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The Simmons x Schmid
insight series

Notes from the New Generation

Young Millennials and Gen Zs' Attitudes to Work

Research Report November 2022



Simmons x Schmid

Introduction

By **2030**, over **50%** of the UK workforce will be represented by **Young Millennials** (ages 26 to 35) and **Gen Z** (ages 21 to 25).

These tribes, which we term the New Generation, have different beliefs, values and aspirations when it comes to their careers compared to those in their forties and above.

After all, these are true digital natives.

People who may have started their career as the pandemic struck and who are facing a complex set of macro challenges – from worries about climate change, to the cost of living, the housing crisis, and more.

We should also bear in mind that, in just three years, we've all conducted an unplanned experiment in making huge shifts to the way we work. And, with the New Generation loving hybrid and flexible working, we need to consider whether the ways we've always done things around motivating, supporting and assessing employees are still the right ways?

With our clients asking us to help them better understand the needs of the New Generation, we commissioned a major piece of research to ask them about their needs, wants and desires when it comes to work.

The results are fascinating.

With the cost of living high on the agenda, salary is a key motivating factor. However, there is much more going on with this generation too. They're acutely aware of their work/life balance. They need to deeply respect the brand of the business they work for. They're worried about burnout. And they claim a desire for their leaders to speak out on issues that matter to them. Indeed, there are many more factors today that make people stay with – or leave – their employer. Startlingly, we discovered that **77%** of the New Generation are a flight risk to you. And only **1%** have stayed with an employer for three years or more.

Knowing what the triggers are that attract, and help retain, younger employees can help you create rounded and appealing value propositions and employer brands. Of course, these propositions need to be true to the ethos of your business too.

We say this because these employees value connection over transaction. They have an instinctive feeling for when their values align with your company's and expect promises to be kept.

In the next section is a summary of key findings. When you get into the research itself, you will see we've included commentary on some of the key issues that arise.

The ideas may help complement your existing employer value propositions to help attract, engage and retain the employees who will drive your business forward over the coming decades.

We trust you find the research useful and welcome any thoughts to:

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Executive summary – and some key stats



Loyalty in crisis

The research reveals a low level of contentment in work – **77%** of the New Generation is a flight risk.



Money matters

Salary is the leading benefit, a perception exacerbated by the cost of living.



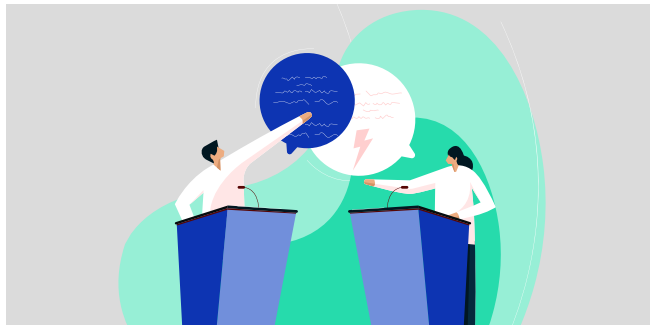
The gender pay gap is alive and well

Worryingly, and surprisingly, we discovered a clear gender pay gap.



Happiness and salary

Aside from salary, the best way to attract and retain the New Generation is to ensure they enjoy their job and have the (great) flexibility they desire.



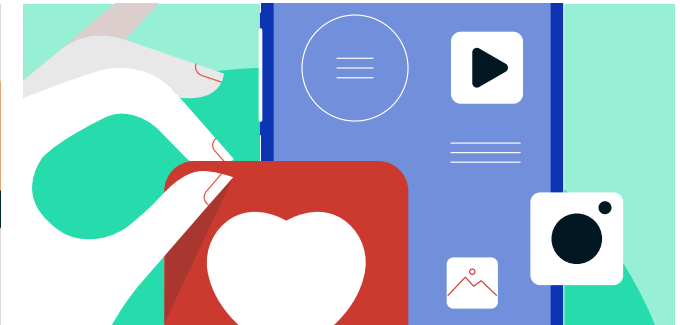
This is the conscious generation

The New Generation expects their leaders to speak out on issues which matter to them – **83%** hold this view. What's more, **85%** say an organisation's reputation affects their choice of employer, while **77%** agree that companies should work to progress issues such as diversity and inclusion and sustainability.



Wellbeing is a problem

While **90%** feel that a work/life balance is essential, stress is an issue – **70%** of Gen Z and Young Millennials have experienced extreme stress or burnout due to their job; **38%** feel this regularly.



Recruiting? Double down on LinkedIn

LinkedIn is the social media destination of choice for job hunters; **40%** use it regularly. Those working in the technical industries (technology, biotech and fintech) use LinkedIn more frequently (**55%**).

