern California and the London Business School. Despite the scholarly nature of this research, however, this undertaking was far from an academic exercise. It was designed to provide real-life, practical guidance on how to modify existing talent management and development practices in ways that best conform to the needs of the Millennial generation, and by extension, to *all* of PwC's employees.

Organisations should reflect on the core learnings of this study and explore new policies, procedures and cultural attitudes that reflect a new workplace world order, and will support a sustainable business model one where all generations feel welcome.





This document reflects only a small portion of the learnings and insights we uncovered from the NextGen study. For further information, please contact any of the individuals listed below.

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