Millennials at work Reshaping the workforce



They're light on loyalty

On expect to have between two to five employers throughout their working lives

16% lower than 2009

Their main reason for choosing an employer





Rewards & benefits









Career progression & opportunities

They don't find these sectors appealing











Government Defence Insurance Metals Chemicals & public services

Malaysian milleni

The traditional corporate view

PROFIT Growth Process

Optimisation **Economies**

LOYALTY

Revenues Productivity Value addition

The millennials' view

Work & life

Society Development Innovation Collaboration Creativity CHANGE Mobility Flexibility

They want to work overseas

Top countries of choice:

#1 United Kingdom

#2 🚟 Australia

#3 **USA**



They want work/life balance

Say it's very important

nials: a quick look



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Foreword



There is a Chinese proverb that says a child's life is like a piece of paper on which every person leaves a mark. Vibrant colours mark the happy moments, while dark and sombre colours represent difficult times. Ultimately, the colours create a picture of the individual's life.

As employers, we too will have the opportunity to add colour to that piece of paper. Throughout my career, I've been fortunate to have bosses and colleagues who have left bright colours on the picture of my life. And much of it has to do with the time and effort they took to connect with me, understand my ideals, my goals and the things I value.

As generations evolve, values and attitudes change. The reality is that many companies don't know who their key talent are - never mind how engaged they are or whether they have the right incentives to keep them. By the year 2025, it is estimated that Generation Y or millennials - will comprise about 75% of the global workforce. Employers cannot ignore or fail to address the different dynamics this unique segment brings.

This report – an extension of our global Millennials at Work report – shows that millennials bring some very interesting perspectives to the table. These perspectives will be (and in some cases, already are) game changers for recruitment and talent retention. This is true across most industries, including ours. A key question facing CEOs and management teams everywhere is not what the organisation should do tomorrow... it is what you need to do today.

We hope you find this report insightful.



Sridharan Nair Managing Partner (designate) June 2012

About the survey

Four years ago, PwC began a global study into the future of people management with our report, 'Managing tomorrow's people – the future of work 2020', which explained how globalisation, technology and socio-political and demographic changes will influence the way businesses operate in the future. In a follow-up report in 2009, PwC Malaysia's People & Change team decided to take a closer look at the leaders of the future in a report titled 'Malaysia's Gen Y Unplugged', which highlighted the characteristics of the new generation of workers.

This latest report aims to provide some insight into the minds of recent graduates in Malaysia and highlights their evolving preferences. As they begin their working lives, what are the hopes and expectations of this generation? More importantly, do business leaders and human resource practitioners need to revise their workforce strategies accordingly?

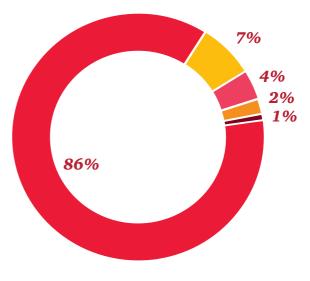
This report takes a look at the aspirations and preferences of millennials in Malaysia . It is intended to complement the global survey report which can be accessed from the link below:

www.pwc.com/gx/en/managing-tomorrows-people/future-of-work/download.jhtml

For this survey, PwC Malaysia conducted a survey of 515 millennials across the country in the last quarter of 2011. Of the respondents, more than 50% of respondents were under the age of 25. All were aged 31 or under and more than 60% had graduated after 2008. 80% of those with a job said it was a graduate role, while 20% had a job which did not require a degree. For the global report, responses of 250 millennials from Malaysia were included.

Quotes from the millennials who participated in this survey are included throughout this report.

Employment profile of survey respondents



- Employed
- Continuing in full time education
- Unemployed
- **Due to start work for an employer shortly**
- Self employed

Why are millennials important?

The millennial generation now entering the workforce in vast numbers, will shape the world at work for years to come. Sources indicate that presently, Malaysian millennials make up 40% - 50% of the workforce.*

They will also be more valuable - this generation will work to support a significantly larger older generation as life expectancies increase. CEOs tell us that attracting and keeping younger workers is one of their biggest challenges. It is clear that the millennials will be a powerful generation of workers who will influence how and where they work, and how they operate at the workplace.

> They may also represent one of the biggest challenges that many organisations will face.

Are millennials really different?

Their affinity with the digital world clearly sets them apart. They respond poorly to rigid

hierarchical structures, believe they can learn quickly and get turned off by information silos.

They expect rapid progression, wide and interesting careers and constant feedback. Globally, the companies which have been able to successfully attract talented millennials - Google and Adobe among them, are naturally innovative companies which never get restrained by 'how things used to be done'. These companies may not specifically target millennials but their culture, management style and approach to talent hiring and retention appeals to the millennials. And because of that, they are able to pick the best of the younger talent.