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Section 1 - Career plans

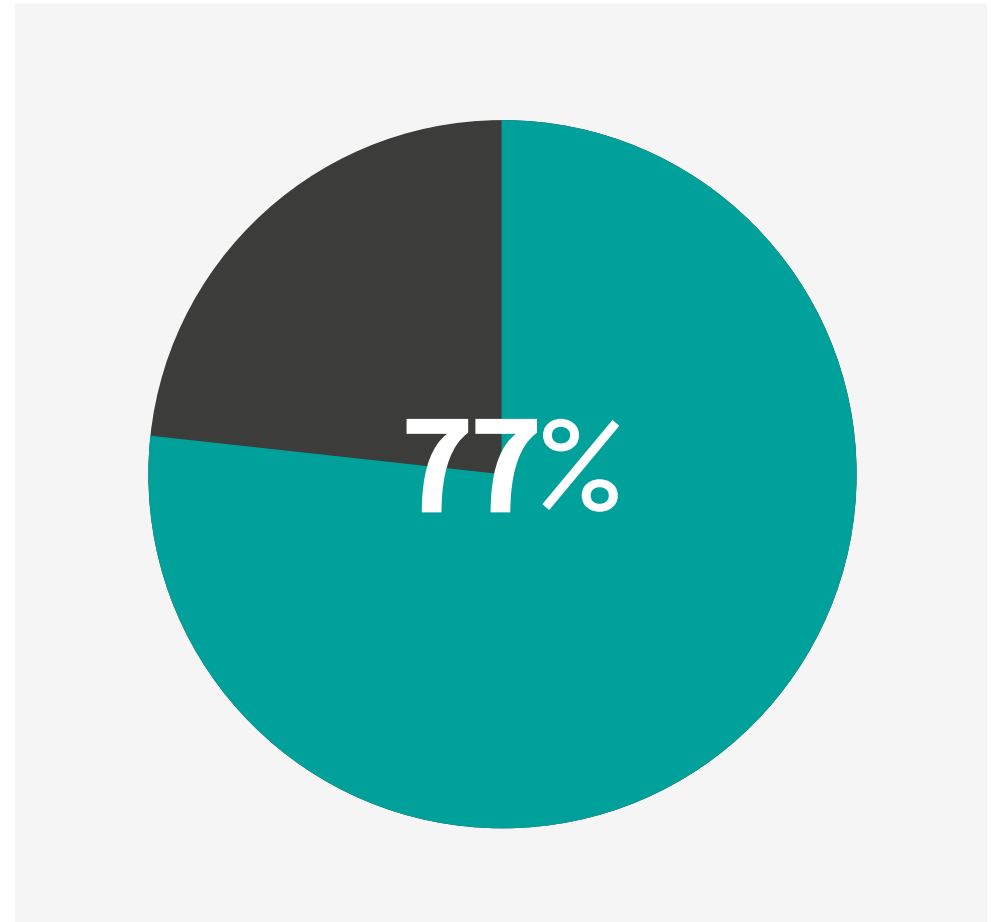
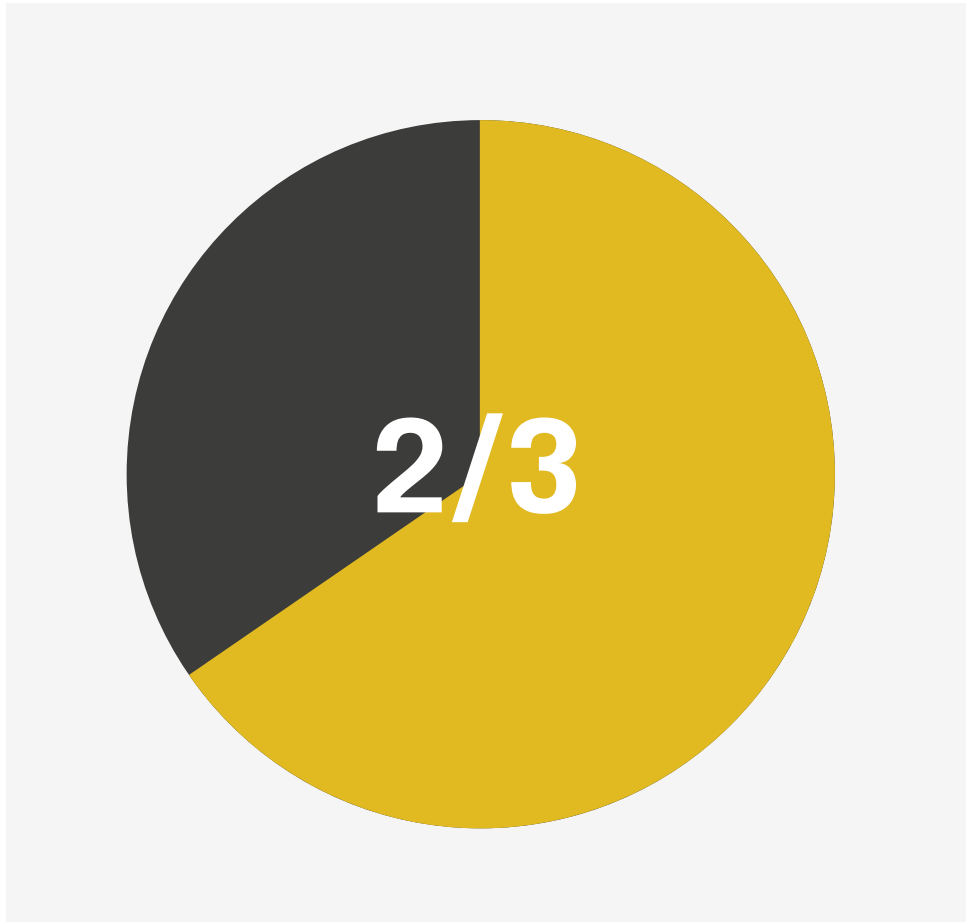
This is the restless cohort

1.i The restless generation

Driven by a desire to progress, our research indicates that the New Generation are restless employees. Less than **1%** have remained with the same employer over the past **three** years.

Almost **two-thirds** have changed their roles **two or more** times in **36** months. It's slightly higher for those in the tech/biotech/fintech industries, at **69%**, with almost half of these moving employers at the same time.

Over three-quarters (77%) are a flight risk to their employer, with **54%** expecting to change roles in the next year. The stats apply to those who've invested in post graduate education, making them no more 'sticky' to an organisation or role.



1.ii Commentary: Engaging the New Generation

Other research projects also identify that Young Millennials and Gen Z employees move frequently. A number of reasons are in play here. This includes the age-old perception that the best way to get ahead is to move jobs. The cost of living, see next section, intensifies the focus on income. And given the cross-sector shortage of talent, particularly acute in biotech, engineering, IT and science, it's a strong sellers' market.

The pandemic has had an impact too, increasing a sense of impermanence for many. We also need to bear in mind that the New Generation evaluates their jobs against wider-ranging and emotional values. As we discuss in the next section, work/life balance is especially important, as are other 'softer' issues, such as working for a company that shares the same values.

The long and short of this is that there are now more motivations to stay, and leave. The extent of the issue – with so many planning a move soon – is alarming. And with over **50%** of staff comprising Young Millennials and Gen Z by 2030, on present trends, companies will need to legislate for a much higher turnover rate.

So what to do?

As we delve deeper into the research, we suggest some ideas to address the issues that matter to younger employees. And if you're running an ongoing attitudinal study or NPS programme, you'll likely be tracking and responding to changing attitudes. If you don't have a regular survey in play, it may be time to instigate one, with a real-time dashboard integrated with other key data to predict rates of turnover and how to plan and legislate for these with more extensive and nuanced employer value propositions. Completion rates for surveys can be quite low. We've seen clients have greater success when pushing short questions over SMS or via apps and email.

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Section 2 - Show me the money

Attracting and retaining Young Millennials and Gen Z

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2.i Top five reasons to stay and go

So what makes your New Generation of employees stay? And what tempts them to move? Not surprisingly, there's correlation between the two

