

Class of 2011

Insight from the Emerging Workforce

How to Recruit, Retain and Inspire the Future Workforce

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Introduction

As the Class of 2011 comes of age and prepares to enter the workforce, employers seek to understand Millennials, how to source this generation's top talent and how to keep them engaged. All generations portray unique defining qualities and tendencies; this is indeed the case with Millennials (or Generation Y) - teens and twenty-somethings who are transitioning into the workplace. Making sense of these qualities can arm employers with better strategies for attracting, retaining and inspiring top performers.

Millennials are generally characterized as confident, self-expressive, liberal, upbeat, tech-savvy, achievement-oriented and open to change. According to the Chicago Chamber of Commerce, there are 75 million Millennials entering today's workforce and they are slated to become the most educated generation in American history. The recent recession has challenged Millennials' entry into their first jobs, and yet, they are more optimistic than their parents about their economic futures as well as the general state of the nation.

Millennials are very savvy social media communicators. Three-quarters have a profile on a social networking site. 44 percent read blogs and 76 percent use instant messaging.¹ Millennials were also raised in what was arguably the most child-centric time in history. In fact, they grew up with such excessive validation and positive reinforcement from their Baby Boomer parents that they typically enter the workplace hungry for more of the same (Trophy Kids Go to Work, The Wall Street Journal, Oct. 21, 2008).

All of these qualities and characteristics converge and present unique challenges to employers seeking to recruit, retain and inspire members of this generation. For instance, most companies have yet to abandon archaic recognition practices that were designed to meet the needs and interests of generations now entering retirement.

Years of Service awards fly in the face of Millennial sensibilities and fail to address work values such as transparency, engagement, reputation and communication. To resonate with Millennials, companies need to consider:

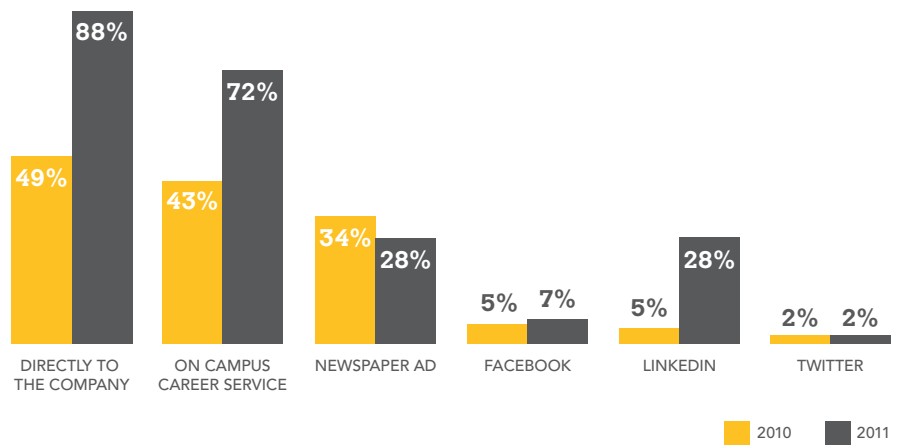
- How they communicate with Millennials
- Which tools they use to motivate Millennials
- How they brand themselves
- The extent to which they nurture environments that appeal to the younger, more socially responsible generation

New data, collected in partnership by Achievers and Experience Inc., sheds light on what motivates Millennials when it comes to their future careers. The Class of 2011 study was conducted in February 2011 through an online survey amongst a sample of 8,088 students across the United States. The sample included university students with a primary focus on those graduating within the next one to two years. The source of the sample was drawn after targeting for age, gender, and region from the Experience Inc. student database of 150,000+ students at over 1,000 universities.

This whitepaper will dissect the data drawn from the survey questions, will offer a case study of best practices, and will provide recommendations on how employers can better understand the Class of 2011 and beyond.

Class of 2011 Report

When you graduate from your current program, where do you anticipate searching for a job?



