

## A rude awakening for Generation Y

Friday, 13 March 2009 | The Australian Financial Review | Alex Boxsell, Katja Buhner and Khia Mercer

Generation Y may have met its match in the recession, write Alex Boxsell, Katja Buhner and Khia Mercer.

In 2007, Generation Y had the world at their feet and they knew it. Optimistic young Macquarie Group graduates sat strapped into Dream World's "Giant Drop" theme park ride, part of an all-expenses paid company retreat to the Gold Coast.

At PricewaterhouseCoopers and KPMG, vacation clerks were treated to special lunches and wild river cruises. The former home-delivered bottles of champagne to successful applicants, while Ernst & Young dished out free iPods. Interviewing graduates were invited to lavish Christmas parties or cocktail parties before they were even hired full time.

Now a certain feeling of satisfaction has returned to employers with the realisation that Gen Ys will have to be as humble and hard working as their bosses were when they first stepped onto the corporate ladder.

Work/life balance is yesterday's mantra. Now anyone who demands to work from home might be told to stay there.

Clayton Utz chief executive partner David Fagan says there are probably some Gen Ys "waking up quite surprised in this environment" to find their job is not a right, but a privilege.

"They'll want to be showing they are contributing and adding value to the organisation they are with. Or the organisation might say, well, we have other people who want to do that," he says.

He says Gen Ys may also be surprised to learn their employers expect staff to move to the practice areas or offices that need them.

"That flexibility needs to be the name of the game," Fagan says.

Some graduates only just coming to terms with a hefty reduction in their parents' nest eggs (and a future inheritance) have been shocked to find their new careers put on hold this year.

Macquarie, PricewaterhouseCoopers and GM Holden deferred or cancelled graduate positions, while WorleyParsons and Ernst & Young wrote to graduates encouraging a postponement to starting dates. Law firms Middletons and Corrs Chambers Westgarth both paid graduates to delay their start dates, some to as late as 2010.

Michael Bradley, managing partner of Sydney-based firm Marque Lawyers, says an ad for a law clerk's position released late last month received more than 200 applications in just three days.

The Olivier Job Index showed advertisements for graduates in January slumped

73 per cent in a year in the banking and financial services sector, 64 per cent for accounting, 53 per cent for law and 41 per cent for mining and engineering.

"If there's any silver lining in this cloud, it's for employers," social researcher Mark McCrindle says. Employers are thinking: "Finally they'll respect the role. They'll forget about the pay increase. They won't jump ship like they were every six months in the past, and they'll be grateful for the job."

Generation Y, or those born between 1980 and 1995, have typically been characterised by unashamed self-promotion and voracious materialism, fuelled by one of the greatest booms Australia's economy has seen.

As JPMorgan head of fixed income Jeff Herbert-Smith puts it: "They wanted to go from A to Z without going through the middle of the alphabet."

Less committed Gen Ys coasted through the working day only to skip out at the stroke of 5pm, or on an extended trip overseas, convinced they could always find another job if they needed to.

But now the party is over. Perks, promotions and big pay rises across professional services firms are relics of the past. The spectre of redundancies has turned cubicle rows into death row, and many 20-something attention-seekers are desperate not to get noticed.

Laden with credit card and higher education contribution scheme debt, having studied longer and earned for shorter periods of time, and quick to buy into expensive mobile phone contracts, cars and laptops, Gen Ys are becoming the human equivalent of sub-prime investments. It is no longer hard to find investment bankers with big mortgages who are staring down the barrel of a paltry bonus, if not outright redundancy.

CFS Career Management, which provides outplacement employment for redundant senior executives and managers, has experienced a 50 per cent increase in demand since September. CFS senior partner Bruce Gregory says Gen Ys will have to diversify in order to get ahead.

"For the Gen Y who has an open mind, and is prepared to move into not quite the right role but in the right industry or profession and prove themselves by working diligently hard, there are definitely jobs for people," he says.