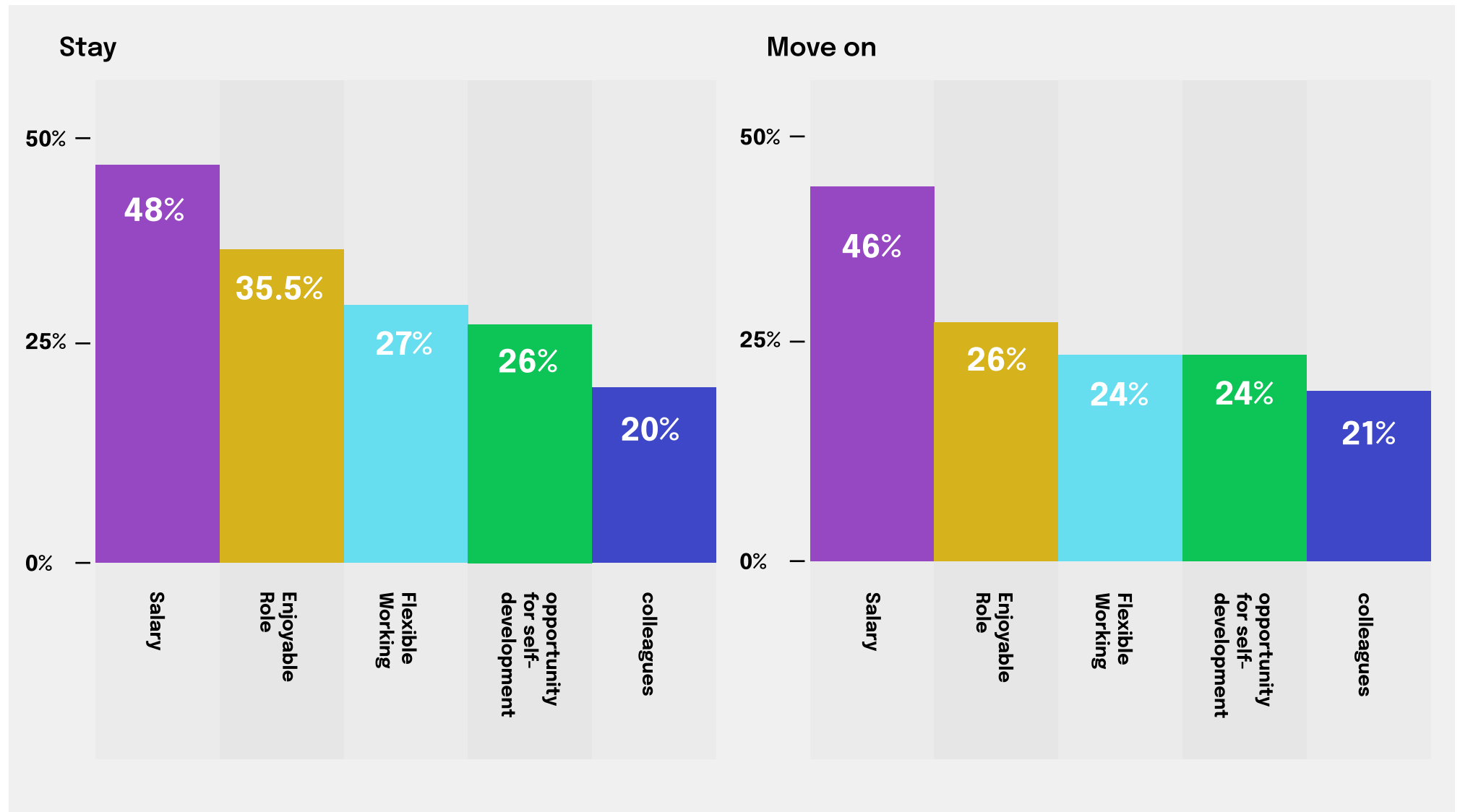


Table: what motivates you to stay or leave your employer?

2.ii Pay: The ‘make that move’ motivation

With **70%** earning less than **£40,000**, the main motivation to stay or go is salary. The squeeze on living standards is clearly at play here.

- Over **92%** say their job choices will now be influenced by the rise in cost of living.
- **24% of Gen Z and 18% of Young Millennials** constantly worry about covering their monthly fixed bills.
- More than double the number of Gen Z women (**31%**), than men (**15%**), worry more frequently about covering their fixed bills. This is linked to the fact that Gen Z and Young Millennial men tend to earn more than their female counterparts: **82%** of Gen Z and **78%** of Young Millennial females earn less than **£40,000 per year**. This contrasts to the **57%** of Gen Z and **59%** of Young Millennial males.
- **78%** of Gen Z and Young Millennials feel that the pension scheme offered by a prospective employer influences their employment decisions. Only **5%** don't consider this when accepting a role. Three-quarters regularly contribute up to **10%** of their monthly income to a pension scheme, with **18%** contributing more.
- **26%** of Gen Z and Young Millennials working in science, technology, engineering and mathematics (STEM) contribute **11%** of their income regularly into a pension scheme. This almost certainly relates to the fact that Gen Z and Young Millennials in these sectors earn more – **60%** have a salary of **£40,000 per year** rising to **70%** for those with a master's degree or doctorate.

2.iii The importance of an enjoyable role

It's heartening that despite having a restless outlook, the New Generation value an enjoyable role. The challenge of course is that what's an enjoyable role for one person is different for another. However, this suggests that traditional engagement approaches such as regular line manager check-ins and employee surveys will help to highlight employees who may not be enjoying their role as much as they might. As we go through the research we also look at what benefits will help attract and retain staff – see sections to **2.iv** and **2.vi**.

2.iv Commentary: Changing with the times – agile employer value propositions

One concerning finding is, of course, the clear gender pay gap. The view has always been that, as older male employees leave work and new policies rebalance inequitable pay structures, the gap would disappear. This doesn't appear to be happening. We hadn't anticipated this so we did not hunt for possible reasons. However, there is a view that male employees can be more confident when pushing for higher pay. They may also be more willing to take a job even if they don't feel qualified to do so. Future rounds of our research (which will take place twice a year) will look at this problem in more depth.

Employer value propositions need to live and breathe – in short, they need to be agile. And as inflation spikes and growth stagnates, companies may want to take practical steps to help employees. Pay rises are an obvious way to help counter higher bills. But other initiatives to think about include offering salary sacrifice schemes to lower potential tax bands, creating or enhancing mental health and wellbeing services (**see section 3**), and providing financial advice and simple ISA saving schemes. It's likely that some employees may look to reduce pension contributions for workplace schemes and, ideally, they should be advised of the long-term importance of maintaining their existing levels.

2.v Beyond finance - reasons to stay

Thinking about the broader employer value proposition, we zeroed in on non-financial rewards, asking respondents to reveal what other benefits matter.

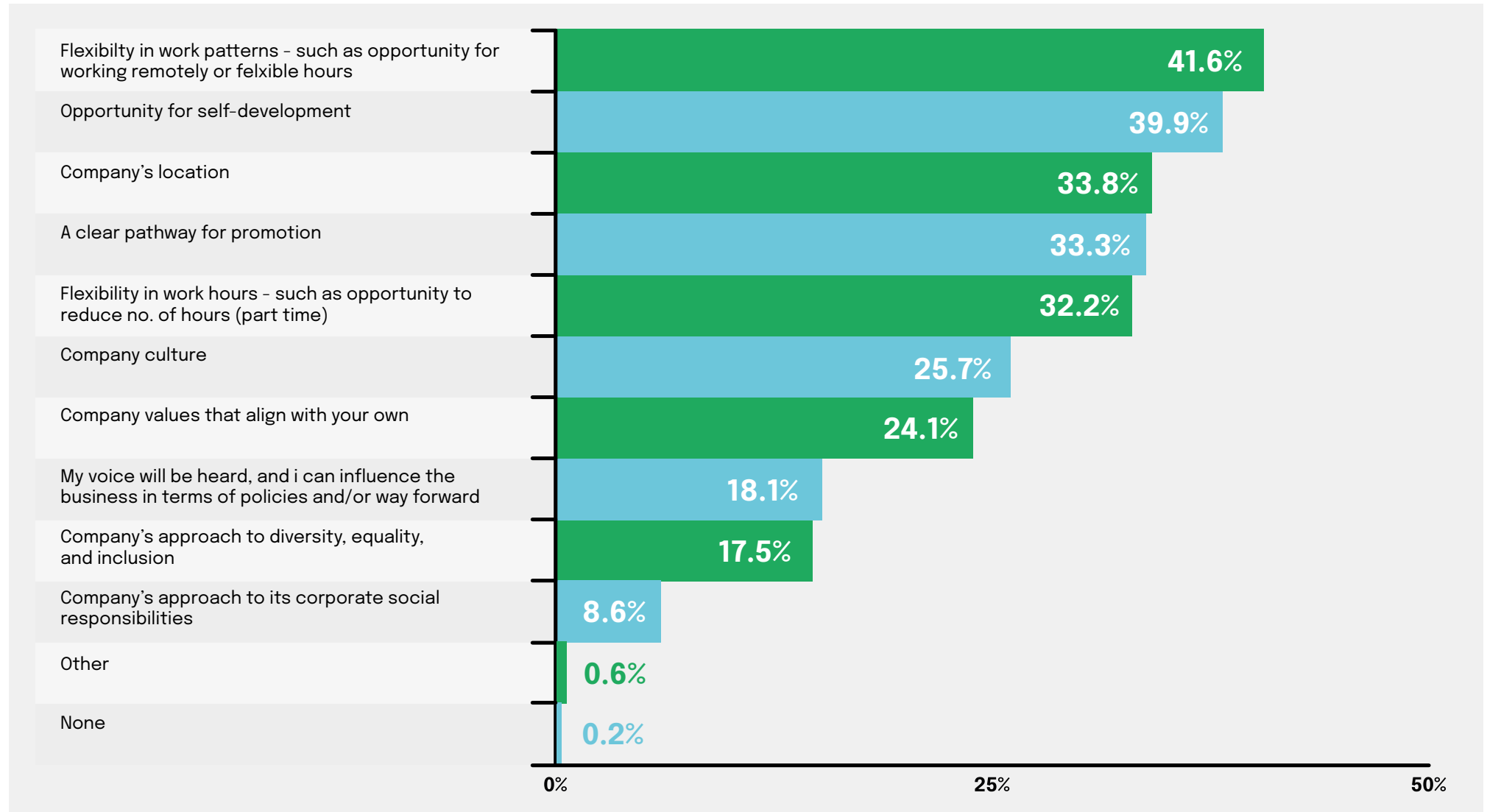


Table: Which of the following benefits, if any, would you consider forgoing a percentage of your future salary to achieve ?