Understanding how Millennials seek employment can help companies attract top performers. More than 87% from the Class of 2011 plan to go straight to the source and will submit their application directly to a company. It stands to reason that a corporate branding strategy that takes into consideration the values of GenY is likely to bring more applicants through the doors.

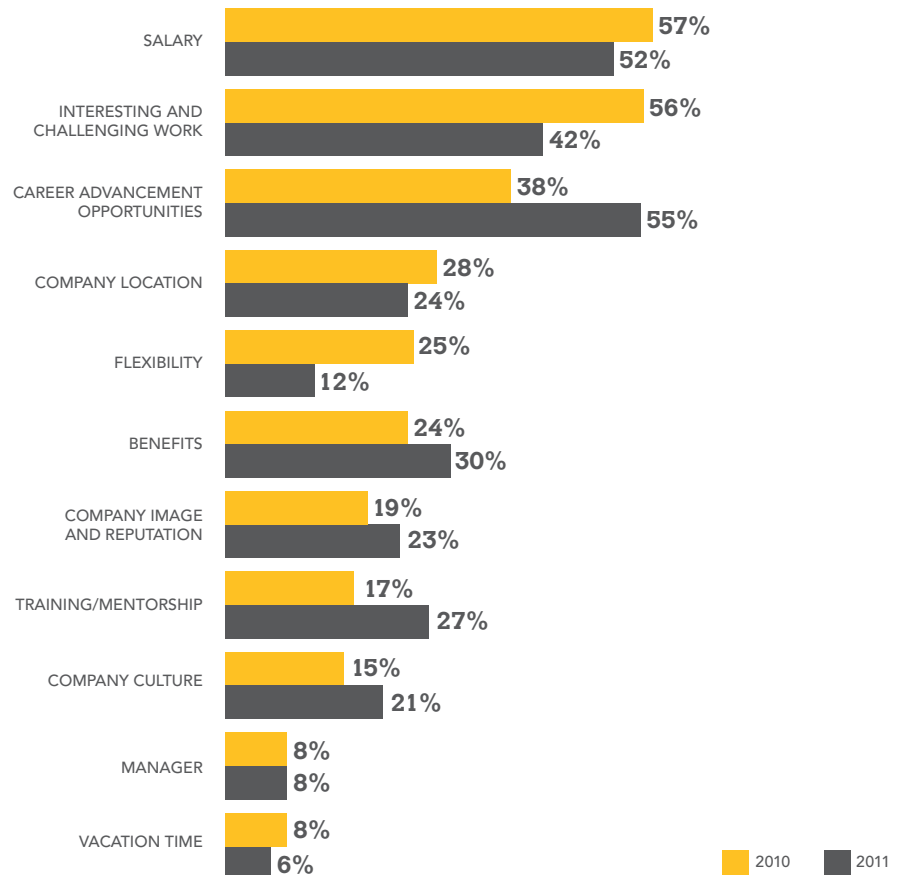
Only 28% of respondents (down 6% from the year prior) indicated that they plan to search for a job through newspaper ads. The same proportion of respondents (up a whopping 21% from the year prior) intends to seek work through LinkedIn, an online resource that is fast replacing the conventional resume. Savvy members of this generation are using LinkedIn as a method of networking and exploring companies they are interested in, while the majority still go directly to the company they want to work for, or they go to their campus career centers as their main method. The reality is that company branding is more important than ever for attracting the emerging workforce.

Another telling result is that more than 70% of students intend to seek employment through on-campus career services centers. However, according to a 2009 Michigan State University survey, companies are actually diminishing their physical on-campus presence with 42% of employers reducing the number of schools they visit, 46% decreasing the number of career fairs they attend, and 36% holding fewer on-campus interviews. Instead, more employers are reaching students on college campuses through online recruiting services that post jobs to career sites at specific schools. Experience.com has been running these school career sites since 1996. Employers can set criteria for schools, major, degree, GPA and more, and Experience searches their network of millions of students and graduates to deliver qualified candidates.