Regardless of the long term aims and ambitions of an individual organisation, the ability to attract and retain millennial talent will be a key step towards achieving them.

Who are the 'millennials'?

The term millennials, or Gen Y, describes someone born immediately after 'Gen X'. In both, the global as well as the Malaysian cuts of this survey, we refer to the millennials as those born from 1980 onwards.

^{*} Source: PwC analysis

Report highlights

The key findings of this report reinforce many of the features of Malaysian millennials identified in the previous report. We have also highlighted the differences in the attitude and expectations of the Malaysian millennials in comparison to their global counterparts.

- Loyalty-lite: The global economic crisis has had a gradual impact on the millennials' view on the length of time they think they will stay with employers. The proportion of respondents who believe they will have only between two and five employers throughout their careers has reduced by 16% between 2009 and 2011. The number of respondents who believe that they will have more than six employers has increased by 4% between 2009 and 2011.
- Money matters: Millennials in Malaysia are very concerned about the earning potential of their jobs. Globally, opportunities for career progression was the number one draw for millennials in selecting their employers. However, Malaysian millennials are most influenced by the rewards and benefits offered when choosing their employers.
- Work/life balance continues to be very important: This year's results show that work/life balance is a priority for millennials who are already employed, with 97% of respondents saying that it is important to them. Millennials value flexible working hours more than cash bonuses when it comes to seeking employment benefits. Globally, training and development was the most preferred benefit over flexible working hours and cash bonuses.

"I expect my career to be more vibrant than that of my previous generation. Less rigid. More challenging."

Male graduate, Malaysia

- Government jobs are losing their charm: One in every four respondents in Malaysia (the highest for any sector) said that they would avoid working in the government and public services sector solely because of its image. Globally, the oil and gas sector was seen as most unappealing, with 14% of the respondents choosing to avoid the sector.
- A technology driven generation avoiding face time? With technology dominating every aspect of their lives, it is perhaps

not surprising that 36% say that they prefer to communicate electronically at work than face-toface or even over the telephone. However, technology is often the catalyst for intergenerational conflict in the workplace. Many millennials feel held

back by rigid or outdated work styles.

- Wanderlust: Malaysian millennials have a strong appetite for working overseas. 88% want an assignment overseas at some point in their career. Globally, 71% of millennials aspire to do so.
 - For Malaysian millennials, the UK is the most preferred destination followed by Australia and the USA. In spite of their preferences, one half of all respondents are ready to work in less developed countries to further their careers.

• Generational tensions:

Millennials say they are comfortable working with older generations and value strong coaches and mentors. But there are tensions between the generations. 50% of the millennials say that the older senior managers do not relate well to the younger workers. More than 30% say that their personal drive is intimidating to older generations. Almost 42% felt that their managers did not always understand the way they use technology at work.

Modern millennials

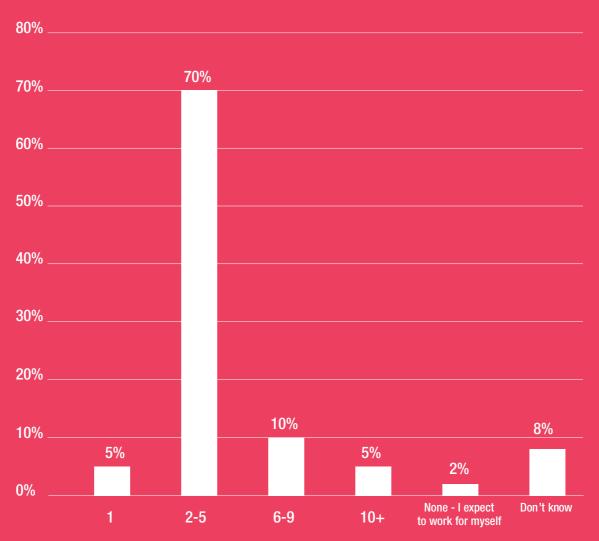
Is the concept of loyalty changing?

In 2009, we argued that Malaysian millennials were loyal to their employer, but only as long as it suited them. The results of this year's survey suggest that the global economic turmoil over the past three years has had an impact, albeit a gradual one, on the length of time they think they will stay.

In 2009, 86% of the respondents expected to have between two and five employers only, during their working lives. Today, the proportion has reduced to 70% indicating an increasing tendency to switch employers. The proportion of respondents who expect to have more than six employers stands at 15% while those expecting to have more than 10 employers, has increased from 3% in 2009 to 5% in 2011.

There is a big difference between millennials thinking they will have multiple jobs and wanting to be job hoppers. Among employed graduates, 34% say they track the job market for new opportunities though 61% of all respondents think they would prefer to progress within the same organisation they have been recruited to. Employers who fail to invest in this group are likely to see less loyalty than those who do.

