

# Functioning of Young Adults in a Changing World

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## CHAPTER 8

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# What Young Employees Expect from Their Work

Sabine Raeder and Andrea Gurtner

### INTRODUCTION

It is widely assumed that young adults who are currently entering the labour market differ from older generations in their expectations towards their work life and their employer (Twenge, 2010). Young employees are perceived to value work-life balance and flexibility; they request feedback and mentoring and cultivate their social relationships also on social networks. This generation of young adults, who started their work life only recently or a few years ago, are termed Generation Y in contrast to earlier generations. Young adults of Generation Y are assumed to be born in the late 1970s or in the early 1980s (Costanza, Badger, Fraser, Severt, & Gade, 2012). We rely on a widely used definition of Generation Y beginning with the birth year 1982 (see Twenge, 2010; Wong, Gardiner, Lang, & Coulon, 2008). Generation Y is also known as Digital Natives, because they grew up with internet, mobile phone and all the options coming with it.

There is much debate about young employees' different expectations towards employment which might also be triggered by the specific situation on the labour market. Shortages of specialized staff are expected in many European countries due to low birth rates. Further, young employees are well educated and sought for. This favourable situation on the labour market allows them to claim more demands in an employment relationship than older generations were able to. It is thus an interest of employing organizations to better know young employees' expectations and to maintain the organization's attractiveness for this group.

In this chapter, we report existing research evidence on young adults' expectations towards work and specifically focus on differences compared to older generations. The psychological contract capturing expectations and promises between the parties in an employment relationship serves as the main theoretical framework. We then present results of an empirical study investigating expectations of young adults conducted by one of the authors.

## EMPLOYMENT RELATIONSHIPS AND PSYCHOLOGICAL CONTRACTS

The employment relationship is an exchange relationship, in its most basic form the exchange of work time against salary as specified in the legal employment contract. Due to the length and scope of the employment relationship, employers and employees develop expectations and make promises beyond the basic form of exchange (Rousseau, 1989). Support for development and work-life balance, loyalty and hard work are among these expectations and promises, also known as the psychological contract.

The psychological contract is defined as obligations, promises and expectations between the employee and the employer existing beyond the legal employment contract. The psychological contract captures those obligations, promises and expectations developed in the employment relationship, but excludes expectations derived from experiences outside the specific job. In the context of young employees in this chapter who have only entered their first employment relationship, we advocate for an overlap between clearly employer-related expectations and more general expectations related to one's career or work life. While only the first type of expectations belongs to the psychological contract, the latter provides additional evidence for understanding attitudes of the young generation. This suits our goal to explore expectations of young adults towards their work and employment relationship and present empirical evidence.

Only few studies on psychological contracts of young employees exist (De Hauw & De Vos, 2010; Hess & Jepsen, 2009), but research on psychological contracts in general helps to understand why young employees' expectations are relevant in employment relationships and to what extent they are specific. Among the variety of approaches to measure psychological contracts, those focusing on different dimensions of contract contents are most promising in this context. Employee expectations within the psychological contract for example refer to the content of the job, career development, social atmosphere,

financial rewards, work-life balance, participation, job security and retention (De Vos, Buyens, & Schalk, 2003; Raeder, Wittekind, Inauen, & Grote, 2009). The most commonly used concept, however, distinguishes relational psychological contracts with socio-emotional contents from transactional psychological contracts with economical contents.

More general research has established that the psychological contract is relevant for desired employee behaviour. Employees who perceive that the promises and expectations in their psychological contract are fulfilled invest more in their job performance, are more committed to the employing organization and less likely to search for a new job (De Vos & Meganck, 2009; T. W. H. Ng, Feldman, & Lam, 2010; Turnley, Bolino, Lester, & Bloodgood, 2003). Further, It is important that the employee's and the employer's view on their psychological contract correspond. A higher mutuality and reciprocity in the psychological contract results in higher performance and career advancement (Dabos & Rousseau, 2004; Ye, Cardon, & Rivera, 2012). A longer time of cooperation between employee and supervisor allow both parties to adjust their psychological contract to one another (Tekleab & Taylor, 2003). This is an important argument to motivate organizations to take the expectations of young employees into account.

Psychological contracts are formed during organizational socialization, that is, after someone has started to work in an organization. Newcomers adapt their psychological contract to the psychological contract offered by the employer (De Vos et al., 2003). A formal introduction process helps newcomers to discuss their expectations with their employer (Robinson & Morrison, 2000). More generally, communication during work is conducive to realistic perceptions of psychological contracts (Conway & Monks, 2008). If young people enter an organization after their education and are for the first time full-time employed, the process of socialization and adapting expectations towards work is more consequential.