What you can do differently

- Is your company brand transparent? Do your corporate values align with the values of the Class of 2011? Building your company brand is imperative to sourcing top talent. The survey findings demonstrate the importance of online and on-campus employer branding. Employers need to build relationships with students while they are enrolled in school. Bottom line? HR needs to think like a marketer. Millennials are accustomed to being advertised and solicited to in the consumer arena, and top recruiters make a note of this and translate these practices to recruiting efforts.
- Go where the students go! Improve your company's visibility by implementing a social media strategy, since after all it is replacing traditional print media. Nearly 40% of students expect to find work through social networking sites. Take advantage of social platforms as a method of advertising your company brand and sourcing students.

When making a decision about where to work, what's most important to you?



Students consistently rank salary, work challenge and career advancement as the top three considerations in choosing where to work. Salary comes as no surprise as it fulfills fundamental needs, consistent with Maslow's hierarchy of needs. If basic needs like shelter, nourishment and sleep are not realized, employees will have no capacity to appreciate other corporate perks. A competitive salary keeps employers in the competition for top talent, but does not distinguish them as top employers. Career advancement is even more important to Millennials than salary, and is growing in importance with a 15% increase from the year prior. Gen Y has a ravenous appetite for growth, and

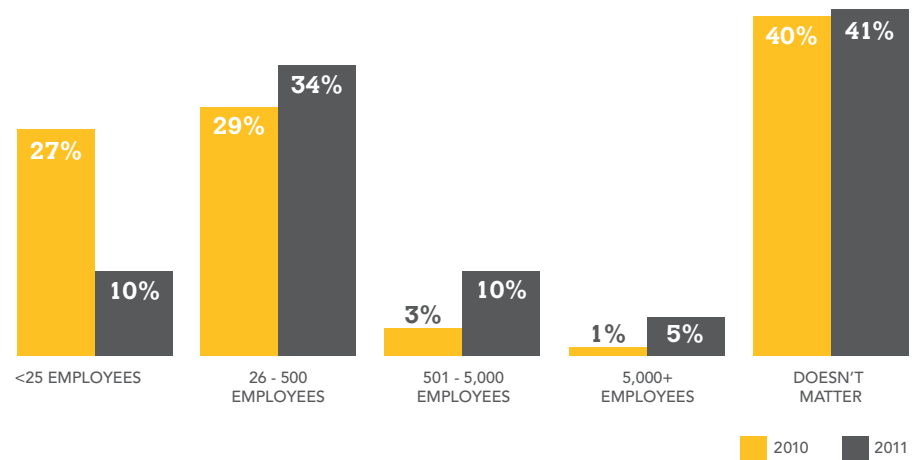
new graduates crave jobs that will offer swift opportunities for career advancement. Millennials are not patient in this regard and seek tangible outcomes; if employers can offer a growth plan with clearly defined career advancement opportunities, they will attract candidates.

In fact, career advancement opportunity remains a priority for Gen Y'ers even after they have secured employment. According to a 2009 AchieveGlobal study, 37% of Millennials said that career advancement was the factor that motivated them most at work. With this in mind, employers should think strategically about how they promote their workers. Companies cannot wait until yearly performance reviews to promote great people; employees should be nurtured and promoted when they deserve advancement.

What you can do differently:

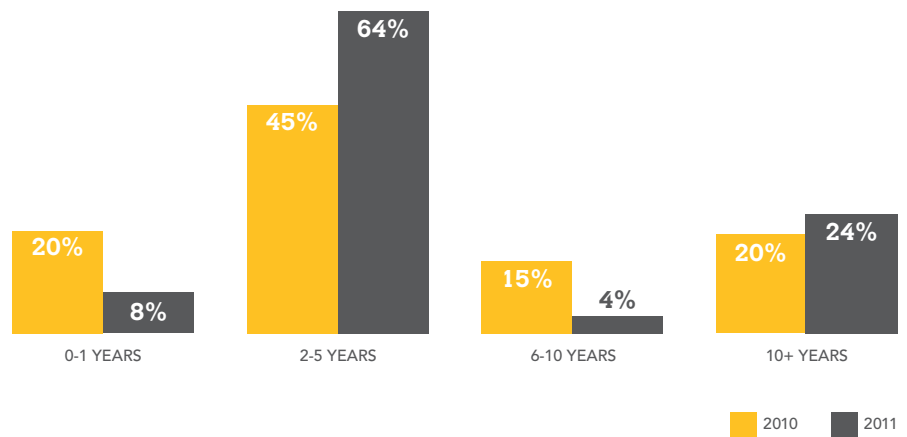
- Make sure that you are offering a competitive salary, and then consider offering just a little more to distinguish your company from the competition. But even more critical is to not overlook the importance of career advancement; it is a powerful incentive. You cannot communicate enough with employees. Tell them specifically what they can do to get to the next stage in their career.
- Millennials seek real-time communication, and will not wait around to receive feedback and recognition for a good job well done. What gets recognized, gets repeated so it's crucial to recognize talent in real-time and also provide constructive feedback in order to build and improve upon your employees' strengths. Find managers that are great coaches and can guide your top talent. Without exceptional leadership, employees can't grow and develop.

For what size company would you prefer to work at?



This data makes clear that size really does not matter, when it comes to choosing an employer. The results were essentially the same in 2010 and 2011, which suggests that size is simply not a top priority, especially compared to considerations like salary, opportunity for advancement and job satisfaction. This underscores the opportunity that employers have to distinguish themselves based on variables other than size. If a company can assert itself with a strong corporate culture that is both authentic and transparent in its values, they will likely attract talent no matter the size of the enterprise.

How many years do you expect to stay with your first employer?



Although 64%, the vast majority of surveyed students anticipate staying with their employers for two to five years, the average tenure of a Millennial is 1.5 years according to the Department of Labor. Even more shocking is the 24.1%, or almost one quarter of students, who believe that they will stay with their first employer for more than 10 years. The stark difference between Millennials' intended loyalty and their swift departure presents an opportunity for employers to initiate better aligned retention strategies.

Employers do not traditionally open communication lines until the annual performance review and don't recognize employees until the five-year milestone, but considering most employees don't make it to that point, engagement and retention efforts are being missed. Companies are failing to live up to communication and managerial expectations of Gen-Y, who values performance over presence and tenure. This component is clearly lacking in the employee-employer relationship. According to a recent Harris Interactive survey, 77% of college graduates who are not actively looking for new career opportunities, would consider a new opportunity if approached.

The window of opportunity begins immediately after hire with Millennials seeking feedback, recognition and opportunity for growth. Nurturing a high-performing workplace that cultivates engaged employees can drastically reduce turnover rates, but

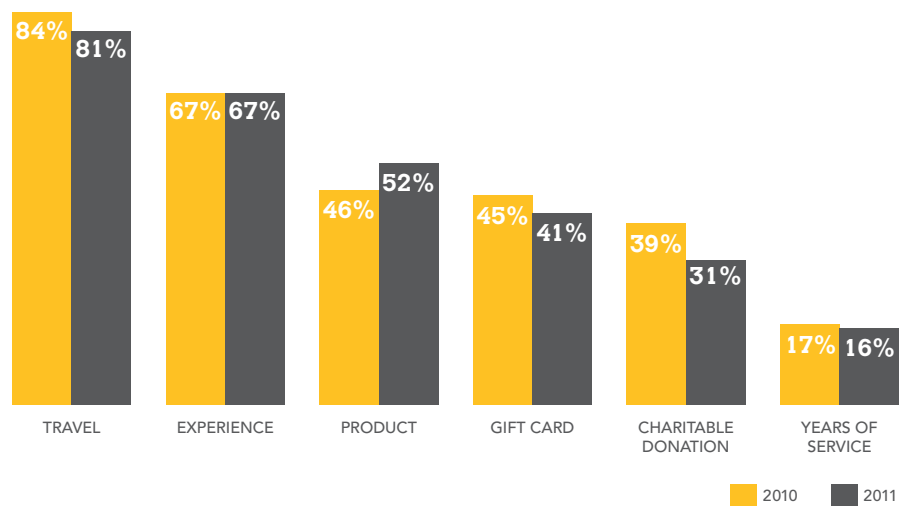
growing an inspired workforce does not happen overnight. Engagement develops organically in an environment that values frequent and systemic communication. A transparent culture that encourages communication allows employees to voice concerns and for leaders to catch those at risk before they seek to leave.

