Riding the Wave of Change
The new paradigm of career development for the next generation

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Agenda

1. About Hay Group
2. Global trends in the workforce
3. Busting the myths about Gen Y
4. Implications for organization
About Hay Group
Hay Group is a leading global management consulting firm with long presence in Asia.

**Global presence**
- 70 years in global business
- 91 offices in 50 countries
- 3,000 employees worldwide
- Approx. 10,000 international clients

**SE Asia presence**
- 30 years of business in SEA
- 5 Offices with HQ and Research Center in Singapore
- 150+ experienced consultants
- Global and regional collaborative working styles

“We were one of the first to be in Asia, Russia, Africa, and Latin America. And we continue to look into Frontier market”
How we organize our business

Our purpose

Helping organizations work

Our practice clusters

Building effective organizations

Leadership and talent

Reward services

Our service lines

BEO solutions

Leadership transformation

Executive rewards

Capability assessment

Job evaluation

Talent management

Reward Information Services

Hay Group online diagnostics

Reward strategies

Hay Group Insight: employee and customer surveys
Our thought leadership

“Human Motivation”
David McClelland

“Self Directed Change”
Richard Boyatzis

“Emotional Intelligence”
Daniel Goleman

“Leadership Pipeline”
Ram Charan
Global trends in the workforce
Riding the wave of change

Instruction

• Having the right equipment and preparation
• Understanding the direction of the wave
• Right timing of when to start paddling
• Maintain balance and ride down the curl
Understanding megatrends of change

Long-term transformational processes on a global scale, with a broad scope and dramatic impact

**Time**

Observable over decades, they can be projected with a *high degree of probability* at least 15 years into the future

**Reach**

They affect *all regions and stakeholders*, including governments, individuals and businesses

**Impact**

They *fundamentally transform* policies, society and the economy
Demographic changes

Predicting the future from current megatrends

Rapidly aging population

Thailand is entering a new era of slow population growth raiding aging population. So for organizations the ‘war for talent’ will continue to rage as more and more employees are retiring.

Declining working-age population

The size of the working-age population will peak around 2020 and start to decline gradually thereafter.

Increasing migration; will drive cultural diversity

In a relatively short time, Thailand will have a free flow labor with the other ASEAN member countries. This will result in cultural diversity not only within the nation but across the region.

War for talent

While the war for talent is already raging locally, the regional integration will lead to even greater expectation in salary and opportunity of ASEAN talented labors.
Digital lifestyle and work

Predicting the future from current megatrends

New media conquer work and private life

With today's cell phone having more computing power than all of NASA in 1969, new technology has become part of the modern's employees' skill set.

Individuals are 'always on'

Internet and mobile technology that have enable people to access the internet anytime and anywhere. This increase of connectivity and flexibility blurs the boundaries between private and working lives.

Changing relationship networks: fewer strong, more loose connections

The rise of social networking sites such as Facebook, LinkedIn, and Twitter have made people more connected but with fewer strong ties.

Power shift to digital natives

Digital natives are people born after 1980 who grew up with digital media. More than half of the world's population will be under 30 years old.
Individualization
Predicting the future from current megatrends

Individualism as a global phenomenon
People expect freedom and self-expression in work as much as in other aspects of life.

Growing freedom of choice
Growing freedom of choice expected by and granted to individuals within societies and communities.

Decline of loyalty to organizations
People’s loyalties will be to their leaders rather than their organization.

Non-standard careers
Non-standard biographies and careers are now more commonplace, and traditional concepts of loyalty are being challenged.
Understanding Gen Y

Who are Gen Y?

They are born between 1981 and 1993

Ages between 20 - 32

Aka Millennial aka Generation Next aka Generation Me

Tech-savy

Gen Y uses technology at higher rates than any other generation. It is estimated that 9 out of 10 Gen Y own a personal electronic device

Empowered, confident & Independent

Gen Y have the most nurturing and over-indulgent parenting.

Career stages: Supervisor / Individual Contributor
What has shaped Gen Y to be who they are?

**Boomer Parents**
- Possibly most child centered parenting ever
- Lots of attention, opportunities provided, indulged upon
- Dual career parents – wealth & independence

**Value systems**
- More to life than work – life is short
- Need to do more, within a shorter time span
- Individualistic and seeks autonomy in their opinions and behavior
- Confident, ambitious and achievement-oriented

**Layoffs, Merit Pay, Pay for Performance & Promotions**
- Never knew employer loyalty or job security
- No life time employment security or seniority based pay
- Driven to excel from a performance angle
- Used to frequent promotions at the work place

**Technology**
- Grew up with technology as integral part of their world
- Multi tasking, informed and connected
Currently, Gen Y make up roughly 33% of Thailand’s working age population.

- **Gen Y**: 33% of the working age population, ages 20 - 32
- **Gen X**: 51% of the working age population, ages 33 - 52
- **Baby Boomer**: 16% of the working age population, ages 53+

**Source:** National Statistic Office and U.S. Census Bureau
Why sometimes we see people from Gen Y age group not sharing similar characteristics?