## EXPECTATIONS AND ATTITUDES OF YOUNG EMPLOYEES

Some studies present clear differences between expectations and attitudes of young employees and older generations, while others only observed small differences. Young employees are reported to be ambitious and career centred, more socially oriented and more conscientious (Wong et al., 2008). In a recent meta-analysis, young employees were found to be slightly more dissatisfied with their job and less committed to their organization (Costanza et al., 2012). On

the contrary, a recent study reported higher satisfaction in the job, with career development and with recognition at work (Kowske, Rasch, & Wiley, 2010). Furthermore, they perceived their job as more secure.

Studies describing more specifically the psychological contract of young employees also found only few clear differences between Generation Y and older generations. Younger employees value flexible work schedules and work-life balance more than their older colleagues (Bellou, 2009). Young employees in the hospitality industry value a stimulating job more than older generations, and they are less interested in job security, work-life balance and autonomy (Lub, Bijvank, Bal, Blomme, & Schalk, 2012). However, their commitment to the organization is lower and their turnover higher compared to older generations. Other studies have not found a clear difference in relational and transactional contracts between Generation Y and older generations (Hess & Jepsen, 2009).

An increasing number of highly educated and self-confident women are entering the professional world. It can be expected that their values and expectations do not match those espoused by earlier generations or their male peers. For instance, Ng, Schweitzer, and Lyons (2010) see a clear impact of gender on the expectations and values of the Canadian students they surveyed. Generational effects should therefore always be considered with one eye on the gender question.

New recruits adjust their expectations both to match what companies promise and what they deliver and their general experience at those companies (De Vos et al., 2003). It can be expected that the number of years spent with a company and the industry it operates in, have an influence on what an employee expects from his or her employer. The change of attitudes and expectations since young employees started their first full-time employment might also explain the wide interest in Generation Y despite the lack of empirically supported differences. Young people who had only entered the organization recently or a few years ago, increasingly work long hours, although they value work-life balance highly (Sturges & Guest, 2004). Work hours hence increase with tenure, and this leads to the fact that young employees experience conflict between work and non-work spheres of life. They then perceive that the employers fail to fulfil their obligations regarding workload. Organizational career management might help to better fulfil the psychological contract.

Overall, the research results show that expectations of young adults toward their work might differ in a significant way from older generations. This indicates that it is wise for employers and researchers to take expectations

of young adults into account and to further explore them. In this vein, we introduce research results from two studies conducted by one of the authors in Switzerland.

## EMPIRICAL STUDY AND RESEARCH RESULTS

Knowing the values, expectations, and abilities typically ascribed to a generation or age group of employees can offer invaluable insights to help understand each other in conversation, in leadership, or general workplace routines (Crumpacker & Crumpacker, 2007). To be able to achieve this, the ascribed attributes should, however, come as close as possible to the values and expectations expressed by the young employees themselves. In the study presented here self-reported expectations of young employees were contrasted with the external perceptions of HR professionals and leading executives at Swiss companies. The study addressed three key questions. (1) What do young employees expect from their employers? (2) How do gender, the length of employment, or the sector of industry influence the expectations of young employees? (3) Do the perceptions of employers match the actual expectations of young employees?

Parallel surveys were conducted with young employees completing a degree course at Swiss universities of applied sciences (bachelor or master in Business Administration or Business Information Technology) and managers in responsible positions at Swiss companies.

The young employees were asked about their expectations concerning their employers; the company representatives were requested to state how they perceive the expectations of their junior employees. This sample suggests a valid and meaningful insight into the expectations of young professionals, seen both from within and from without.

## SAMPLE

In total, 190 students aged between 19 and 30 years completed the survey, with two thirds of the respondents being male. A large majority of the respondents were studying part-time in parallel to their employment, including 73% holding contracts of more than 50% employment. The respondents' professional experience ranged from 0 to 13 years of work, with average experience of four years. The company-side respondents were recruited from HR (43%) and executive management (26%). Two thirds of the managers were male

and they were aged between 25 and 61 years. Young employees and managers represented a similar spread of industries: 50% represented services, including public administration, financial services and insurance sector and other services and another 50% represented manufacturing, transport, and technology businesses.