What you can do differently:

- Just because an employee chooses your company and accepts a position, it is not a 'done deal'. Acknowledge the possibility that your new recruit will leave, and seek ways to enhance the work environment to reduce that risk and improve retention rates.
- Create and develop an integrated employee engagement strategy that includes an exceptional corporate culture that will inspire workers immediately. Opportunities through strong leadership, communication, culture, rewards & recognition, professional & personal growth, accountability & performance, vision & values and corporate social responsibility are all components that will create a culture of retention and high-performance. Make sure you are paying attention to these values and branding your company accordingly.

Suppose your employer had an employee reward program and you earned a reward. If you could choose your own reward, how appealing would each of the following be to you?

Respondents were asked to rank in order of importance:



For the second consecutive year, travel was ranked as the most attractive reward by the Class of 2011, while only 16% found Years of Service rewards such as pens, plaques, and watches desirable. This was consistent with the results from the year prior, but in spite of this trend, traditional service awards continue to characterize the practice of 92% of companies in North America, forcing employees to choose gimmicky gifts like paperweights, crystal vases and an gold watches from a limited paper catalogue. Companies everywhere are wasting money to actively disengage their workforce. Millennials have grown up in a world of abundant choice, and it is critical that employers are aligned to that.

Along with numerous other HR functions, the default platform for rewards and recognition has shifted into the online arena to reflect this need. Software as a Service (SaaS) technology delivers interactive online programs through a channel that is relevant to Millennials and allows employers to remove themselves from the reward

equation. These programs are reward agnostic, sourcing countless vendors in a limitless online catalogue that empowers employees to choose rewards that are meaningful and fit in to their personal lifestyle. Travel, experience and products were all close competitors for the most desirable reward, which tells us that what speaks most to Gen-Y is choice. By understanding and integrating this finding into company practice, employers can better utilize financial resources to influence employee behavior and deliver meaningful rewards.

What you can do differently:

- Lose the watches and crystal vases. They are antiquated and not meaningful to your employees. Instead, implement both intrinsic and extrinsic elements to your rewards and recognition program that speak to employees of any generation and influence positive behavior.
- Choose SaaS solutions that allow employers to worry about providing proper methods of recognition and letting employees choose how and when they want to be rewarded. By empowering employees to choose their own reward, you will see the results reflected in their performance, loyalty and job satisfaction.

Survey respondents did not just address the type of reward, but also shared the manner in which their work was acknowledged. 62% of students prefer to be rewarded individually, whereas 38% favor a team approach. 68% would like to be acknowledged privately, and 32% prefer being publicly rewarded. These responses underscore the fact that employees' needs and interests vary. A one-size-fits-all solution is bound to fail, and employers should offer customized and flexible options.

Summing Up

There are indeed stereotypes about Millennials. They have been described as impetuous, immature, tech-obsessed, coddled and in need of constant praise. But in spite of these judgments, members of the Class of 2011 still believe that they stand in good stead with older generations. More than 55% felt that they were perceived as hardworking by the older generation, with only 16.8% speculating

that they were perceived as slackers. Ironically, these results may serve to validate the stereotype that GenY'ers are overconfident, and employers are wise to keep this in mind. When it comes to engagement and recognition practices, companies should consider that GenY'ers are accustomed to effusive positive reinforcement – and they exude confidence as a result.