“Baby Boomer” Generation Y

Population

Low

High

Degree of impact from megatrends

“I’ve been in this company for so long. Keep adapting myself to the fast changing world is my key success. We can’t deny that technology is becoming more and more important in work life”

58 year-old executive

“I have to read this because it’s needed to be able to do my job. I have to work here because this is how I could earn good money to live.”

29 year-old manager

“I couldn’t believe this café got no Wi-Fi. How could I finish work? Working at office is too boring. However, I’m changing job anyway. So excited, it’s going to be fun, interesting, and challenging”

24 year-old employee
The pace of change varies by organizations and industries

Relative rate of Industry Attractiveness

- Technology & New media
- Consulting
- Advertising
- Consumer products
- Banking
- Manufacturing
- Civil service

"Typically firms that are growing or innovating around new areas tends to have younger workers."

Source: Team analysis
Busting the myths about Gen Y
"What's the matter with kids these days"

"Our youth now love luxury. They have **bad manners**, contempt for authority; they show **disrespect** for their elders and love chatter in place of exercise; they no longer rise when elders enter the room; they **contradict their parents**, chatter before company; gobble up their food and tyrannize their teachers."

Socrates (circa, 469 – 533 B.C.E.)

"We live in a decaying age. Young people **no longer respect** their parents. They are **rude and impatient**. They frequently inhabit taverns and have **no self control**."

6000 year old Egyptian Tomb

"The young people of today **think of nothing but themselves**. They have no reverence for parents or old age. They are impatient of all restraint... As for the girls, they are **forward, immodest and unladylike** in speech, behaviour and dress."

1274 A.D.
<table>
<thead>
<tr>
<th>Lazy</th>
<th>Low Commitment</th>
<th>Stubborn</th>
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<tbody>
<tr>
<td>They have never come to work early</td>
<td>“If I’m not happy, I’m ready to go”</td>
<td>They always ask for rationale that they would listen to</td>
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<td>“I don’t want to work till late at night or on weekend”</td>
<td>They can’t stay focused. They are always social networking while working</td>
<td>“Not just telling me what to do, but convince me why I have to”</td>
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<td>They don’t take note in the meeting</td>
<td>“Just tell me what you want. I won’t do the whole useless analysis”</td>
<td>They don’t care much on seniority</td>
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<td>“What should we have for lunch today?” “Let’s go shopping. It’s on sale!!”</td>
<td>“I’ve done this before. Can I do something else?”</td>
<td>They challenge and ask questions when they don’t understand</td>
</tr>
<tr>
<td>They usually don’t start ahead, but finish in the very last minute</td>
<td>They refuse to do routine tasks</td>
<td>“I do respect people on their logic and thoughts, not their ages”</td>
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<td>They always ask for solutions without thinking on their own first</td>
<td>Their turnover rate is very high</td>
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What do they say?

Lazy?

Hard Working but need Flexibility

“I value having **hours of work that are convenient** to my life”

“My ideal job is one **without unnecessary rules**”
(e.g. strict work hours, close supervision of your action and whereabouts & working plan, etc.)

Source: Hay Group Generation Y work value, Thailand 2013
What do they say?

Low Commitment?

“If I would give up activities I enjoy/leisure time for work that is intellectually stimulating and give me a feeling of accomplishment”

“My ideal job is one that allow me to try out some of my own ideas, make decision of my own and plan my work with little supervision”

“I would give up activities I enjoy/leisure time for work that is intellectually stimulating and give me a feeling of accomplishment”

Source: Hay Group Generation Y work value, Thailand 2013
Low Commitment?

Value Opportunity over security

“I would give up activities I enjoy/leisure time for work that …
• provides the opportunity to learn and develop new skills
• provides the opportunity for advancement in my career”

“The main reason why I leave company is because growth opportunities are limited”

Source: Hay Group Generation Y work value, Thailand 2013
What do they say?

“I would do the job if I’m convinced that it contributes to the success of organization”

“I value having management/supervisor that provides timely and constructive feedback about my performance”
Implications for organization
What are the key steps organizations should take to ensure readiness for the big wave?

**Plan A**
- Re-evaluate and adjust expectations
  - The word “career” for Gen Y no longer limit to your organization
- Shift the focus of management towards soft-side, employee centric areas
- Implement individual focused, dynamic career development
- Enhance coaching skills for direct mentors/supervisors
- Go beyond traditional boundaries to retain key talent
  - Invest in retaining vs the cost of turnover

**Plan B**
- Plan for talent buffer
- Be serious about Knowledge Management
- Support internal entrepreneurship
- Keep extended family relationship
How could suitable career development system help organizations retain Gen Y?