2.v Beyond finance reasons to stay...

Outside of the convenience of a company's location (which plays into the work/life balance picture), the most striking finding is the strong desire for flexibility, closely followed by the opportunity for self-development.

None of us can be surprised by the flexibility finding. Whether it's Apple's staff railing against a move back to the office (even the luxury of Cupertino), Airbnb with its much-flagged 'live and work anywhere' policy, or anecdotal evidence that London is busier on a Tuesday and Thursday, it's clear that work patterns have changed. Probably forever.

And, however much employers may want to see a return to the office, in the eyes of Young Millennials and Gen Z, flexibility is essential. The more so for women, with **47%** of women compared to **36%** of men seeking flexibility in working patterns (such as working remotely or flexi hours) in their roles. The wish for flexibility increases with age, reaching **54%** among Young Millennial women compared to **38%** of Young Millennial men. This is almost certainly due to care-giving responsibilities.



2.vi Commentary: Amending employer value propositions

Employer value propositions need to live and breathe – in short, they need to be agile. And the respondents are clear: salary, location, flexibility and a clear pathway for promotion/the opportunity for self-development are important to them. If these topics do not feature prominently in your value proposition, you may wish to incorporate formal policies around them, apportioning budgets accordingly.

The data also suggests that more still needs to be done to provide greater flexibility for female employees. Indeed, this benefit is a likely lever to increasing younger female representation within the workplace.

2.vii Conscious employees – a desire to share values

In some respects, it can be useful to think of the New Generation as ‘conscious employees’, to a point.

While salary is clearly important for this generation, we probed in a little more depth into their thoughts around ‘softer issues’ and whether they’d be prepared to take a pay cut of **10%**, **20%** and **30%** in return for other benefits.

Despite over **75%** earning below **£40,000** per year, across Young Millennials and Gen Z, **93%** would accept a reduction of **10%** in their earnings to secure additional non-financial benefits from their employers. And **66%** would accept a **20%** decrease in their pay for non-financial benefits (**62%** of Young Millennials and **74%** of Gen Z).

What’s important here is the nature of the benefits that encourage them to consider a pay cut. Taking the **20%** salary cut as an example, what may be seen as intrinsic benefits, as shown below, were selected by around 10% of respondents.

- Working for a company with a clear social conscience – **8%**
- Working for a company aligned to my values – **8.7%**
- Working for an inclusive company – **9.5%**
- Working for an inspiring leader – **10.7%**

But when we look at benefits that may be described as being of more reward to the individual, again flexibility comes out on top, closely followed by the opportunity for self-development and promotion.

- Flexibility – such as a 4-day week with pro-rata pay – **20.2%**
- A clear pathway for promotion – **18.3%**

We discuss the issue of flexibility in section **2.vii**.

More interesting work and a more enjoyable culture are also critical.

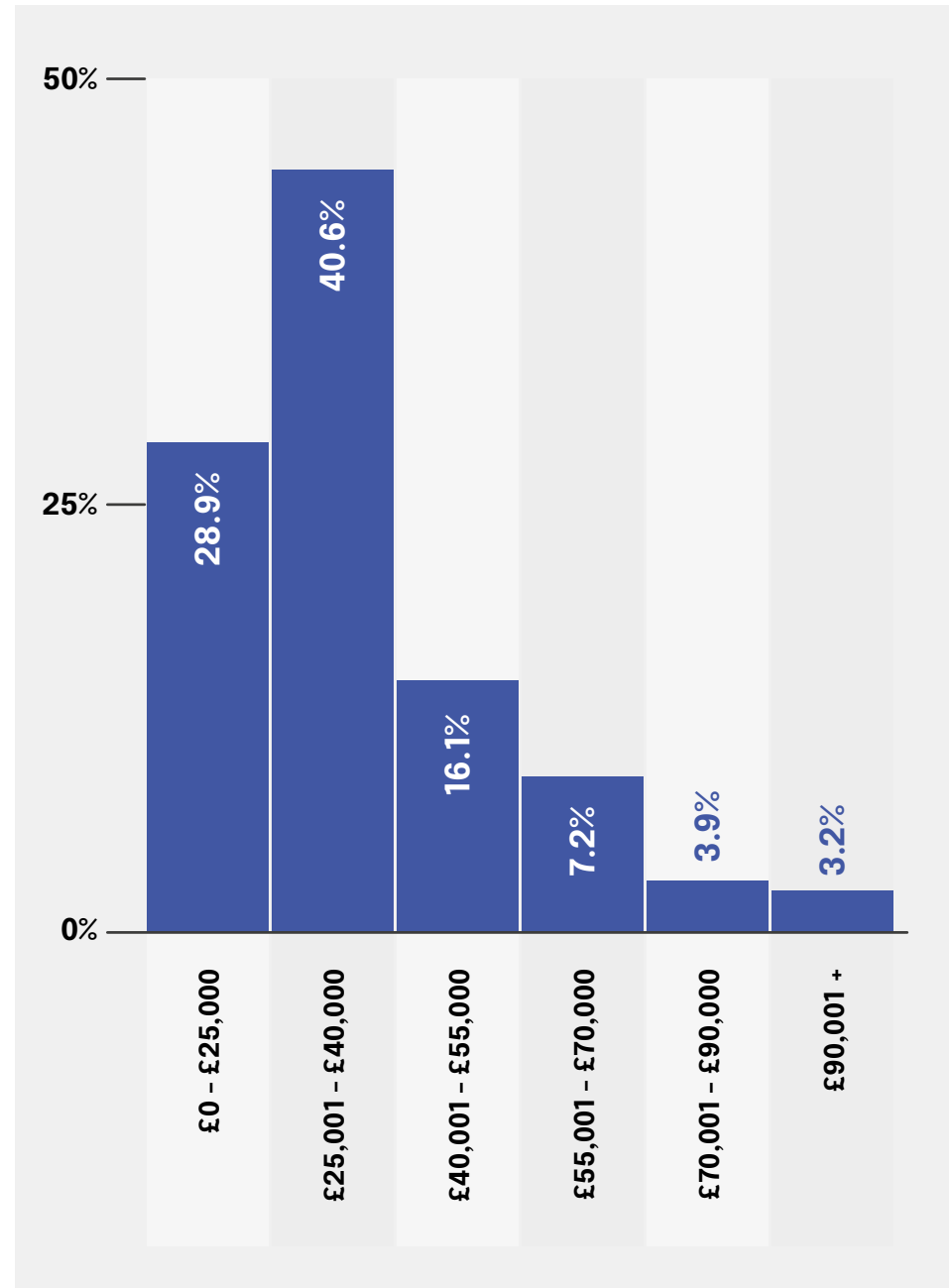


Table: Please disclose your current salary

2.vii Conscious employees – a desire to share values...