There was also acknowledgment on the part of Millennials that they were perceived as tech-savvy. This is a perception that is essentially based in fact since they have grown up in an era that nurtured a second-hand familiarity with the Internet, mobile devices and social media.

While the Class of 2011 represents a generation rife with mystery and confusion, they also characterize a time of opportunity. To capitalize on the many skills and contributions of Millennials, companies need to understand them better. Even more importantly, employers need to adapt their corporate brand, their mode of communication, and their engagement and recognition strategies to speak to Millennials in their language. Savvy organizations who take these measures seriously will be successful in recruiting, retaining and inspiring the best of The Class of 2011.

KPMG Case Study

KPMG recruits, retains and inspires graduates with support from Achievers.

Customer Profile

KPMG is a global network of professional firms providing Audit, Tax and Advisory services with 140,000 professionals delivering value in 146 countries worldwide.

Challenge

KPMG takes pride in its high standards of service. With a worldwide presence, the company continues to build on its member firms' successes with clear vision, rigorously maintained values and, above all, its people. KPMG recognized the importance of attracting and retaining the best performers amongst new graduates and needed a program and solution that would support them to this end.

Goals

KPMG wanted to recruit, inspire and retain recent graduates. The company sought to:

- Develop its corporate brand to resonate with Millennials and attract top performers
- Engage and inspire new recruits and nurture their investment
- Improve retention rates

KPMG is not the only company blazing trails in pursuit of the Class of 2011. Staples, the world's largest office-products company, hosts recruiting events on college campuses, provides tips and counseling for resume writing and job interviewing and offers internships and co-ops.

Solution

KPMG's strategy is truly exemplary. They have branded themselves as a caring company with a rich Corporate Social Responsibility platform, opportunities for professional development and an impressive rewards program that provides choice and flexibility to employees.

Specifically, KPMG:

- Provides internship and work placement programs for students seeking a head start in the business world
- Hosts an international Case Competition for students
- Aggressively recruits graduates and provides sophisticated mentoring and training
- Offers a robust and flexible combination of financial and non-financial rewards and benefits to employees
- Invests in professional development
- Supports work-life balance with flexible work schedules, study leave for graduates and remote working

Especially in light of the survey results from the Class of 2011, KPMG represents a best practices model for recruitment, engagement and retention that drives results.

Quotes from the Students

Survey respondents share their advice for employers on what it takes to recruit and retain the Millennial generation.

- "I would work for someone who respects their employees and supports a great working dynamic...for a little less money than an employee who would pay more but not think about employee happiness. Scheduling is very important, as well. I hope that employers would seek to have the same morals in their business that would intend to have in their lives."
- "I'd like an internship from the company before I get a full-time position offer. This way the employer can assess me, as I will be able to assess the position in consideration."
- "I'd like better online application systems."
- "I'd like to hear more about corporate culture in job descriptions."
- "I'd like to see companies recruit more via local job fairs at off-campus school locations, along with on-line virtual career fairs."
- "If a company makes a recruit feel like they would be valued at the company, recruits would be more likely to work for them."
- "If I were given the choice of picking my own employer, some of the things that I would consider would be how established the company has been over the course of its life, the moral values by which the company is guided and operates under and last but not least the work environment."
- "If they talked about volunteer opportunities one could do while still in school, which would then help secure a job with them in the future. Also, if they had higher starting salaries (even if salary growth after that was lower, because I am not looking for a long-term job anyways)."
- "I'm attracted by the ability to advance through the company."
- "In my opinion, a relaxed, welcoming company culture is a major advantage to attracting good employees."
- "Interview everyone you think might be suitable for the job - give everyone a chance, not just those who know someone on the inside."
- "Interview larger pools of people at once."