How many employers do you expect to have in your career?



Base: All employed respondents (443)

Millennials want work/life balance

This year's results show that work/life balance is a priority for millennials. 97% of respondents say that it is important to them and 75% say it is very important.

For many though, their experience of working life has not lived up to their expectations. Only 14% of the employed millennials said that the work/life balance had been better than they expected, but for 48%, the reverse was true. The expectations of new employees are set by their experiences during the recruitment processes and by their view of the employer brand. Results suggest that companies need to be sure that they are not creating unrealistic expectations that could lead to dissatisfied employees.

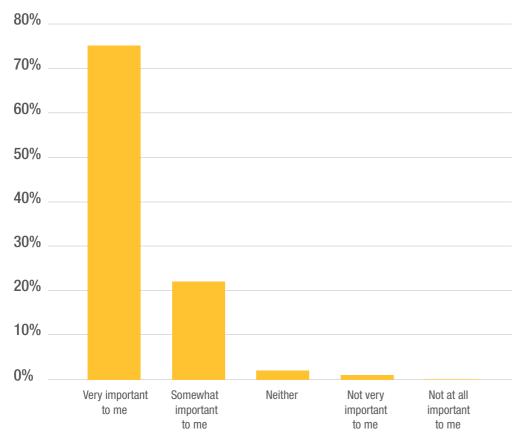
Employees in many industries could be rewarded by results rather than the number of hours worked and be allowed to decide when and where to do their work.

Long hours are often encouraged and rewarded without any measure of the productivity involved. We hope to see newer models evolving over the next decade.

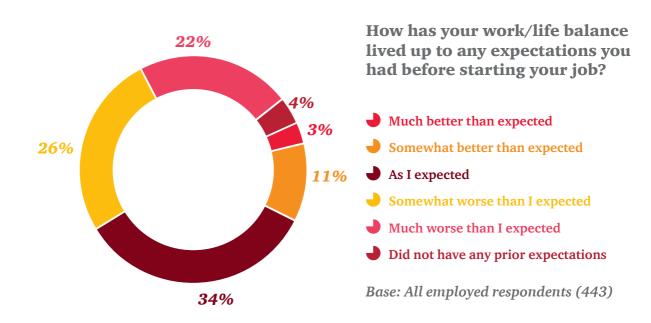
> "If you really put technology to use, you can have flexible work hours and get that work/life balance."



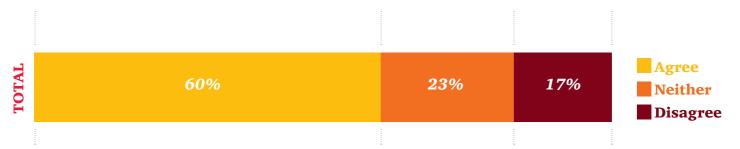
How important is it that you have a good work/life balance?



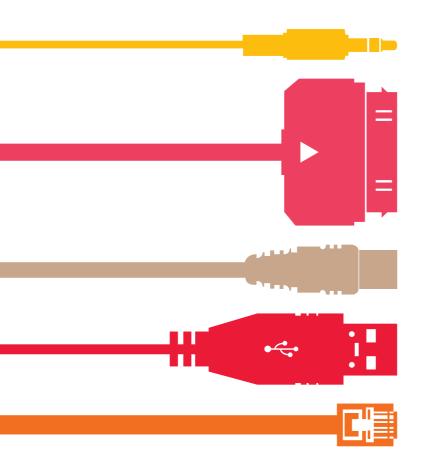
Base: All respondents (515)



I will make use of social media while at work



Base: All respondents (515)



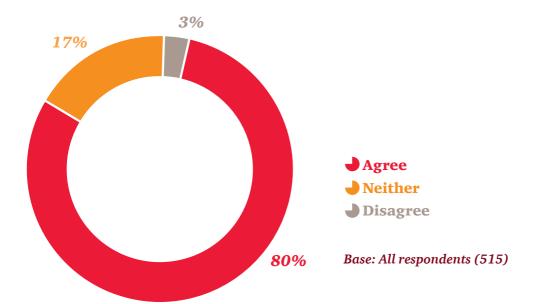
Digital citizens

Millennials grew up with cell phones and computers. They see themselves as digital citizens, modern multi-taskers who consider technology to be an extension of themselves.

It's hardly surprising then that they have specific expectations about how technology is used at the workplace. Millennials expect the technologies that empower their personal lives to also drive communication and innovation in the workplace. 36% of the respondents prefer to communicate electronically rather than face-to-face.

76% say that provision of state of the art technology by their prospective employer is important to them when considering a job. They habitually use workplace technology alongside their own. 80% believe that access to preferred technology makes them more effective at the workplace.

