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The War of Retaining Talents

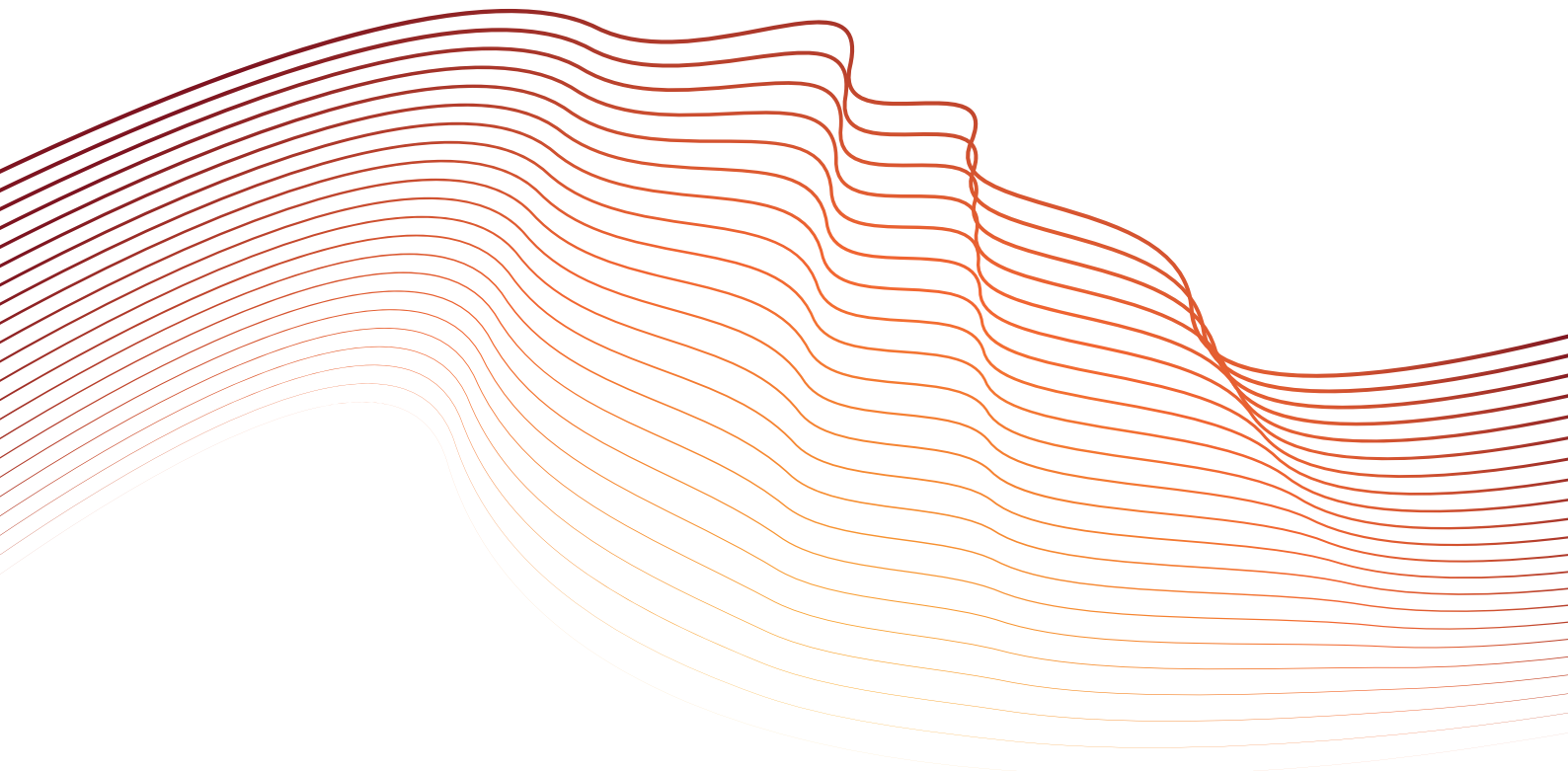
PERSPECTIVES
REFLECTIONS

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The labour market's demography is changing

In 2014, the last-born millennial turned 18. As more and more of this coming generation finish their formal education and join organisations, they are going to significantly change the nature of the modern employee.

By 2025, 75%¹ of the global workforce could be millennials and they will bring a completely new set of demands and expectations. Prominently, they will also carry new digital skills and tech-savviness that will be critical to transforming business.