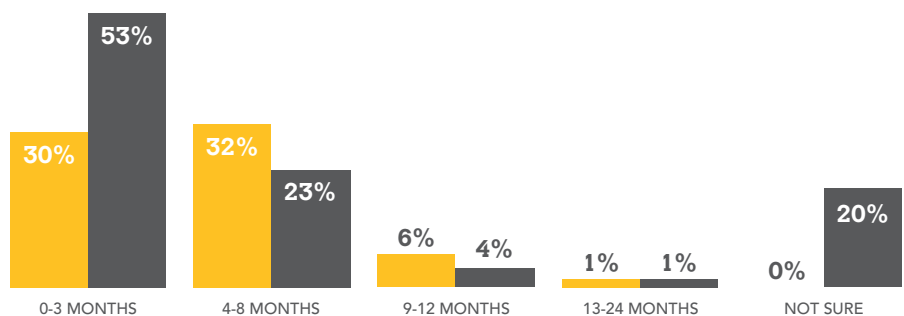
More Data from the Study

When you search for a job, what terms do you use?

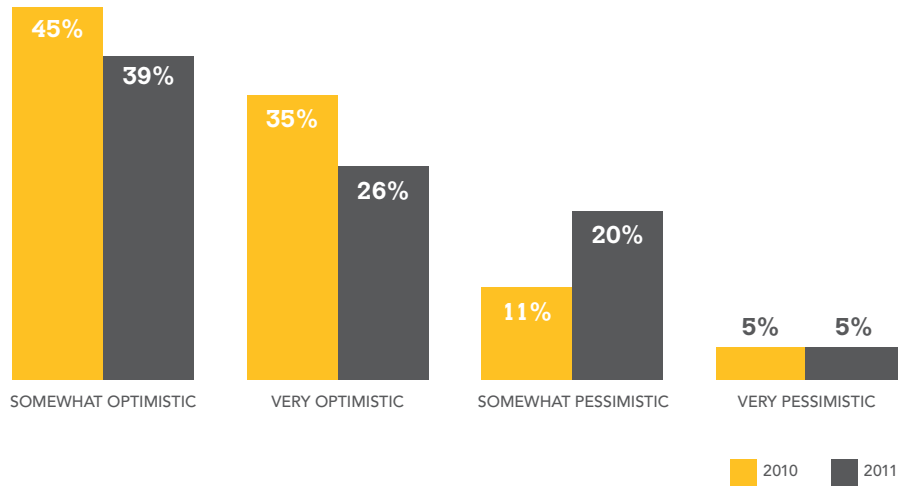
Check all that apply



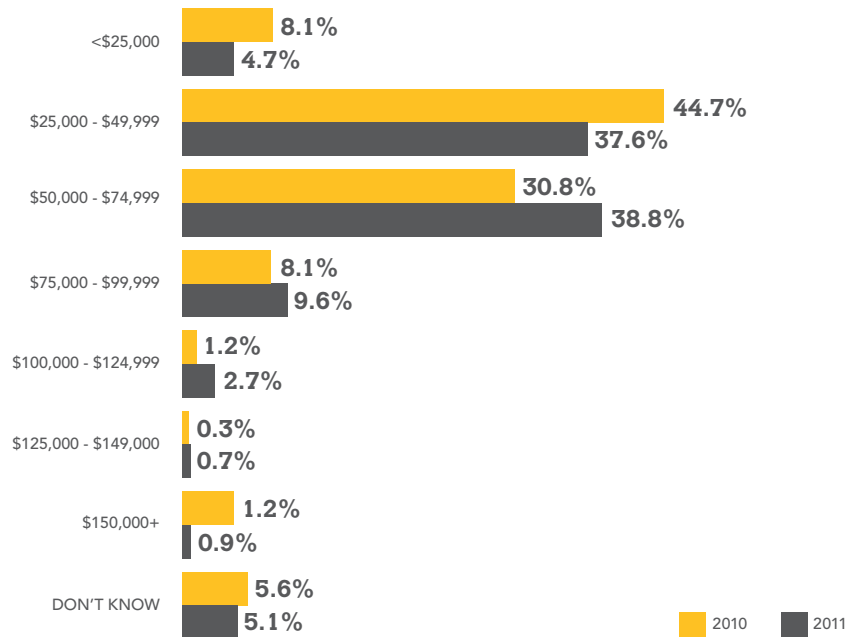
How many months do you expect it will take you find a job after graduation?