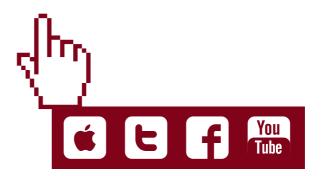
Access to the technology I like to use makes me more effective at work



This relationship with technology can be a cause for conflict. More than two in five questioned felt that their use of technology was not properly understood by senior management.

In response to this, some employers are already adapting their information technology and human resources policies to appeal more directly to millennials. For example, offering a choice of smartphones as a benefit and increasing their business presence using the social media. Employers will need to view technology as a 'necessary' platform for conducting work and not just as a 'tool', to appreciate the millennials' view. "Information travels faster than ever before, if you are not connected you fall behind."

Female graduate, Malaysia



Our future will be bright

The global financial crisis and economic downturn have done little to dent the optimism of the millennials in Malaysia. A majority (87%) expect to be better off than their parents' generation, with 55% expecting to be considerably better off. This view is much stronger than their global counterparts, out of which only 67% expect to do better than their parents.

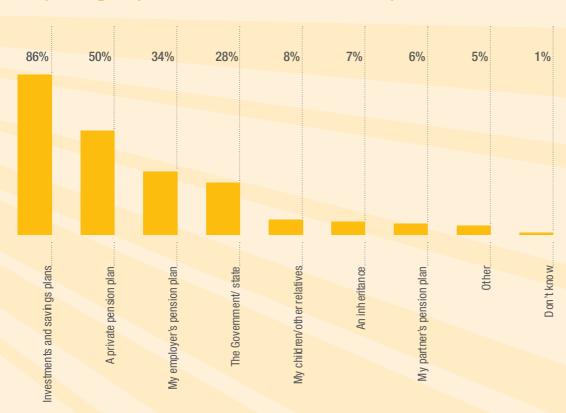
And although they expect to be better off, only half (46%) have thought about how they will fund their retirement.

In 2009, 65% of the Malaysian millennials expected to fund their own retirement through personal investments and savings plans. In 2011, 86% of the millennials expect to do so. This may be due to an increased level of awareness on investments and savings schemes and because of reliance on government initiatives such as the Malaysia Retirement Savings Scheme, in addition to the Employees Provident Fund and private pension funds.

The number of respondents expecting the government to fund their retirement has also increased from 3% in 2009 to 28% in 2011.

10% of respondents expect to continue working past the retirement age.

Do you expect your retirement to be funded by...?



Base: All respondents (515)

Attracting millennials

My MY... All about the money?

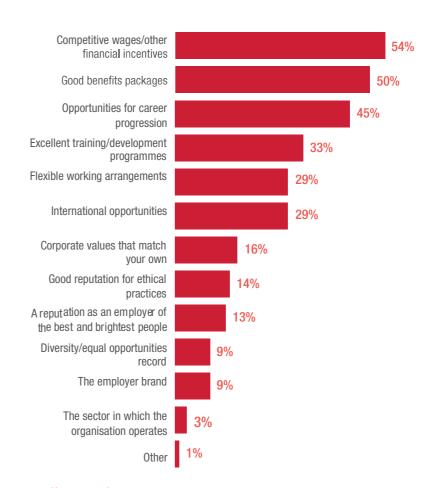
The unique characteristics of the millennials demand a different approach to the recruitment and retention. They are looking for employers who can give them a platform for enrichment and development.

But when selecting their employer, money is very important for the Malaysian millennials - 54% of those surveyed said that competitive wages made an employer very attractive. 50% of the respondents looked for employers with good benefits programmes.

Apart from pay, a big draw for the millennials is the opportunity for enrichment provided by the prospective employer.

They also consider flexible working arrangements, opportunities for global mobility and the values of the organisation when considering an employer. Once again, the ambition and optimism of this generation comes through.

Which of the following things do you believe make an organisation an attractive employer?



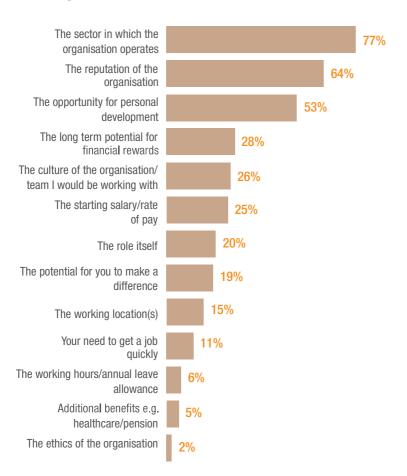
Base: All respondents (515)

£

"To maintain my interest and passion on the job, I have to know that I will receive monetary rewards and recognition."

Female graduate, Malaysia

Which of the following factors most influenced your decision to accept your current job?