The New Generation exhibits a 'campaigning ethos'. For example, **83%** want their CEO to speak out on issues that matter to them. Just **4%** don't consider this when weighing up a role.

What's more, **85%** say an organisation's overall brand and reputation affects their choice of employer. And, when we questioned people about whether it's important for companies to speak out on wider issues such as diversity and inclusion, and sustainability, **77%** 'agreed' or 'strongly agreed' with this view.

However, these issues do not markedly show up as a reason to take a salary cut and work for a company with a campaigning ethos. In fact, **78%** feel that making progress on the green agenda, planet income inequality, and diversity and inclusion is a job for their employer, not them.

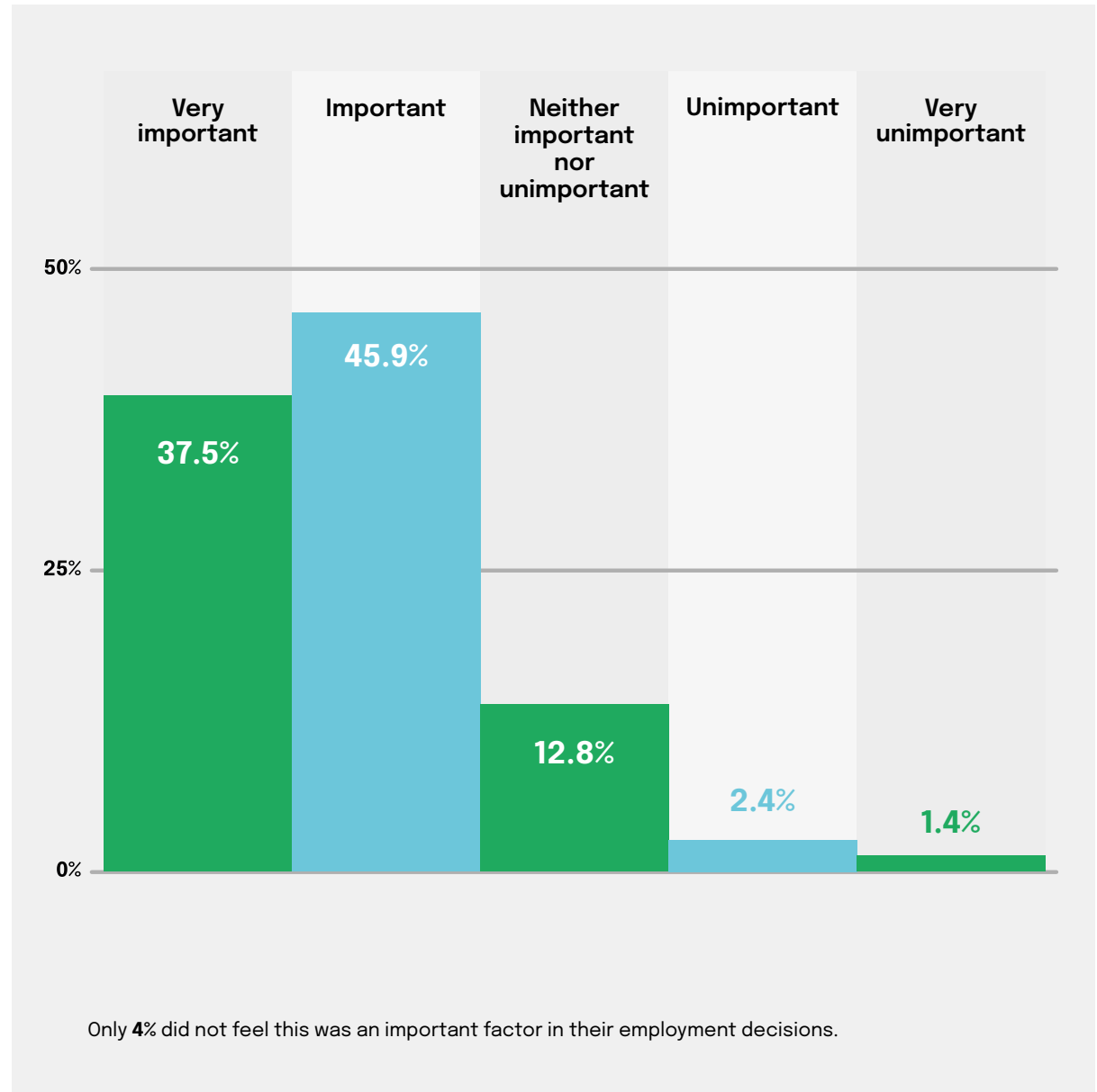


Table: How important, if at all, is it to work for a CEO or leader who speaks out on issues that matter to you?

2.viii Commentary: Re-evaluating learning and development

The desire for greater flexibility has fuelled unhelpful media commentary which characterises Young Millennials and Gen Z as 'entitled'. A more empathetic approach is in order. This is a generation that is expected to be less affluent than previous ones and is facing a cost-of-living crisis and the likelihood of working well into their 70s. They're also concerned about macro issues such as sustainability and income inequality and are protective of their mental health, wellbeing and work/life balance (we look at this in more depth in section 3). In short, they look for more connection, and not just transaction, when evaluating an employer and are more aware of their complete worth. Is that a bad thing?

One critical finding is the contradiction between the reluctance to be present in the office, which can be construed as 'lacking commitment', and the value placed on personal development and career progression, which clearly points to ambition.

Many of us may empathise with David Solomon, CEO of Goldman Sachs, or Apple's Tim Cook, who has spoken of the 'irreplaceable benefits of in-person collaboration', that the best way for junior employees to get ahead is to learn from colleagues. But if they're only in the office two days a week, or less, developing through watching and learning will be tricky.

So, if remote working is here to stay, and we need to help Young Millennials and Gen Z evolve personally and professionally, do we need to rethink learning and development platforms to truly collaborate with, train and assess the progress of younger staff who will not be able to learn from peers as previous generations have done?

There's another reason why we raise this – and it's the elephant in the room: the UK's productivity per head. A recent Microsoft report found that **80%** of employees reported being as or more productive since going remote. In contrast, **54%** of business leaders reported fearing that productivity has been negatively affected since the shift. And it's an issue we need to address.

Between 2009 and 2019, the UK's productivity per head growth rate was the second slowest in the G7. It's currently **13%** below the G7 average. While there are many reasons for this, including the financial crash and Brexit, the UK's investment rate is consistently below the US, France and Germany. We have to pose the question, will a mass move to hybrid working help or hinder the anaemic growth rate? And, as HR people, do we need to strongly make the case for greater investment to ensure the new style of workforce can arrest the declining productivity graph?

One other issue of note is the desire for companies and CEOs to take a stance on the things that matter to the New Generation. Clearly, any changes to your employer brand to encompass a stance on 'softer issues' needs to be done within the bounds of your organisational culture. For example, it's much easier for, say, a Ben & Jerry's to make a stand than, say, a fossil fuels producer, but it can help attract and retain employees who want to be in a business which effects change for good.

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Section 3 - Mental health

The New Generation and the ‘work fam’

3. The New Generation and the ‘work fam’

We’re all much more conscious of our personal and colleagues’ mental health and the work/life balance in general. This is especially so for the New Generation. The overwhelming majority, **90%**, feel that a work/life balance is essential.

Worryingly, the number of Young Millennials and Gen Z reporting high levels of stress is too high.

70% of Gen Z and Young Millennials have experienced extreme stress or burnout due to their jobs, **38%** feel like this regularly, with the effects on women more pronounced (**42%** compared to **34%** of men).