## METHOD

The young employees were asked about their expectations concerning their employers. A list of items was produced for the purpose on the basis of past surveys on work values in different generations (Cennamo & Gardner, 2008; Hershatter & Epstein, 2010; E. S. W. Ng et al., 2010; Twenge, Campbell, Hoffman, & Lance, 2010). Other items were inspired by the current popular science and press discourse to reflect the media image of the Generation Y. Finally, items were included to cover the wish for networking via digital social media. Items were boiled down to a list of 39 in pre-tests. The young employees were asked: "If you consider the expectations that you have concerning your employer: How much could you agree with the following statements?" They answered on a 5-point Likert-type scale ranging from 1= strongly disagree to 5=strongly agree. The managers were asked to rate the same items according to how they perceive their young employees. The headline question in this case was: "If you consider what is expected from your company: To what extent could the following statements come from your employees in their 20s?"

## RESULTS

The first research question addressed the young employees' expectations from their employers (Figure 1). An exploratory factor analysis allowed us to represent the expectations by nine factors. The structure of the factors could be replicated in the data coming from the companies. On average, three factors are seen as the most important expectations: (1) The current object of a person's work which is expected to be a source of enjoyment and a place to develop new skills, (2) the question of sense and ethical responsibility, especially to work with good people and to have the opportunity of personal impact, and (3) the demand for appreciation of performance and feedback from superiors and the expectation that the superior acts as a role model.

Taking up the motif of the “digital natives”, people often attribute the generation in question with an interest in digital networking even in the workplace. This attribution is not supported by the findings. The oft-mentioned wish for flexible working hours (part-time, home-office, work-life balance), or international experience also plays a minor part in the responses. Generally average importance is placed on the factors of prestige (of oneself personally and of the company one works for), and career prospects.

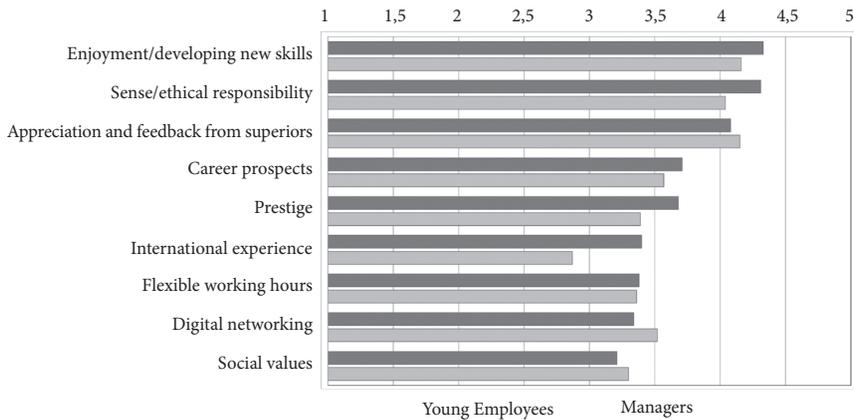
The second research question addressed factors that may influence the expectations of young employees, such as gender, the length of employment, or the sector of industry. Statistically significant differences between genders were visible in four of the nine factors. Women tend to attribute more importance to flexible working hours and sense and ethical responsibility than their male peers, who tend to value digital networking and social values more highly. These results are in line with earlier findings (E. S. W. Ng et al., 2010) that had suggested different emphases in the employment expectations of men and women.

The professional experience of the surveyed young employees ranged from 0 to 13 years in employment. A statistically significant link between the time the respondents had been in employment and their expectations was only found in two cases. The more experienced young employees are, the less importance they place on sense and ethical values on the one hand and on career prospects on the other hand. This could be a sign indicating that the originally high expectations of young employees tend to be watered down to fall in line with the realities in business due to organizational socialization.

The sample population hailed from a diverse range of industries, which were grouped in four categories for the purposes of this study. Interestingly, young employees do not differ in their expectations among industries. There is one exception: Young employees in public administration and in other services expect more opportunities to share knowledge and to use social media at work (digital networking) than young employees in the financial services and insurance sector and at manufacturing, transport, and technology businesses.

Figure 1

*Work related expectations, young employees self-perception (1 = strongly disagree, 5 = strongly agree; N = 190) and managers outside perception (N = 85).*



Finally, the third research question addressed the perceptions of the managers and asked, whether they match the actual expectations of young employees (Figure 1). Contrasting the average self-descriptions and outside perceptions by managers, there is a considerable degree of overlap in the relative importance given to the nine factors. The young employees’ superiors also recognize the increased relevance of enjoyment and developing new skills, the importance of sense and ethical responsibility, and the role of appreciation shown to them. At the same time, digital networking is awarded too much significance, while matters of prestige and internationality are underestimated. A direct comparison of both perspectives for the nine factors reveals statistically significant differences in only four cases: Young employees value international experience, prestige, sense and ethical responsibility, and enjoyment and developing new skills in absolute terms more highly than the managers.