Coming to terms with millennial employees will be one of the great business challenges in the next five years. This is the conclusion reached by many studies that identify the most significant technological and business developments of the future.

In Europe, many economies have already reached a tipping point with more employees retiring from the labour market than entering it. This trend towards an aging workforce is only partially offset by the invasion of millennials, so it is sparking a “war for talent”. It is worth mentioning though that employees with long years of experience in their fields will continue to be valuable assets so long as their mindset is flexible.

Competition is fierce to attract new employees with digital competencies in Artificial Intelligence (AI) and data science, for newly introduced jobs that did not exist 10 years ago. The shortage of Artificial Intelligence skills is seen as a major barrier to the pace of the technology's adoption. In fact, a poll conducted by AI Business confirmed that 56%² of senior AI professionals believed that a lack of additional, qualified AI workers was the single biggest hurdle to be overcome in terms of achieving the necessary level of AI implementation across business operations.

¹ The Deloitte Millennial Survey January 2014

² <https://itchronicles.com/artificial-intelligence/the-ai-skills-shortage/>

What about millennials?

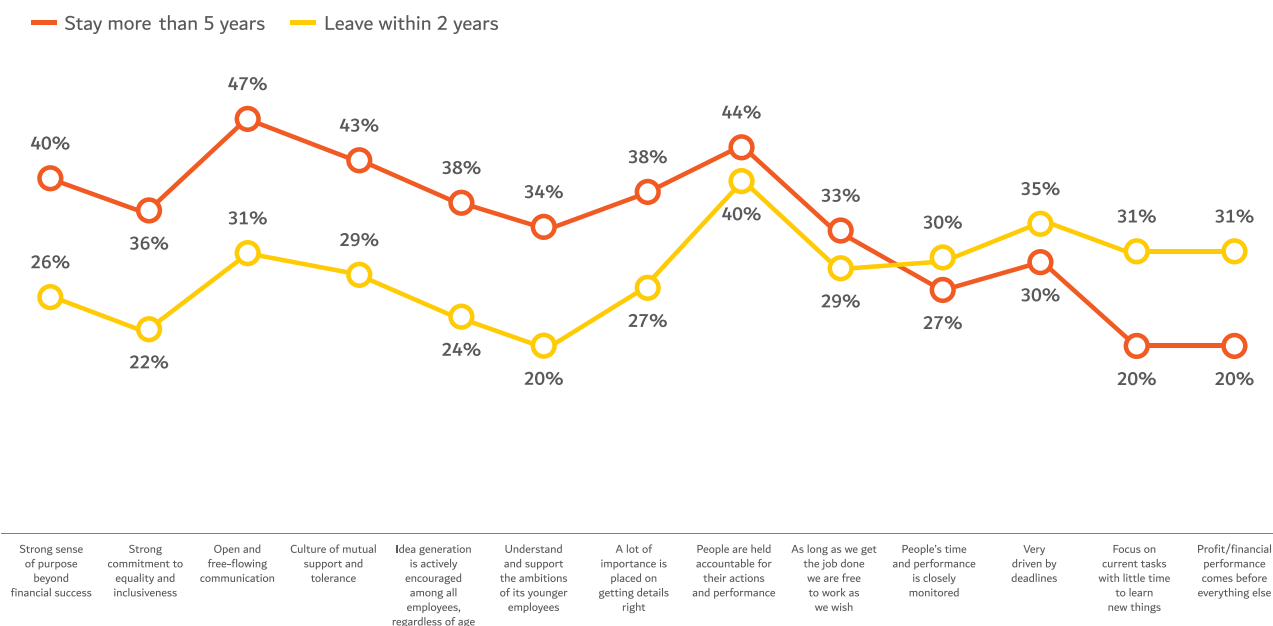
So, what do millennials want? A 2017³ study by Allianz of over 5,000 millennials in five countries, “Millennials: Work, Life, and Satisfaction,” revealed that, when asked, the majority showed a longing for more traditional career paths. When it comes to work, they value security and stability over change and flexibility. Only a small minority (about 15%) of those surveyed job-hop out of preference. Millennials have different career aspirations than those often portrayed.

The use of different languages and channels to appeal to millennials is a must. The mindset of recruitment managers should change so that they are building a workforce with the ability to successfully adapt to the business in an age of disruption.