Base: All employed respondents (515)

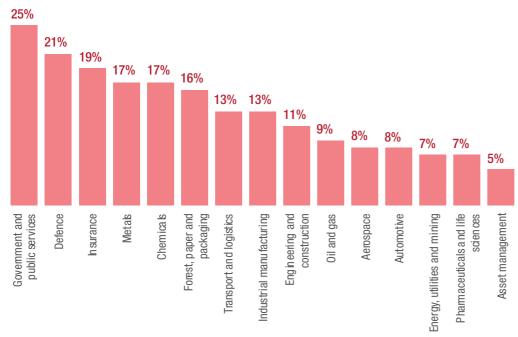
What I look for in my employer...

That said, millennials are prepared to be more practical when it comes to accepting job offers. The sector and the reputation of the organisation are the most important factors which influence the millennials in choosing the organisation they work for.

Additionally, opportunities for personal development and the long term potential for financial rewards influenced the millennials' choice when accepting their current job.

Millennials want to work for organisations where there are high levels of engagement and this should drive HR plans for managing and retaining millennials.

Are there any sectors* in which you would NOT wish to work solely because of their image?



Base: All respondents (515) *only top sectors shown

Reputation counts. And how.

The employers that appeal the most to this generation are the ones that successfully answer this tricky question: 'Why do I want to work here?'

The brands that appeal to young people as consumers including those that stress their environmental and social record, are the same brands that appeal to them as employers.

One in every four Malaysian respondents said that they would avoid working in the government and public services sector solely because of its image. Globally, the oil and gas sector was seen as most unappealing because of its image, with 14% of the respondents choosing to avoid the sector.

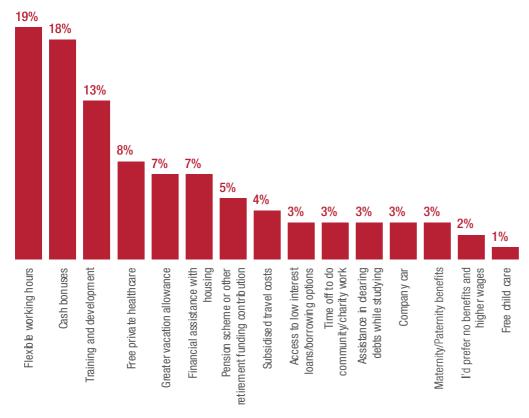
The survey suggests that the government and companies in certain sectors will have to work much harder in the future to communicate the positive aspects of the employer brand.



"What matters most? Knowing that my job contributes positively to my personal development, the company and the society."

Female graduate, Malaysia

Which three benefits* would you most value from an employer?



Base: All employed respondents (443)

* % selections

A question of reward

The latest findings indicate that Malaysian millennials consider flexible working hours (19%) to be a more valuable benefit than cash bonuses (18%) though there is only a slight difference in the preference for the two benefits. Globally, training and development opportunities were named as the preferred benefit by millennials.

In a recently concluded survey (PwC's 15th Annual Global CEO survey), we found that 65% of business leaders were focussing on non financial rewards as they considered rewards strategies for the future. Our survey findings suggest that business and human resource leaders in Malaysia may need to rethink their approach to include a focused mix of financial and non-financial benefits as a part of the overall reward strategy.



"I think previous generations had to hold onto the jobs they had. I expect my career to be more flexible. Why focus on work timings and attendance in the office if you are delivering?"

Male graduate, Malaysia



based on the idea of community and not the individual."

Female graduate, Malaysia

Corporate values continue to influence choices

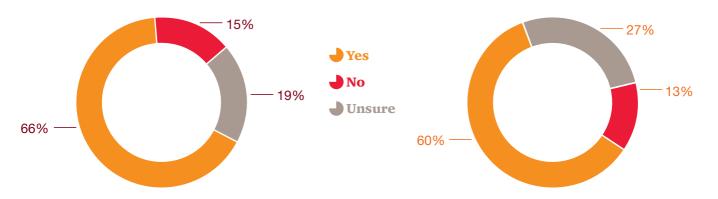
Millennials want their work to have a purpose, to contribute something to the world. They want to be proud of their employer. Clearly, this generation wants employers with a sense of responsibility towards the environment and society.

While lower than in 2009, 66% of the respondents say that they have, or will seek employers whose corporate responsibility behaviour reflects their own values. Additionally, 60% would consider leaving an employer which no longer met their expectations.

93% said an employer's policies on diversity and equality were important when choosing a job, and 74% said the same regarding an employer's environmental policy.

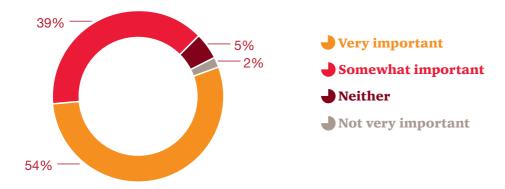
Have/will you seek employers whose corporate responsibility behaviour reflects your own values?