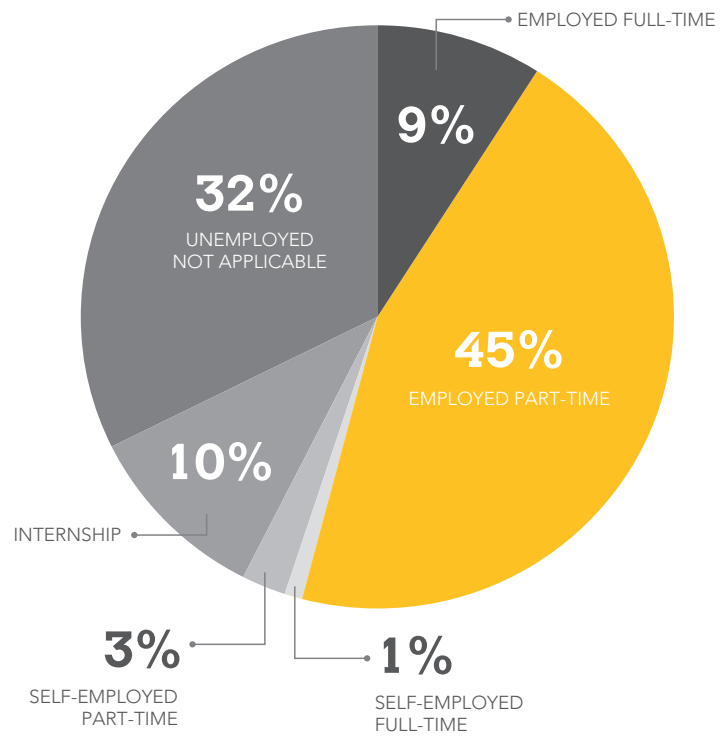
How are you feeling about your job prospects after graduation?



What are you annual salary expectations?



How would you best describe your current employment status?



Survey Respondent Profile & Methodology

Who are the survey respondents?

Of the 8,088 respondents, 73% will be graduating with a post-secondary education and searching for full-time employment in the next two years.

- The faculties with the highest representation of respondents included: Engineering, Economics, Psychology and Political Science
- 75.2% of respondents will be graduating in the class of 2011, 18.2% will be part of the class of 2012, and 6.6 % will be part of class of 2013.
- 50.5% of respondents are male and 48.6% are female (.9% refused to identify).

Survey Methodology

The Class of 2011 study was conducted in February 2011 through an online survey amongst a sample of 8088 students across the United States. The sample included university students with a majority focus on those who would be graduating in the next 1-2 years. The source of the sample was drawn after targeting for age, gender and region from the Experience Inc. student database of 150,000+ students at over 1,000 universities.

About Achievers and Experience Inc.

About Achievers

Achievers (formerly I Love Rewards) is passionate about employee rewards and Social Recognition. Our software helps engage employees and inspire performance globally. Achievers' customers include Deloitte, 3M and Microsoft.

Check us out on the web at www.achievers.com.

About Experience Inc.

Experience, Inc. is the leader in running career center websites for colleges and universities throughout the US since 1996. Today, 52 million students and recent graduates use the Experience network to look for entry-level jobs and get information that helps them bridge the gap between school and the professional world. 3,800 colleges and universities nationwide are in the Experience Network, and more than 500 schools and organizations are exclusively partnered with Experience to deliver career services to job-seeking college students, recent graduates and members of alumni associations and honor societies. Over 100,000 employers and recruiters use Experience to connect with the best, qualified entry-level talent.



Achievers (formerly I Love Rewards) is passionate about employee rewards and Social Recognition. Our software helps engage employees and inspire performance globally. Achievers' customers include Deloitte, 3M and Microsoft.

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