51% feel that their jobs adversely affect their mood and wellbeing regularly.

These stats, coupled with relatively low rates of pay, may be fuelling the ‘quiet quitting’ trend although it’s too early to say if this ‘movement’ will have any discernible difference on productivity.

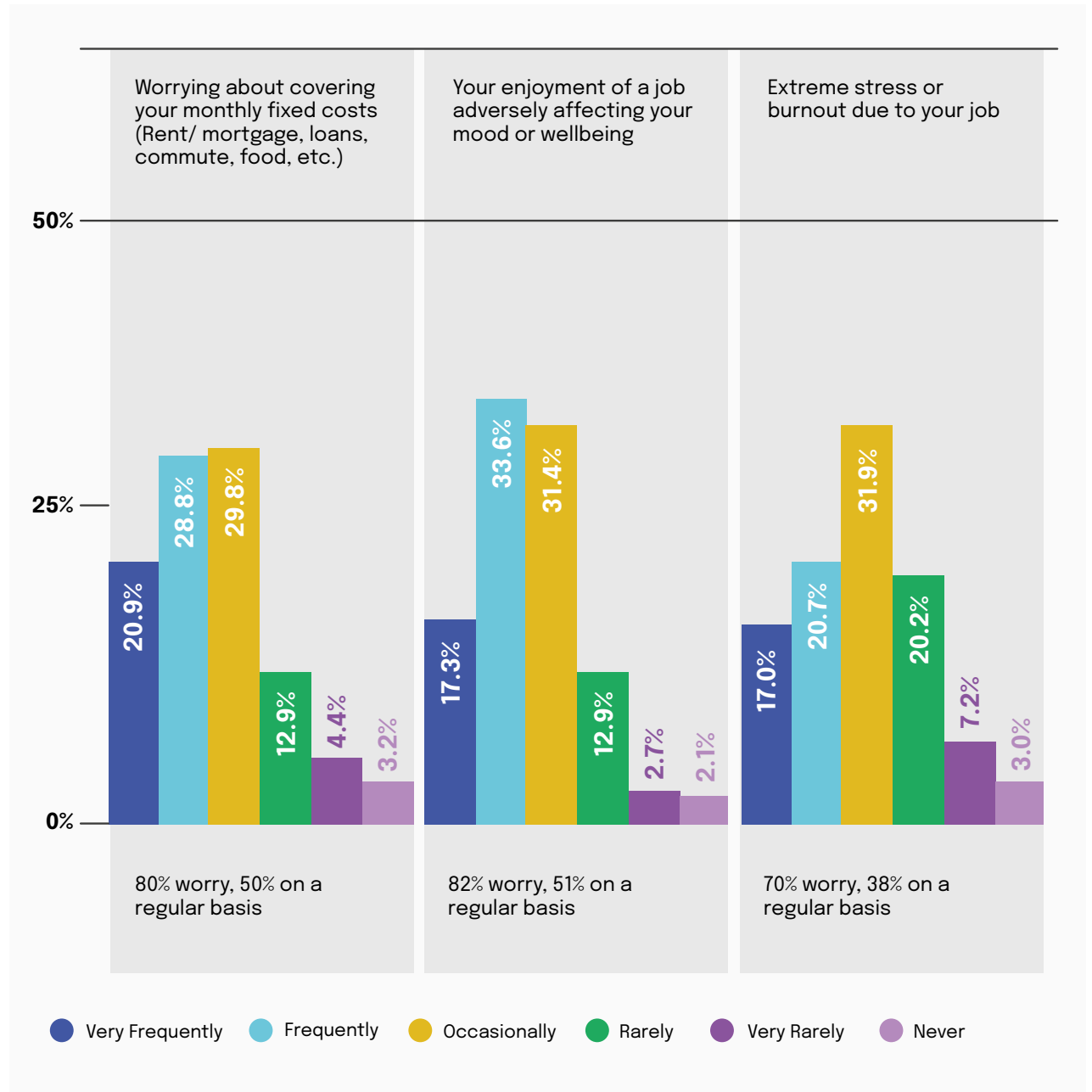


Table: How frequently, if ever, do you experience the following?

3.i The 'work fam'

While older employees may raise an eyebrow at the 'work social', the New Generation expresses a clear wish to 'hang' with colleagues: **78%** want to socialise more.

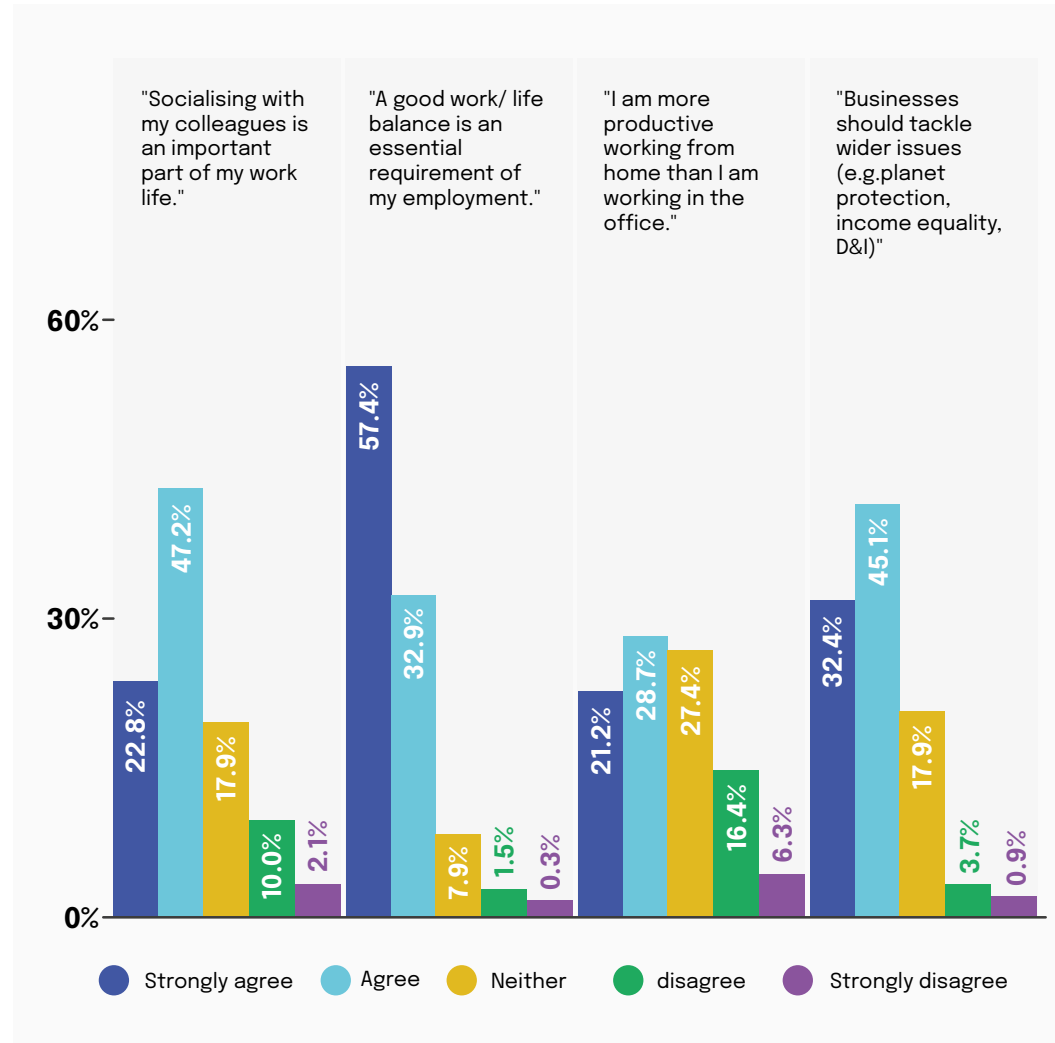


Table: How much do you agree or disagree with the statement?