Millennials expect open, honest communication from their employer. They expect performance feedback to be given to them regularly as they always want to see the results of their work sooner. They prefer having senior leaders from the company to be mentoring them. They expect faster career growth and a learning environment. If millennials struggle to find an opportunity to move up the ladder in an organisation, their preference is to move out.

Strong sense of purpose, inclusiveness, and open communications are higher where employees intend to stay longer

Percentage of Millennials who said that...



Source: 2016 Deloitte Millennial Survey Winning over the next generation of leaders

Many companies have learned that employees are eager to hear from top management. But according to research conducted by McKinsey⁴, millennials expect this to happen at hyperspeed: real-time, two-way communication that accepts input from everyone, followed by fair, immediate action.

According to a survey conducted by Deloitte, millennials are more likely to report high levels of satisfaction where there is a creative, inclusive working culture (76 percent) rather than a more authoritarian, rules-based approach (49 percent).

³ <https://www.agcs.allianz.com/news-and-insights/expert-risk-articles/millennials-and-the-coming-war-for-talent.html>

⁴ <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Millennials%20Burden%20or%20both/Millennials%20Burden%20or%20both.pdf>

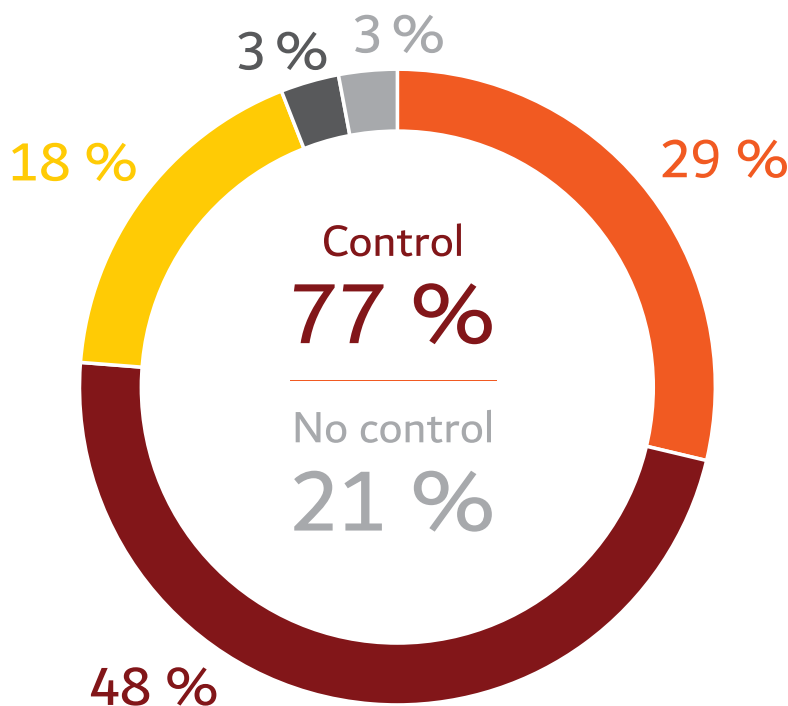
Similarly, and according to another study prepared by McKinsey, millennials have grown up watching entrepreneurs reach the height of success before age 30, taking on responsibilities usually reserved for older executives and gaining unprecedented wealth. Many of them would want a chance to flex their entrepreneurial muscles, and a creative, inclusive working culture will provide the platform for them to do so and shine.

Many millennials are likely to leave a company within two years if they are unhappy with their development. Offering learning opportunities and mentoring in an agile culture where trial-and-error and open communication is encouraged has proven to be a winning formula in attracting and retaining millennial talent.

Three-quarters of Millennials are confident and feel in control of their career paths

Percentage in control of their career paths

- I have total control
- I have a large degree, but not complete control
- It is mainly influenced by others or events outside my control
- It is totally controlled by others or outside events
- Don't know



Source: 2016 Deloitte Millennial Survey Winning over the next generation of leaders