It's advice that JPMorgan's Herbert-Smith echoes, considering cost-conscious employers may struggle to invest in training in the downturn.

While JPMorgan's 2009 graduate intake remains unchanged, he's been telling additional job applicants to use their time out of work constructively, by undertaking further study or even travel.

Fronting up to an interview and saying "I've been looking for a job for two years and I was in the top 5 per cent of my class" may detract from your appeal, Herbert-Smith says.

"The trouble is now, all those people, no matter how smart they are, they're so limited because of the environment," he says. Headcount restrictions at some organisations mean they're "not managing for growth, they're managing for survival".

Citigroup manager of graduate recruitment Monica Sekulov says that after the days of the hard sell from banks, fighting for students with multiple job offers, the onus is now on the student to impress the employer. She expects a higher proportion of recruiting directly from summer intern programs, leaving far fewer positions for those applying from the outside.

One Deutsche Bank banker reflected on being taken to London for graduate training in 2006. "Now they will be lucky to get taken for drinks on a Friday night in the city," he says.

A KPMG employee says how easy it was to get a job in 2007, especially in the audit division, once you had a foot in the door as a vacationer. But those easy opportunities have all but gone.

The current economic climate presents a "test of faith" for fellow Gen Y professionals, one national law firm solicitor says.

"We've asked for a work/life balance - well, reduced working hours and job sharing will see to that. And we've said money isn't important, but it will be interesting to see how Gen Y handles salary freezes or nominal pay increases," he says.

After years spent watching lawyers leave for London or New York for double pay, wide-scale redundancies in the UK and US mean the talent shortage is quickly dissipating in Australia.

Young Lawyers NSW president Louise Jardim says her members feel lucky just to be employed, despite a noticeable reduction in promotions.

In a climate of strict attention to performance targets, young lawyers nervously watch the flow of work become more inconsistent and billable hours drop.

"One member reported struggling to get 3 1/2 billable hours on some days," Jardim says. The daily target for first-year lawyers in top firms is closer to five hours.

Cost-cutting has seen a sharp reduction in perks too. Some lawyers are being slugged with BlackBerry bills that exceed a certain limit, Friday night drinks are no longer catered or have disappeared all together, and there is a limit on continuing legal education courses that staff can attend, Jardim says.

How far the Gen Y stock has fallen. They were once so coveted that mystified managers called in expert consultants to translate the Gen Y mind and lend attraction and retention tips. Peter Sheahan, a Gen Y expert, visited firms such as Citigroup to give senior managers the Gen Y rundown. Other companies have relied on books, such as Bruce Tulgan's Not Everyone Gets A Trophy - How to Manage Generation Y.

Social researcher McCrindle has long known Gen Ys to be empowered, confident and optimistic - even bold and presumptuous. They have the highest number of year 12 graduates and university entrants of any generation, and expected to stroll into successful, rewarding careers.

And who could blame them? In recent years, human-resources teams were desperate to attract and retain Gen Ys and they knew it all too well. The frantic overuse of the marketing term "work/life balance" was all thanks to Gen Y.

"They learned early on, 'We're the kings. We choose the job. Forget the interviewer -we're interviewing them', " McCrindle says.

"Now they're facing this absolute shock as suddenly the rules of the game have changed. In many ways, they are more financially and emotionally exposed than the other generations."

University of Sydney pro-vice-chancellor Don Nutbeam says demand for postgraduate courses has increased as students look to ride out the decline while boosting their qualifications. Courses in science and engineering are

attracting greater numbers, as is broadly based education more generally.

But recruiter Robert Walters' managing director in Australia, James Nicholson, questions whether further education is anything more than a "stalling process" that will not help a student's long-term career prospects. Instead, graduates should be forming networks through face-to face meetings.

"A well-worded email is most likely to get binned at the moment because most recruiters are inundated with candidates," Nicholson says.

University of Western Australia business school MBA program director Renu Burr says Gen Ys will succeed if they abandon a transactional or "what's in it for me" view of their jobs in favour of concentrating on how they can add value to the organisation.