3.ii Commentary: 'The work fam'

We can't think of a client's business that does not have programmes in place to help teams with their mental health. But, still, it's an issue. We suggest that research among employees to uncover triggers would be useful, as well as testing and learning new approaches with smaller cohorts of employees to effect changes more quickly. When it comes to the social element of work, despite, or perhaps because of, the desire to work from home, it seems the New Generation values its work fam. Time then to reinstate the work social committee.

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Section 4 - Recruiting?

Double down on LinkedIn

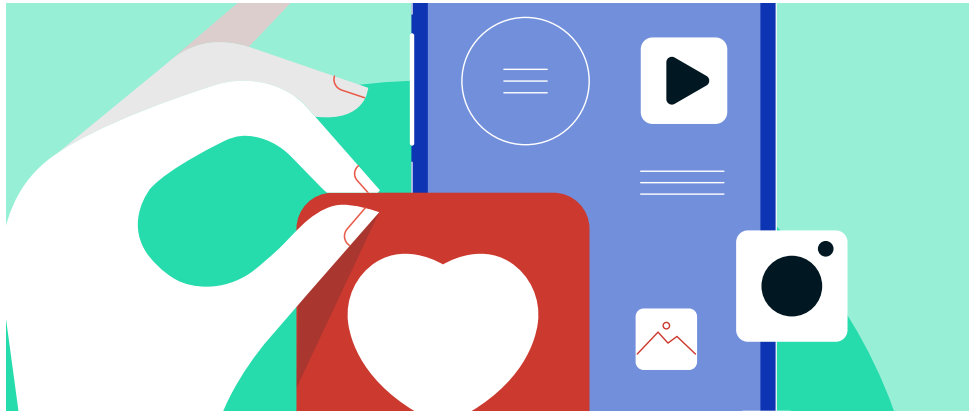
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Section 4: Recruiting? Double down on LinkedIn

As expected of these true 'digital natives', Gen Z and Young Millennials search for jobs online and through apps. Some highlights of the data include:

Online agencies and apps: Just under half, **48%**, use online recruitment agencies and/or apps. Women favour this approach more than men (**54%** compared to **42%** of men).



LinkedIn is popular: LinkedIn is the social media destination of choice for our job hunters - **40%** use it regularly. Those working in the technical industries (technology, biotech and fintech) use LinkedIn more frequently (**55%**).



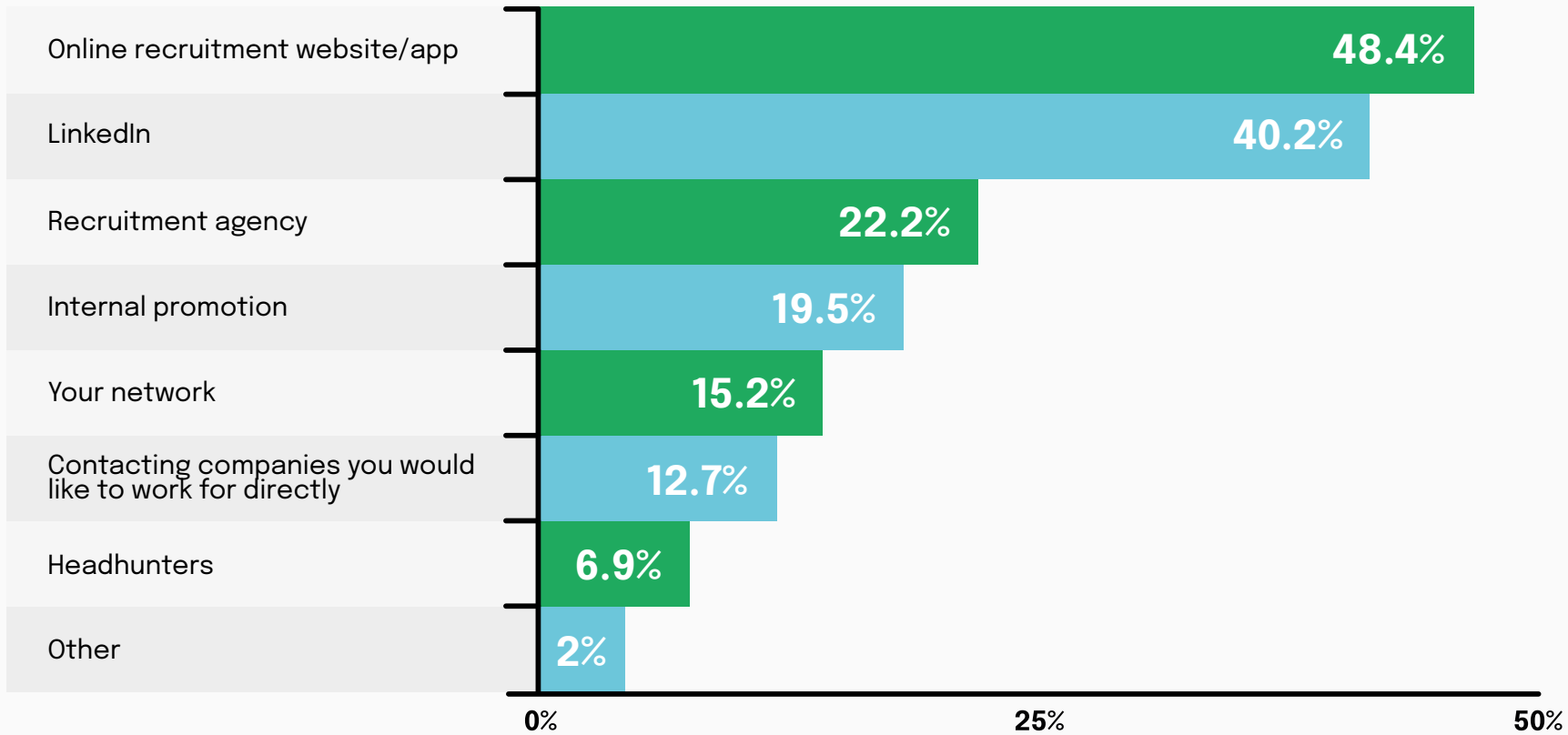
Promotions: Women are also more likely to seek internal promotions (**22%** compared to **17%** of men), and this grows with age; **28%** of Young Millennial women rely on internal promotions compared to **19%** of Young Millennial men.



Headhunters: Only **7%** use headhunters. Men work with them more (**11%** compared to **3%** of women). This figure also rises for those Gen Z and Young Millennials working in the technical fields, where **16%** rely on headhunters for their search.