Would you consider leaving an employer whose corporate responsibility behaviour no longer meets your expectations?



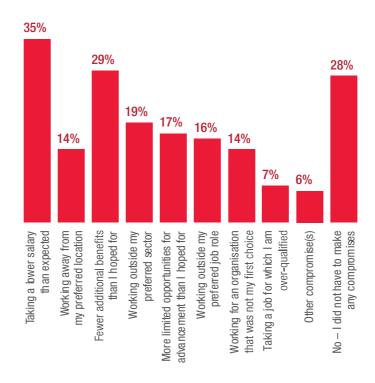
Base: All respondents (515)

How important is an employers' policy on diversity/equality when deciding whether you should work for them?



Base: All respondents (515)

Did you have to make any of the following compromises when accepting your current job?



Base: All employed respondents (443)

A time to compromise?

Inevitably, many millennials across the globe said they had to make compromises to get employed during the economic downturn. Millennials in Malaysia felt that they had to compromise the most on salary and benefits - 35% of the respondents said they had to accept a lower salary while 29% had to make do with fewer benefits.

A significant proportion of the Malaysian respondents were well prepared to make compromises - 49% of the respondents say they were more willing to do so.

The risk for employers is that employees will move on as soon as possible especially as the job markets improve and the compromises made currently are no longer deemed acceptable.



"It's not the means to an end but the means themselves which are important. I want to enjoy what I do."

Male graduate, Malaysia

Developing millennials

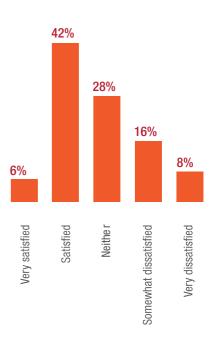


The need for speed

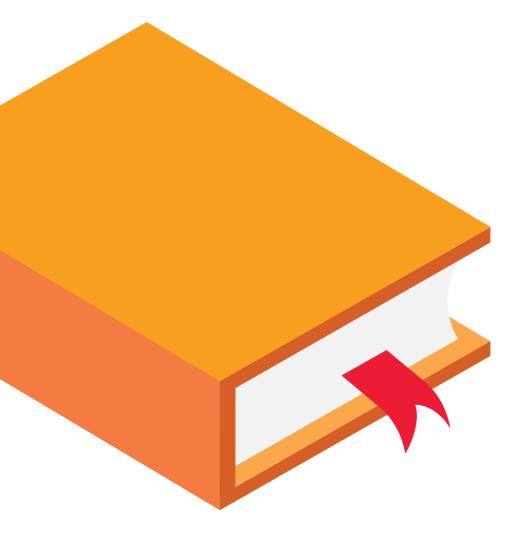
Younger workers are defined by their optimism and energy. The survey shows clearly that they believe they can achieve anything with the right focus and access to learning. Most are intensely ambitious and are looking for rapid career progression - 45% of millennials were attracted to employers offering good opportunities for progression. One out of every three millennials who are currently employed were confident that they would rise to the top with their current employer. Though only marginally, male respondents (24%) were more confident about rising to the top than their female counterparts (20%).

However, only 48% of the respondents who are currently employed, said they were satisfied with the opportunities for progression in their organisation. With so many aiming for the top, some will be eventually disappointed and employers will need to play an increasingly critical role of managing expectations in this area.

How satisfied are you with opportunities for career progression in your current job?



Base: All employed respondents (443)

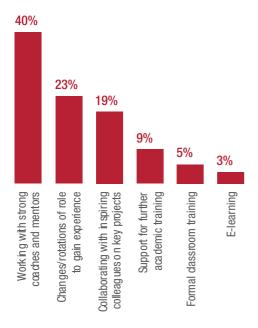


Continuous learning

Millennials expect to keep on learning as they enter the workplace and spend a high proportion of their time gaining new experiences. 33% of those employed were attracted to employers who offered excellent training and development programmes. Working with strong coaches and mentors is the most preferred option for 40% of the respondents.

The question of how learning should be structured for the millennials is an important one. Their preference for 'on-thejob' training and development means that they expect meaningful insights from their work environment on how they can develop capabilities and evolve as professionals.

Which of the following training/ development opportunities would you MOST value from an employer?





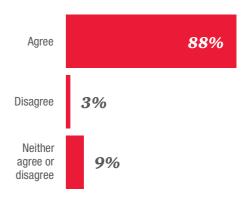
Human resource leaders will need to take note of this preference when crafting workforce development strategies and involve senior management in the learning framework.

Global careers

Millennials see international experience as being vital for successful careers. Millennials have strong appetite for working abroad, with 88% keen to do so at some stage. Companies have recognised this preference and some of them are actively building targeted international assignment programmes for their millennial employees.