## DISCUSSION

In many European countries shortages of specialized staff puts young well educated employees in a favourable situation. Companies are asking for reliable insights about young employees’ expectations to maintain the organization’s attractiveness for this group. Young adults enter the workforce with general

expectations related to their career or work life. The psychological contract only captures expectations developed in the employment relationship. However, in the case of young employees, we advocate for an overlap between general and employer-related expectations. Organizations that take expectations of young employees into account facilitate newcomers' socialization processes and make it easier for them to adapt their psychological contract to the psychological contract offered by the employer. A study was conducted to cast some light on the expectations of young adults and how these are perceived of employers.

The results show that intrinsic values – such as fun at work, good people to work with, a job, where you can learn new things, as well as the question of sense and ethical responsibility, and the demand for appreciation and feedback from superiors – are given considerable importance. While training opportunities and developing new skills were also named as important in the study by Ng and colleagues (2010) sense making and ethical responsibility are given less significance there. The often reported finding of great importance being attached to family and private life (as expressed by the wish for much free time to pursue things other than work or the preference for part-time or home-office work) was not replicated in this study. These factors rank only seventh among the replies by the surveyed young employees. Similarities with Ng and colleagues' findings are also evident in the only average or even minor importance placed on prestige and career prospects or international experience. The findings are also in line with other studies, where young employees valued a stimulating job more than job security or work-life balance (e.g., Bellou, 2009).

The second phase of our inquiry considered whether the expectations of the young employees differed depending on their gender, years in employment, or sector of the company they are working for. This reveals some notable differences: Women rate flexible working hours and sense and ethical responsibility more highly than their male peers who, in turn, place greater value on digital networking or social values. With increasing professional experience, the importance of sense and ethical values and that of career prospects diminishes. Newcomers seem to adapt their expectations to the psychological contract offered by the employer (De Vos et al., 2003). One not surprising finding is the reduced interest in digital networking among employees in sectors with higher security standards (financial services and insurance sector and manufacturing).

The young employees' superiors also recognize the increased relevance of sense making and opportunities for learning in their jobs and the role of appreciation shown to them. At the same time, digital networking is awarded too much significance, while matters of prestige and internationality are un-

derestimated. In these aspects, the two perspectives differ explicitly from the characteristics popularly ascribed to the 'Generation Y' – differences that suggest particular attention in relation to the psychological contract offered by the employer. Prospects of international experience and opportunities for digital networking may not be seen as a special advantage by all young employees. Special efforts of organizations here may not pay off. However, since these two expectations may be especially prone to cultural and gender differences, results should be treated with caution and more research is needed here.

## CONCLUSION

Most assumptions that the younger generation makes a difference when entering the labour market and starting work in an organization are based on perceptions in daily life. It is methodologically demanding to figure out whether these differences are due to the allocation to a specific cohort, age group, life or career stage or even current historical events (Joshi, Dencker, & Franz, 2011). Ideally a study design would compare cohorts of different generations at the same age on an identical set of variables. However, few of such studies exist (for example Kowske et al., 2010) and they show limitations with regard to the use of constructs to ensure comparability across waves of data collection and generations.

From the currently existing base of research, it cannot be concluded that young adults' expectations towards work life are substantially different from older generations, albeit the existing research results support the relevance of further research. However, results reported here shed some light on similarities and differences between the expectations of young employees expressed by themselves and perceived by managers of organizations. Organizations should be aware that their views on young employees may be deficient, shaped by the public discourse about the Generation Y. The message of our findings is that the new generation of employees deserves to be seen in much more differentiated terms than the simplistic picture conveyed by popular science suggests. Treating the new generation of employees only on the basis of popular stereotypes wastes the opportunity for applying a more differentiating perspective and to raise their potential by developing corresponding psychological contracts.

Future research should be more aware of potential differences not only between but also within generations and take these into account. Research designs that allow researchers to identify and separate effects of age, cohort, career stage as well as gender and life stage are needed to reach this objective. Although it might not be possible to consider all dimensions in one study, it could be a goal

to build up cumulative evidence in several studies. This however requires that studies are aligned with one another and linked to complement each another. It might also be worthwhile to pay more attention to current developments than is usually done in research. While critics argue that the typical features of Generation Y might have disappeared, when the young adults grow older and established their position in the world of work, more profound changes might develop from what is seen now only as a trend. When the expectations of Generation Y are discussed in the media, this also encourages young adults to stick to their principles and search for ways to make them happen. This process might thus reinforce attitudes and expectations of the young generation to develop into a stable profile of Generation Y.

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