

The 'New Collar' Workforce

Understanding the Millennial mindset - A primer for non-profits



“The greatest challenge facing the non-profit sector is engaging young, talented people to consider careers in the sector.”

- Rena Tabata

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et

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Canada’s aging labour force presents a multitude of challenges for all sectors. Future productivity, skills shortages and sources of replacement workers are all concerns. Statistics Canada tells us that 15.3% of Canadian workers are 55 or older. For the first time, there are just as many Canadian workers over the age of 40 as there are under. A recent study by the HR Council for the Voluntary & Non-profit Sector (HR Council) found that 39% of workers in the non-profit sector are 45 years of age or older.

The effects of these demographics will be felt keenly by non-profit organizations. Rena Tabata is part of an Advisory Committee put together by the HR Council that recently initiated a project to improve the sector’s understanding of the characteristics and motivating factors of prospective early career employees. Another parallel project is examining the potential offered by late career employees transitioning from the private or public sector.

The early career stream of the project includes a literature review, a survey and a series of focus groups with university students to explore the level of awareness of prospective workers of jobs and careers in the sector, their interest in those jobs, and their expectations of the sector as a workplace. When the research is completed, the Advisory Committee will suggest strategies to attract and retain early career workers.

“This study is long overdue,” Tabata feels. “There is a lot of literature delving into young workers. What our sector needs are practical ‘how-to’s’ for sector organizations to recruit and retain young workers.”

What follows is a summary of the findings from a literature review undertaken by the Canadian Career Development Foundation for the HR Council.

Recruitment and retention challenges facing the sector

“The sector offers exciting jobs in an interdisciplinary environment,” notes Tabata. “New workers get to work in a non-hierarchical environment with those new to, and those experienced in the field.” Indeed, professional and motivated paid staff is the most frequently identified organizational strength found in the sector. But while the sector offers engaging, important work with flexibility and scope, it also has:

- Lower salaries
- Less support for leadership
- Constraining accountability frameworks
- A rather dated image

Possibly due to the above characteristics, the most frequently identified challenge in the sector is difficulty in recruiting and retaining skilled staff. There is a high level of turnover within the sector.

Funding challenges have an effect on the physical work environment, salaries and benefits, employee training and development, and many other aspects.

In a 2007 Imagine Canada study, 70% of non-profit leaders identified finding skilled staff to be their biggest challenge, raising the question of who will replace existing leaders.

In a 2008 HR Council study, nearly half of sector employers reported that recruitment and retention of qualified paid staff was either difficult or very difficult.

The following recruitment factors were described as challenging:

- Few or no applicants to choose from (70%)
- Salary offered is too low (67%)
- Applicants lack relevant work experience (57%)
- Applicants lack skills required for the job (56%)
- Lack of money/funding for recruiting (54%)
- Competition from for-profit organizations and government agencies/departments (45%)



Portrait of a unique generation

Along with being a consummate professional, Rena Tabata and her fellow Advisory Committee members bring another dimension to their work with the HR Council. They're members of Generation Y – also known as

“Millennials” – who are in the early stages of their careers. Millennials comprise approximately 32% of the Canadian population, with the oldest being in their early thirties. The Millennial generation is predominately urban and they tend to stay at home with their parents longer. This is a significant change from the previous generation and suggests that for this generation, parental influence extends beyond the teenage years.

Millennials have also attended school in greater numbers and for longer than previous generations. The number of university graduates has increased 24% since 2001.

Millennials also differ from previous generations in that more young women than young men obtain post-secondary education (PSE) credentials.

There is no shortage of literature on the Millennials but much of what has been written about them is steeped in stereotypes:

- They have been coddled (due to their highly devoted and over protective parents)
- They are impatient and egotistic, demanding instant gratification
- They are job hoppers, and have no work ethic, and
- They are more techno-savvy/skilled than all other generations.

However, very few comparative multi-generational research studies have been done to demonstrate that Millennial values, attitudes and behaviours are indeed unique to this age group.

What are their interests, values, attitudes and behaviours?

The issues that concern this cohort reflect their experiences. For example, as tuition fees have soared, so has the Millennials' concern with funding and obtaining a 'good' PSE. Similarly, Canadian Millennials are living in an increasingly multi-cultural country. They have an interest and an awareness of the significance of cultural diversity. They are more globally connected than previous generations and they also tend to be well travelled. Issues about the environment, increases in the rates of poverty, and the viability of public health care have all been significant policy issues during their formative years.

In considering how the values and interests of Millennials will impact their recruitment in the non-profit sector, two significant positive traits emerge:

- The value that Millennials place on learning
- Their increasing activism in grass roots movements

Millennials are most likely to embrace and pursue lifelong learning. As the skill requirements and technological capacity of non-profit work has increased, this value is important because the sector will need staff with the ability and desire to learn new skills.

"Young workers are looking for professional development," says Tabata. "They want challenging tasks that use the full range of their skills and experience."