Potential difficulty of Gen Y

**Hard to attract and recruit**
- Freedom in choosing job
- Variety of career choice
- Possibility of becoming entrepreneur due to technology and social network

**Hard to manage**
- Demanding on flexibility
- Expectation on autonomy
- Continuous constructive feedback

**Hard to retain**
- Value on opportunity over security
- Ongoing development seeking
- Expecting career progression

“Riding the wave of change”
Effective management of expectation on career development

- Clear **career opportunity** for all employees
- **Cross-functional movement** for self-development
- Career advancement **not solely limited to upward** direction
- **Competency-based** career encouraging development of new skills
- Developmental **feedback** and **coaching** from direct mentor
- **Systematic criteria** offers **clear goals and objectives** so employees knows what is expected of them
- **Integration** of HR systems from career development to PMS and reward
Degree of transformation/Time

**EVOLUTION OF CAREER DEVELOPMENT**

**DYNAMIC**

**Boundaryless careers**
- Dynamic & employee centric
- Career progression responsibilities shift towards employee
- Career progression expands beyond traditional organization hierarchy

**ORGANIZATION CENTRIC**

**Traditional**
- Organization centric & rigid
- Career advancement reflected a climb up a ladder of a silo; resulted in high specialization in specific area but with narrow focus of the firm

**EMPLOYEE CENTRIC**

**Contemporary**
- More balance between organizational and employees' needs
- Career progression involves cross-sectional and functional moves
- Richer perspective of organizational understanding (increase of employee breadth and skill base)

**RIGID**

**3**

- Outsource
- Project 1
- Project 2

**2**

- Internal consultant

**1**

- CEO
- CFO
- COO
- CMO
- x
- x
- x
- x
- x
- x
- x
- x
- Project 1
- Project 2
From traditional to future career

**Characteristics**

- **Traditional**
  - Progress on the hierarchy ladder
  - Career progression responsibility lies with organization
  - Advancement according to service year
  - Job designed to best meet organizational need (repetitive, specific skill specialization)

- **Contemporary**
  - Multi-direction career progression
  - More control over career progression for employees (career choice made by both employee & organization)
  - Job designed balanced between organizational needs and employees’ need (skill variety, development opportunity)

- **Boundaryless careers**
  - Dynamic, fluid and multi-directional career progression both within & outside the firm
  - Career progression are not limited within the traditional organizational hierarchy; emergence of project-based team, outsource of entire work segment to employees, employees hired as internal consultants
  - Job designed customizable according to employees’ needs
CONTEMPORARY CAREER DEVELOPMENT

Tailored career track design

- Clear career opportunity for all employees
- Greater flexibility and career choices

Systematic movement criteria

- Shift of responsibility from HR to line-managers
- Developmental feedback and coaching from direct mentor (job family champion)

Competency-based career system

- Competency-based career promotes development of new skills

Integrated with other HR systems

- Integration of other HR systems such as PMS, reward structure, etc.

Job family master & champion

- Senior executive from each job family
- Each job family has only one master
- Typically GSVPs level
- Appointed by promotion and career development committee
- Assigned to look after career of managers, specialists, and VPs in their own job family

Systematic criteria offers clear goals and objectives so employees knows what is expected of them

Designed for cross functional movement

- Cross-functional movement fulfills the need for self-development
- Career advancement not solely limited to upward direction

CONTEMPORARY CAREER DEVELOPMENT

Integrated with other HR systems

- Integration of other HR systems such as PMS, reward structure, etc.
A good career system will always go with a great leader

How to better lead the next generation

**VISIONARY**

Gen “WHY” will question everything they are asked to do. Your Gen Y employees need to know the larger purpose to what they’re doing and identify the larger picture. They will NOT response to blunt orders.

**PARTICIPATIVE**

Gen Y’s preferred leaders that actually listens; it is one that is more consensus than command, more participative than autocratic.

**COACHING**

Your Gen Y employees need constant, instantaneous feedback. They crave constructive feedback, one that they can benefit from in terms of development.

**PACESETTING**

Your Gen Y employees are looking for a role model.
Would robust career system be enough?

The answer is “Yes, ...but”

• Structured career system will continue to be a critical factor to manage and retain the new generation for the next decade

• However, as the definition of career for Gen Y will continue to be even more dynamic and individual centric (think model 4)

• Organizations need to do even more

The Google case

• “World’s Best Company to Work for”

• The Google culture

• The cost of perks, like free organic meals, free health and dental, etc, vs the cost from dissatisfaction and turnover among talent

• Google still lost hundreds of their talent to companies like Facebook
Key takeaways

- Changes are imminent and they will be here to stay
  - A diverse, though aging workforce
  - Intense competition for talent
  - Generational shift in work values and preferences

- Career development system as a strategy to retain and develop talent
  - Employee-centric career development
  - Clear and flexible career opportunity for all employees
  - Integrating cross-functional movement to support need for self-development
  - Competency-based career encouraging development of new skills
  - Increase coaching and developmental feedback from direct mentors/supervisors

- Leading the next generation
  - Utilizing the most effective leadership styles: visionary, coaching, participative, pacesetting
  - Focus on achieving consensus than command, more participative than autocratic
  - Provide greater autonomy and flexibility when opportunity allows
Question?
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