The majority of respondents (Gen Z and Young Millennials) use online recruitment agencies and sites



40% 40% of Gen Z and Young Millennials use LinkedIn for their job searches

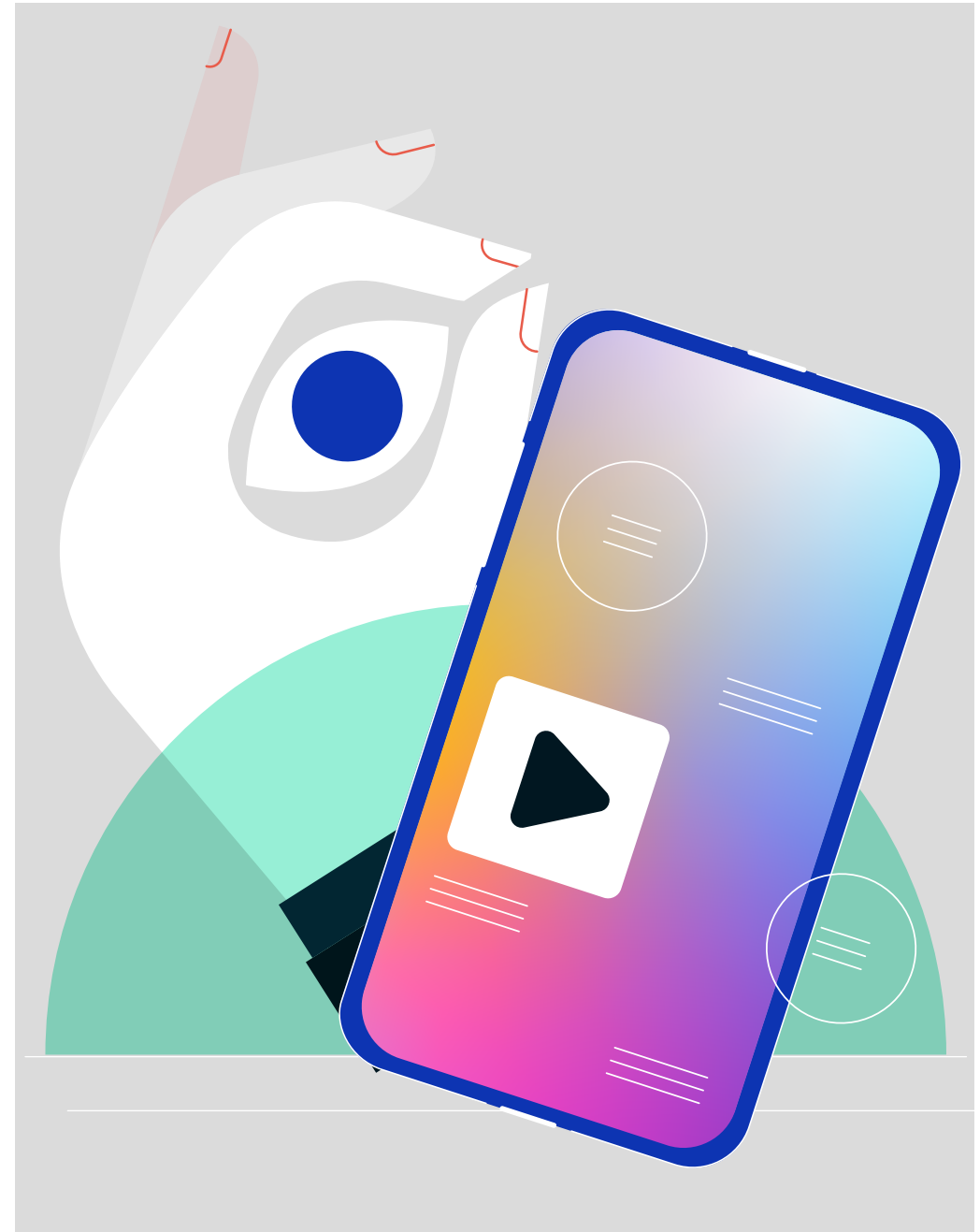
48% 48% use online recruitment sites

20% 20% rely on internal promotions

15% Only 15% have a network that can support their recruitment needs and less than 7% use head-hunters

4.i Commentary: Do you need to be on top of TikTok?

TikTok is worth considering for Gen Z as a recruitment tool but we found little evidence of its widespread use for job searches. Video résumés are the order of the day on TikTok. But we have concerns about unconscious bias and whether more adept 'performers' are necessarily likely to be higher performing employees. At the moment, when it comes to TikTok, we say 'watch this space'.



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Section 5 - Conclusion

Section 5: Conclusion

Think back over the last three years and so much has happened to the way we work with the hybrid/flexible/remote working trends seemingly here to stay.

For many employers who are struggling to recruit staff, and keep their teams intact, it feels as if the power balance has changed, in favour of the employee. HR teams are also in an invidious position. They need to contend with employees' expectations that a competitor's generous – apparently reckless (!), in some instances – home working or holiday allowance needs to be matched, while simultaneously having to make a business case to do so with senior colleagues.

There is also the issue of skills and how to train younger employees when the majority of them expect to be promoted quickly, without necessarily learning from colleagues in the same way that previous generations would recognise.

There is no silver bullet solution. And, of course, the culture of every organisation is different. This said, there are some areas we feel HR teams may want to think about to adjust to these changing times, including refreshing employer value propositions. These include:

The productivity imperative – HR is the discipline to lead discussions around what needs to happen to raise, and measure, the productivity of remote teams. Making an investment case around improving team productivity should help secure the backing for any amendments to HR platforms, appraisal systems and L&D approaches to adjust them to the needs of flexible teams.

Progression – the New Generation is clear. They want to advance, and fast. Building direct reference to investment in training as a central part of employer value propositions is therefore important. Also, is there scope to be more overt in saying that attendance in the office on set days is not a nice to have: it will positively influence appraisals?

Flexibility and work/life balance – in the minds of many younger employees, flexibility is now a right. And it's seen to be an antidote to stress and central to the need to maintain a healthy work/life balance. Most of us have probably come to terms with the fact that remote or hybrid working is critically important to employer value propositions. And larger organisations have policies in place to help employees manage their stress and discuss their mental health. Given the focus on stress and mental health, keeping track of any new developments in the area – and amending support and policies accordingly – is advised.

Pulse surveys and the connection between employers and employees – on the one hand we were not surprised that the New Generation exhibits a campaigning/conscious ethos when it comes to issues such as diversity, values and campaigning CEOs. What we didn't perhaps appreciate is the extent to which these 'softer values' are trumped by a desire for progression, flexibility and personal development. Indeed, many younger employees are worried about key issues facing society but they feel it's down to business to do more about them. If you do run employer surveys, we suggest looking into these areas. The aim is to take the temperature of your particular group of younger employees to see if your employer brand needs to better reflect the expectations that applicants will have from your business around things like environmental, social and governance and diversity and inclusion.

Educate and enable – pretty much every business we speak to is concerned not only about attracting and retaining talent, but a shortage of it too. This is especially so in technology and healthcare. We understand that not every organisation will have the budget, resource or flexibility to do this, but setting up academies to develop 'home grown' talent is worth considering.

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We trust you enjoyed the report and found the findings to be useful for your business. Should you wish to discuss the insights, or you would like our view on your employer brand or value propositions, please reach out to:

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Simmons x Schmid

simmonsandschmid.com

Appendix 1: Methodology

Simmons x Schmid commissioned research among the following audiences in August 2022:

Group Name	Born	Age
Gen Z (Zoomers)	1997-2012	(10-25)
Millennials	1981-1996	(26-41)

The research included 20 questions and was preceded by a pilot survey to test hypothesis and engagement.

The survey was hosted on the Attest platform, which includes both human and machine-learning validation to ensure consistently reliable data. The sample of 1,000 respondents was filtered by education level to isolate those working in a professional capacity, or planning to do so.

The questionnaire is designed to be repeatable. The research will be conducted every six months to create an attitudinal index over time. Four rotating segments allow us to swap in topical themes, which, in this inaugural study, focused on the cost of living and financial planning.

UK market

1,000 sample size

Ages 21-35 years

Graduates

Repeated every 6 months

20 questions

4 rotating questions to capture topical issues

16 questions fixed to build an index over time