Millennials are active in causes they believe in. Although they tend to vote less often than other generations, they are more politically aware and active. They gravitate to activism rather than traditional party structures because of its focus on direct action and the potential for impact on everyday life. This involvement in special causes is good news for the non-profit sector.

What motivates them?

While their desire to be involved in meaningful work is a recruitment plus for the non-profit sector, some of the Millennials other motivating factors may create difficulties for the sector. A recent survey found that compared to older generations, this cohort also expected:

- To be paid more
- Have flexible schedules
- Be promoted
- Have more vacation time

Clearly, these expectations are a challenge to non-profits who struggle to offer competitive salaries, and smaller organizations that can't provide opportunities for promotion and career development.

What do they want from their work environment?

A US study found that young adults do not “consciously seek work in one sector or another. Rather, they measure potential employers and careers based on the nature of the work...”

A series of focus groups with Millennial students held in 2002 found that they would use six critical factors when choosing an employer:

- 1) Compensation (monetary and non-monetary)
- 2) Challenging and meaningful work
- 3) Good relationships
- 4) Lifelong learning opportunities
- 5) A respectful working environment
- 6) The organization’s citizenship policies and track record

While Millennials have similar work ethic values as other generations – such as responsibility, achievement, engagement and initiative – they have different views about life-work balance and career development. They want material benefits, but not at the price of their other values. One trend that has been noted is that career choices are shifting from the ‘work-around-the-clock’ work ethic of previous generations. Millennials want access to extended leaves, flexible work hours and paid training which may put them in conflict with the sector’s “martyr culture”. These expectations and preferences need to be recognized when hiring and working with this generation.

Who influences their career decisions?

“Many universities are now encouraging students to engage with their community. Increasingly, students are getting a taste of the non-profit sector during their program or degree, in the form of community service learning,” Tabata claims, citing the UBC Trek 2010 vision which encourages students to become global citizens.

The literature review found that there is limited research on other factors that influence the career decisions of post-secondary students. What is known is that prior to entry into PSE, parents are the number one influence on career choice.

A 2008 survey of post-secondary students in Canada found that professors may have some influence in the career choices of university students. Sixty-seven percent of fourth year undergraduate students had talked with their professors about employment or careers. The study also found that 47% of undergraduate students had not made a decision about their careers at the time of their graduation.

In one study, slightly less than four in ten young adults had volunteered or worked in their chosen field of employment. Youth who have had some kind of work experience with the sector had a clearer idea about whether they wanted a career in it.

Work experiences and experiential learning are extremely valuable to youth in making career decisions. These experiences help youth decide where, how and why they want to work. Increasing the number of work experiences available in the non-profit sector, and promoting them would be an important outreach strategy.

What do their career paths look like?

The increases in part-time, contract and self-employment in the labour market have influenced the career paths of Millennials. They want a mixture of jobs and learning, possibly in different sectors at the same time. One study called the Millennials the “New Collar Workers”, who want a highly flexible career on their terms – opting for several part-time, hourly or contract jobs. This could bode well for the sector where many organizations can only hire short-term staff or contract consultants.

Related to this need for highly flexible work is the Millennials’ need for change. As one study noted, “Nothing is merely a ‘job’ but a stepping stone to the next big thing.” They have to feel they’re moving quickly to the next opportunity within the organization. This means all sectors and employers should make career planning part of employee development.

What do they think about the non-profit sector?

“Young people have a lot to offer the non-profit sector,” claims Tabata. “We can provide the innovation, creativity, ideas and technological know-how needed to review and enrich current practices and make suggestions that will enable our employers to be more competitive.”

However, current early career employees in the non-profit sector provided these perceptions about the sector.

Stereotypes about the sector

In a workshop held in 2003 with interns, two common misconceptions about the sector were identified:

- 1) People working in the sector don't get paid
- 2) Only “tree hugging, sandal wearing, granola eating activists work in the sector”

However a study of 1,000 Millennials suggests that the sector holds some appeal as a career destination. Seventeen percent of respondents said that director of an NGO would be a desirable career objective.

Lack of prestige

One US study found that the non-profit sector is viewed as suitable for those who do not want fame and glory. Rather, the sector is a place for self-sacrificing individuals who do not need monetary reward or recognition in return.

A place to start your career but not to build it

Although many young workers see the sector as a good place to acquire training and experience, their managers believe that most of these young workers use that training and experience for ‘real’ careers in the public or private sector.

No awareness of or experience with the sector

Tabata notes, “There is so much out there on the for-profit sector but little clarity and information about our sector.”

Low Pay

One US report found that only 23% of young employees were satisfied with their rates of pay in non-profit organizations. This same report found that college guidance service counsellors were stereotyping the sector as having significantly lower salaries.

What have they experienced in the sector?

Young career workers who have volunteered or worked in the sector report the following challenges.

Work efficiency challenges

- Lack of adequate infrastructure (low supplies, old computers)
- Lack of adequate human resources (understaffed)
- Limited or lack of core funding
- Funding requirements that involve more resources than what is feasible (multiple reporting requirements)
- Micromanagement of the board
- Management structure resulting in slower decision-making process
- Organizational-narrow-mindedness (lack of a holistic approach).