The question of where they would like to work, however, is more complex. Developed economies remain the most popular destinations, with the UK (58%), Australia (56%) and the US (47%) heading the wish list. 50% of the respondents surveyed are willing to work in 'less developed' countries to further their careers.

I would like to work outside my home country in my career

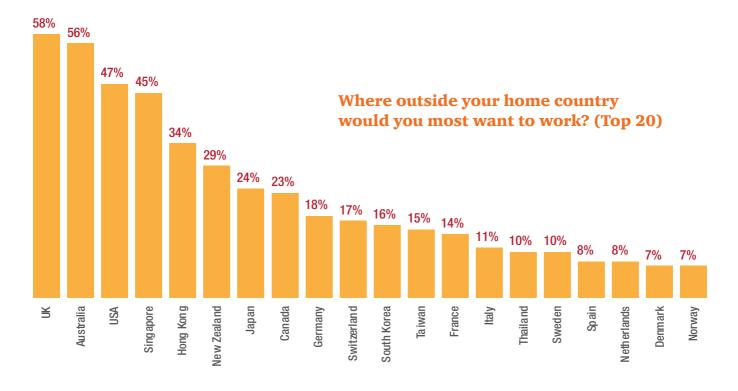


Base: All respondents (515)



"I am mobile, I expect to travel much more than my previous generation. My career will be about enjoying the experience."

Female graduate, Malaysia



Base: Those who would like to work outside their home country (453)

Managing millennials

Is it time to redefine our work environment and practices?

Most organisations still cling on to a rigid model of fixed working time and place which is better suited to the industrial age. However, there is evidence that employees are more productive if they have greater autonomy over when, where and how they will work. Millennials feel constrained by what they see as outdated and traditional working practices. This is especially true as their use of technology blurs the boundaries between work and home. Every three out of four respondents surveyed think rigid hierarchies and outdated management styles do not get the most out of younger recruits. 42% think their managers can't always understand the way they use technology in their work.

Given that the millennials will form the majority of the Malaysian workforce over the short to medium term, employers must make the necessary changes to their engagement models and talent management strategies.



"I reply to my clients' emails on my blackberry when I wake up and well into the night. Isn't that considered working too?"

Female graduate, Malaysia

This is how we want to do it

Overall, 28% of the respondents expect to work across borders using technology to stay connected. It jives well with the fact that Malaysia is one of the most well connected countries when it comes to social networking. Malaysian millennials are used to engaging different cultures through technology.

A millennial friendly environment may be fully digital but it also must be comfortable, stimulating and creative. Millennials expect to work hard but they don't expect to sit in a bland cubicle all day.

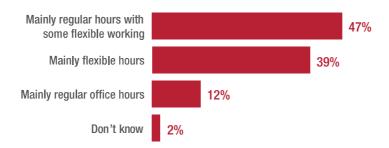
This type of an employee focused environment may seem like an indulgence, but it is good for retention – and good for business because engaged employees are more productive.

Looking forward, do you think you will work...?



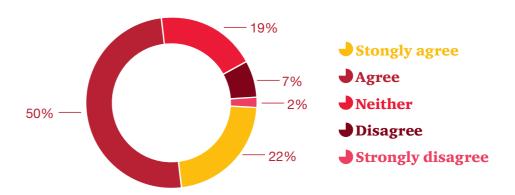
Base: All respondents (515)

Looking forward, do you think your working hours will be...?



Base: All respondents (515)

I am just as comfortable working with other generations, as I am working with my own generation.



Base: All respondents (515)

Intergenerational tension

Managing the often conflicting views and needs of a diverse workforce that may cover a wide range of generations is a challenge for many organisations. The obvious tension between the highly experienced Baby Boomers who are approaching retirement and the ambitious, technologically savvy and collaborative millennials who will replace them has been a subject of intense discussion.

From their perspective, most millennials are happy working alongside other generations. 72% of graduates agree that they enjoy working with older senior management while

only 9% disagree. Half of the respondents agree that they are just as comfortable working with other generations as they are with their own. Overall, one out of every four respondents believe that their personal drive can be intimidating to other generations.

But when questioned more closely, they recognise the tensions 50% feel that older senior management find it hard to relate to younger workers.

Bringing generations together should be a priority for the human resources department. Employers face two primary risks with a multi-generational workforce. The first is the

willingness of the millennials to move on quickly when they feel their needs are not being met. It is increasingly likely that many employees will work longer and retire later, blocking the path for millennials to grow fast.

The second risk is that over the coming years, millennials will find themselves managing older workers, some of whom may be resentful of the fact. Unless employers invest in creating an environment where the needs of different generations are easily understood and addressed, they may find themselves struggling to manage their evolving workforce.

What can employers do?