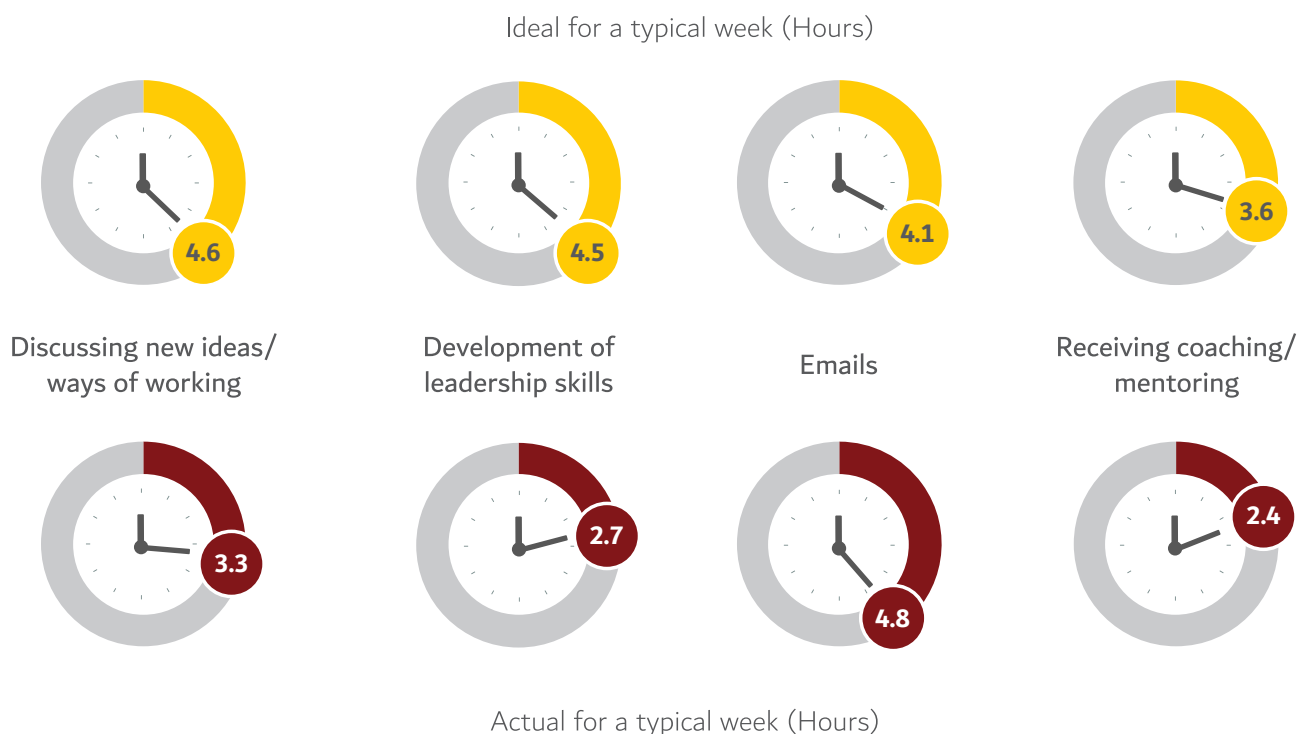
Millennials want to feel in control of their careers. Most survey respondents expressed satisfaction in this area—almost three in ten (29 percent) say they have “total control” over their career paths. Adding the 48 percent who said they “have a large degree, but not complete control,” more than three-quarters (77 percent) of millennials feel their career paths are in their own hands and not influenced by others or outside events.

Culture is key as millennials favour agile environments that respond quickly to changes rather than having a firm process or procedure. This also means limited rules and a greater sense of autonomy and flexibility in most aspects from working conditions and scheduling to work-life balance, and remote working opportunities.

Millennials are also often criticized as they don't stay in a job for long and they are less loyal to the job. The data in any given survey suggested that this is a superficial judgment. Instead, it is important for an employer to understand the reason behind switching jobs so often and what can be done to retain them in the organisations. Millennials are consumers of a work environment as they choose jobs that best align with their life and career goals.

Ideal versus current number of hours spent on specific tasks

Number of hours currently/ideally spent on each task in a typical week



Source: 2016 Deloitte Millennial Survey Winning over the next generation of leaders

In the millennials' ideal workweek, there would be significantly more time devoted to the discussion of new ideas and ways of working, on coaching and mentoring, and on the development of their leadership skills.

When C-suite executives are asked what keeps them up at night, all of them answer, "Hiring the next generation of leaders."

In conclusion, the requirements of businesses are changing over time and organisations are failing to retain millennials. Employees have had little negotiating power with employers for a long time but since the market demand and supply are shifting, that is about to change.

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