Surprising Attitudes Millennials Have About Total Compensation
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Introduction

The workforce is becoming increasingly younger.

That much is known, as more and more baby boomers exit the labor market, millennials - sometimes known as Generation Y - are making up larger and larger swaths of the employment landscape. The difference in physical capacity aside, companies have to prepare for the new attitudes millennials bring to the workplace.

Different generations of course will hold different values, but the shift in social, political and economic thinking is so evident between baby boomer and millennials - even between Generation X-ers and millennials - that businesses must address the change in their workplace.

Specifically, they must understand what millennials think about compensation. The notion is that millennials constitute the entitlement generation - but as with many other perceptions surrounding millennials and compensation, there’s much more to it than appears.

Yes, millennials might be more interested in social justice and a personally fulfilling career than earning top, top dollar. But that certainly doesn’t mean they don’t care about their compensation, or even feel they’re owed it regardless of performance.

As this white paper will demonstrate, millennials may hold different values dearer to them - but one thing is constant: Compensation is top of the mind.
Contrary to what some may think, more millennials said they wanted to achieve personal success in the now.

The prevailing sentiment held about millennials is that they are a spoiled generation. Reared on television, social media, video games and the Internet - those in other generations view the apparent lack of real world interaction as evidence of laziness and even ambivalence.

The stream of articles and columns twisting the screws of having no ambition further into millennials is steady, but as more is written, less is believed.

In a study conducted by Communispace and Google Customer surveys, more than 40 percent of non-millennials viewed their younger counterparts negatively [1]. Yet the same study revealed professionals of all generations placed near equal emphasis on certain aspects of their life.

While more millennials responded their relationships with family were more important to them now than older generations held, and non-millennials valued making money more so than millennials - the gaps were far from chasms.

In fact, contrary to what some may think, more millennials said they wanted to achieve personal success in the now. On the flip side, when they were the same age as millennials are now, more of the older generation said they wanted to have fun.

So What Do Millennials Want?

If it’s not personal validation and an easy reward, what do millennials want out of their employment?

To start, compensation is at the top of list. Student debts have soared, and those coming out of college or having just graduated need the means to pay their obligations. Yet it’s not
More than ever, millennials are thinking of their pay and salary in terms of total compensation.

A study from PricewaterhouseCoopers found millennials are very interested in their income and “value transparency (especially as it relates to decisions about their careers, compensation and rewards)” [2]. Indeed, 41 percent of millennials respondents would like to be recognized or rewarded monthly.

Yet the same study found 15 percent of responding millennials males and 21 percent of females would forfeit some salary in order to have greater job flexibility. A separate study from communications firm Capstrat in 2011 found 57 percent of millennials viewed salary as being an important factor when deciding on a job. However, 81 percent cited benefits such as health insurance as being important [3].

Further reinforcing the notion millennials are open to total compensation plans that reward them with things other than salary bumps - like rewards and personal enrichment - 72 percent said they would sacrifice a higher salary for a fulfilling position.

What Companies Need To Do

In order to connect with millennials, companies must first meet them where they live most - in the mobile and digital space. According to a comScore survey, 18 percent of respondents between 18 and 24 use the Internet exclusively on mobile. Compare that to 5 percent of those 35 to 54 and 3 percent of those older than 55 [4].

Knowing this preference toward mobile, companies are best able to engage their millennial employees through digital environments, particularly ones that are interactive and transparent. Online interfaces that enable millennials
to view their compensation, their incentives, their future and communicate with managers are hugely important to maximizing the millennial workforce.

Being data-driven employees who know how to navigate and make the most of their digital surrounding, the more transparency and insight into job performance granted to millennials, the better for all involved.

“Take the mystery out of compensation decisions, and provide greater transparency to employees regarding their career development,” PwC recommended in its report. “Create a meaningful rewards structure that regularly acknowledges both large and small contributions made by employees.”

Incentives are another piece of the millennial compensation puzzle. But it’s not as simple as “work to goal x, get paid incentive y.” Rather, true innovation on the incentive front for millennials is needed, as the more companies can tie greater work-life balance, increased training and personal fulfillment to incentives, the more they will get out of millennial employees.

One such example of this happening is Wells Fargo’s recent decision to emphasize incentives and training over commission in order to attract millennials [5].

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Millennials And The Evolving Business Structure

Seeing as how there’s no way to reverse the effects of aging, businesses need to prepare their internal compensation and incentive structures to cater to the millennial generation. Understanding how millennials think about employment and compensation, what they think about and why they do so is crucial to maximizing the young - and increasingly younger - workforce’s potential.
Compensation is a No. 1 concern for millennials, but it’s not to be equated with a hard and fast salary. Personal fulfillment is high on the list, and incentives or opportunities that allow them to pursue that enhancement are of the most attractive order for millennials.

However, it’s not enough to simply get where millennials are coming from. Businesses will need to innovate their own processes to accommodate the growing shift to mobile so they can meet millennials in the environments they’re most comfortable in.

Millennials are the future - yet also the present. In order to succeed alongside with them, businesses have a lot learning to do, and action to take.

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