Whether millennials are entirely different from previous generations is immaterial in many ways. The demographic challenge means that businesses need to deal with the elephant in the roomthey need to make sure that they understand the millennial generation and are acting to attract and inspire the best of them.

Business leaders and HR need to work together to:

Understand this generation

It's particularly important to understand and address generational differences and tensions. Use metrics and benchmarking to segment your workforce in order to understand what millennials want and how these desires might be different from older workers. Ensure that employee engagement results can be analysed by age groups and consider how you might use predictive analysis to highlight potential retention issues. Look ahead for talent pipeline issues and make sure your strategic people planning activity is on target.

Get the 'deal' right

It's important for employers to explain what they are offering a potential employee and equally – what they expect in return. Think creatively about reward strategies and what motivates millennials. Remember, the vast majority are attracted to the prospect of customising their benefits. There is also a significant gap between perception and reality when it comes to the promises made by employers on diversity and work/life balance. If employers want to continue to attract millennials, this has to be addressed – companies should review the messages they are sending out and test them against the reality of the employee experience.

Help them grow but at their own pace

Managers need to understand the personal and professional goals of millennials. Put them on special rotational assignments more frequently to give them a sense that they are moving toward something they aspire for and are gaining a variety of experiences. Challenge them to come up with new ways of streamlining processes and exercising creativity. Millennials have a strong desire to work overseas and this is a rich potential resource for organisations focused on global growth. Mix teams generationally.

Feedback, lots of it

Millennials want and value feedback. Unlike in the past when people received annual reviews, millennials want to know how they are doing much more regularly. Give honest feedback in real time - and highlight positive contributions or improvements in key competencies.

Set them free: Millennials want flexibility including in the use of office spaces and technology. They work well with clear instructions and concrete targets. If you know what you want done and by when, why do you care where and how they complete the task? Does it matter if they work from home or from a coffee shop if that's where they are most productive? Set deadlines and if they meet them don't worry too much about their tactics and the time they clock in and out.

Encourage learning

Millennials want to experience as much training as possible. If your organisation is only focused on developing senior or high performing talent then you could risk losing your 'future' talent. Build and measure the effectiveness of mentoring programmes alongside other learning and education. Consider allocating projects which fall outside their day job and allows them to collaborate and innovate.

Allow faster advancement

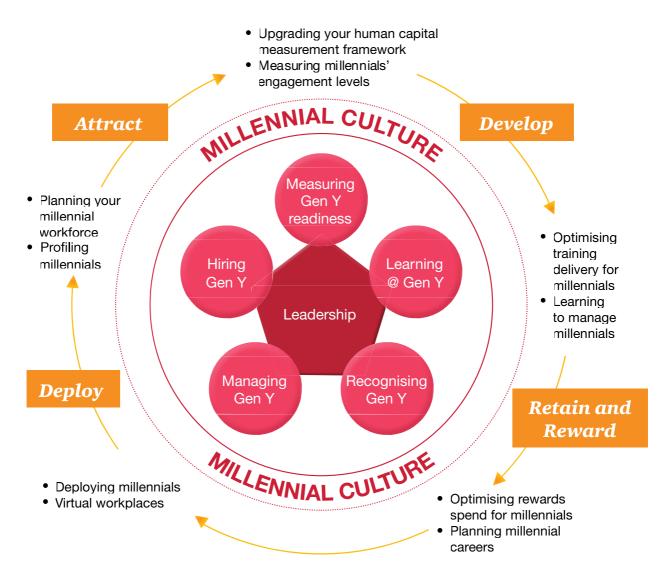
Historically career advancement was based on seniority and length of service. Millennials beg to differ. They value results over tenure and sometimes get frustrated over how much time it takes to move up the ladder. So for the high achievers, who show the potential to move up the ranks quickly, why not let them?

Expect millennials to go

It is inevitable that the rate of churn among the millennials will be higher than among employees in other generations, especially since they have made compromises in finding their first job. These allowances should be taken into consideration when planning your talent pipeline.



Unleashing the potential of your millennial workforce



Managing Gen Y continues to be an uphill task for many organisations as leaders today fail to bring out the best with their millennial talent. This is mainly due to the lack of understanding of millennial characteristics and behaviours coupled with the inability to manage the complex demands of millennials at the work place.

At PwC, we believe we have the right solution to effectively manage your millennial talent while ensuring higher levels of workforce stability that will result in continuous and sustainable business growth.

The key highlights of our Millennial Talent Management framework include:

- 1. Effective millennial profiling and recruitment techniques to bring in the appropriate talent
- 2. Demonstrating Gen Y leadership and day to day engaging management practices

- 3. Creating a fun filled high performance work culture that engages the Gen Y talent
- Introducing fleximanagement practices to bring the best out of them
- 5. Creative real time reward and recognition system to constantly motivate them.



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