Ageism

Young people, especially those in management positions, have problems gaining legitimacy and respect. What makes this even more difficult is that they tend to have few or no peers their age they can turn to.

Poor work-life balance

Burnout, a high-paced work environment, long hours and having to bring work home were found to have an impact on recruiting and retaining early career youth in the sector.

Lack of career development

Job instability (short-term, project based funding), limited upward mobility, few opportunities for professional development, and lack of mentoring opportunities were also issues.

MBAs need not apply

Prejudice against management or business practices makes youth with these backgrounds uncomfortable working in the sector.

Inattention to new hires

Lack of sufficient attention to and oversight of new hires' work was a concern.

“We need to address these concerns,” says Tabata. “Young people offer an opportunity for reverse mentorship – they can help revise old practices and set ways of thinking. In areas of new technology, young workers are indispensable.”

Student debt loads also have an impact on recruitment and retention of young graduates. Student debt levels in Canada increased 76% in the decade ending in 2000, with the average undergraduate leaving university with \$19,500 in debt.

Student debt influences career decisions. Young people see the private sector as the best route to financial independence and paying back student loans. However, as stated previously, they don't want money at all costs.



How do they feel about volunteerism?

Canadians aged 15 to 24 are more likely to volunteer (55%) than any other age group, aided by mandatory volunteer requirements for high school graduation in several provinces. A US report found that mandatory volunteerism at the high school level may benefit the sector. Those volunteering were much more aware of the kind of work that they could find in the sector.

“Because there is now greater awareness surrounding the sector and an increased visibility of role models working on interesting projects in the sector, I think organizations will have a better time, an easier time in recruiting fresh graduates,” Tabata believes.

But while Millennials volunteer for altruistic reasons, they also do it for pragmatic reasons – to learn new job-related skills and to enhance employment opportunities. However, 29% report that they did not volunteer because they did not know how to become involved, showing that their awareness of the sector and how to access opportunities within it are limited.

What the sector can do

While there are many challenges in recruiting and retaining young workers, the sector has much to offer early career youth that taps into their interest in making the world a better place and the value they place on finding meaningful work.

If the sector cannot compete with the salaries paid by the private sector or government sectors, it needs to be clear about the advantages it can offer:

- Job quality and conditions, such as challenging job opportunities and a chance to do meaningful work
- Flexibility in work hours, location, and attending to personal life commitments such as childcare, relationships and leisure
- Work environments that are respectful, open, and participatory.

“There are fewer opportunities to do meaningful work in for-profit organizations than there is in our sector,” Tabata concludes. “And there is a lot of flexibility in the type of work the sector offers. There’s a lot of interesting work, everything from project management to fundraising, to different types of technology, communications and marketing. You can get easily ‘siloed’ when working in the private and for-profit sector,” she adds.

Compared to the for-profit sector, larger percentages of paid workers in the non-profit sector have access to benefits, participate in employer-sponsored pension plans and work flexible hours. These comparisons need to be publicized to this cohort. Other ideas include:

- Create more experiences within the sector designed to provide youth with first-hand knowledge of it.
- Develop an outreach strategy to reach youth before they begin post-secondary education. Connect with organizations that attract youth who are fulfilling mandatory volunteer hours and provide them with information about careers in the sector.
- Connect with professors and career centres at colleges and universities so they can talk to graduating students about opportunities in the sector and dispel some of the stereotypes associated with it.
- Use well known and popular individuals working in the sector as a way to dispel misperceptions.
- Build online communities for youth about the work of non-profits, not just web sites.
- Actively recruit through career outreach programs that include career information, social marketing, public and private partnerships and work placement programs.
- Incorporate career education and career development services into the work culture.

- Develop and implement strategies such as coaching, mentoring, cross-training, job shadowing and peer networking.
- Develop training opportunities for upcoming youth leaders to ease the transition of leadership. Use outgoing, experienced leaders/retirees in the development of training programs.
- Create positions for younger people to put their knowledge to work and demonstrate an appreciation of their values and contributions to the sector.
- Develop staff training programs specific to the learning needs and styles of younger, less experienced staff.
- Increase the competitiveness of pay rates and/or offer extrinsic benefits that match workers’ needs/desires.
- Identify and – of critical importance here –market/promote intrinsic rewards for those working in the sector.
- Be prepared to make some structural changes to the organization to support a multi-generational work force.
- Partner with other organizations, including service organizations, education institutions and government, to support the sector’s plans.

For more information

If you would like to read the full literature review or comment on this summary, please contact the HR Council by one of the following means:

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HR Council for the Voluntary & Non-profit Sector

The HR Council for the Voluntary & Non-profit Sector (HR Council) works with organizations, educators, labour and government to identify and address issues related to paid employment in the voluntary and non-profit sector.

Our priorities are to:

- Build and share knowledge
- Promote good HR practices
- Foster training and learning opportunities
- Provide leadership on HR issues
- Engage voluntary and non-profit organizations in our work

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