

# Managing of Motivation for Millennial IT Professionals in Latvia

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## ABSTRACT

The results of an empirical study based on an online survey of IT professionals in Latvia, who belong to Millennial Generation (Generation Y) are presented in the paper. This is the latest generation that entered the labour market. This generation is different from all previous generations. It is the most professional and the most educated generation. Millennials have their own expectations from workplace, preferences, and needs. Management of this generation is a very special task for HR specialists. The article presents the characteristics of the new generation, describes their motivations to work, conditions for dedication to the company, analyses possible incentives to increase labour efficiency, and describes a scheme of managing Millennial Generation Employees.

**Keywords:** *Generation Y employees, Millennials, motivation to work, labour productivity, employee retention*

## 1. INTRODUCTION

Generation Y or Millennials, people who were born from 1980 to 2000 – the last generation that entered the labor market [1-3]. This generation is bigger in comparison with the previous generation, more educated and more professional [4,5]. This generation has a special, different from the previous generations, set of values, skills, talents, and expectations from work and from the employer [1,6]. Many representatives of this generation prefer not to have a permanent job, and hope that employers will take into account their expectations, demands, take care of their well-being and satisfy their needs [7]. All these factors create new challenges for HR specialists, especially in conditions, when representatives of different generations work in the organization at the same time.

In this article expectations from work of representatives of Millennials Generation in contemporary Latvia, their motivations to work and incentives for more productive work will be studied. Understanding of these parameters will allow HR specialists to create more effective management models and approaches for interaction with representatives of this generation. The research is focused on professionals in the field of Information Technologies (further in the text IT). These professionals are in great demand in Latvia, success and competitiveness of the company mostly depends on their labor productivity.

Employee retention of Generation Y in the company turns out to be quite problematic. According to the research, more

than 60% of Generation Y employees leave their organizations after 1.5-2 years of work. For the previous generation, this indicator is on average 4.5-5 years [8,9]. Proper understanding of motivations and expectations of young employees can influence their job satisfaction and, consequently, increase loyalty to the company [10-13]. Sujansky and Jerry-Reed [14] note in their work that organizations that will not attract and retain employees of Generation Y will suffer great losses. Effectiveness and productivity of a company depends on ability to retain talented employees of Generation Y.

There is no single way appropriate for creating an effective work environment for talented people from different generations. That applies particularly for generation Y employees, for whom HR managers should think about creating motivational approaches based on their strong qualities and special preferences. Increasing generational diversity, accompanied by technological revolution, causes a change in the way, how employers should manage their staff. To accept this challenge, it is necessary to focus on understanding Millennials as employees. This research is focused on understanding the characteristics of Generation Y in Latvia, their career expectations and workplace requirements. This research is an attempt to study opportunities of managing Generation Y and explore strategies for attracting, motivating, and retaining them at work. Understanding of these aspects will help to create an effective work environment for several generations.

## 2. LITERATURE REVIEW

Employee retention is a process of supporting and encouraging employees to make them stay in the same company for a long period of time or until certain tasks are completed [15]. Retaining valuable and talented employees is crucial because they are priority resource in the global world [16]. The research shows that generation Y keeps loyalty and dedication to the company if job gives them satisfaction and meets their expectations [17,18].

Employee retention strategies are beneficial because they will finally cost less than hiring new employees, as companies already know the needs and abilities of existing employees [18]. The research made in different countries show that it is important for employees to receive recognition for their work [19-21]. Lefton (2012) [11] indicates that recognition makes employees feel themselves valued, interested, and satisfied, and this increases their desire to stay in the company.

Wilson & Gerber (2008) [22] identify seven distinctive features of Generation Y. They are confident and optimistic about the future. They are focused on achievements and career, but at the same time, they are ready for altruistic and volunteer activities. They work well in a team, but they do not like when the employer forces them to work more than they are willing to. They are not workaholics, it is important for them to have free time and opportunity to have a good rest.

Millennials were socialized in the digital world. They are used to receiving information from many sources at once; they are used to doing several things simultaneously and solving several tasks. [23,24]. At work representatives of this generation prefer an inclusive management style and want immediate feedback on the results of their work and efficiency [25-27]. Representatives of Generation Y perform better when work corresponds to their abilities, when they are faced with complex tasks that excite them completely [28-30].

According to the researchers, the main problem of managing Millennials is that they differ greatly in their expectations from the previous generations, and are skeptical about traditional credibility and hierarchies [31-33]. Generation Y wants even more flexibility in relation to work, and they do not want their work to interfere with their family and private life [34]. They expect understanding of their needs from employers, but at the same time they strive to become better and improve their professional skills [35,36].

Parul Saxena and Rajiv Jain (2012) [37] in a study called "Managing Career Aspirations of Generation Y at Workplace" stated that professionals of Generation Y as a rule tend for identity with what they do, competence, and a sense of comfort. They are better motivated when they have an understanding boss, good balance between work and private life, reasonable company policy for organizing work and promoting employees, and fair pay as well. They need quick pay, personal growth, career development, and balance of working and personal life [38,39].

## 3. THE METHODOLOGY OF THE RESEARCH

The goal of this research is to study motivations to work and expectations from work of IT professionals belonging to Millennials, i.e. generation of 1980-2000 years of birth, in modern Latvia. The objectives of the research are following: to study of the characteristics of new generation; to analyze the target group's concepts about what a good job is; to study the ideas about what kind of work is perceived by representatives of this generation as a job that satisfies their expectations; to study the opportunities to improve labor productivity of young professionals in the field of IT and to determine in which situations, representatives of Millennial Generation are ready to keep dedication to the company, and in what situations they have to change their job.

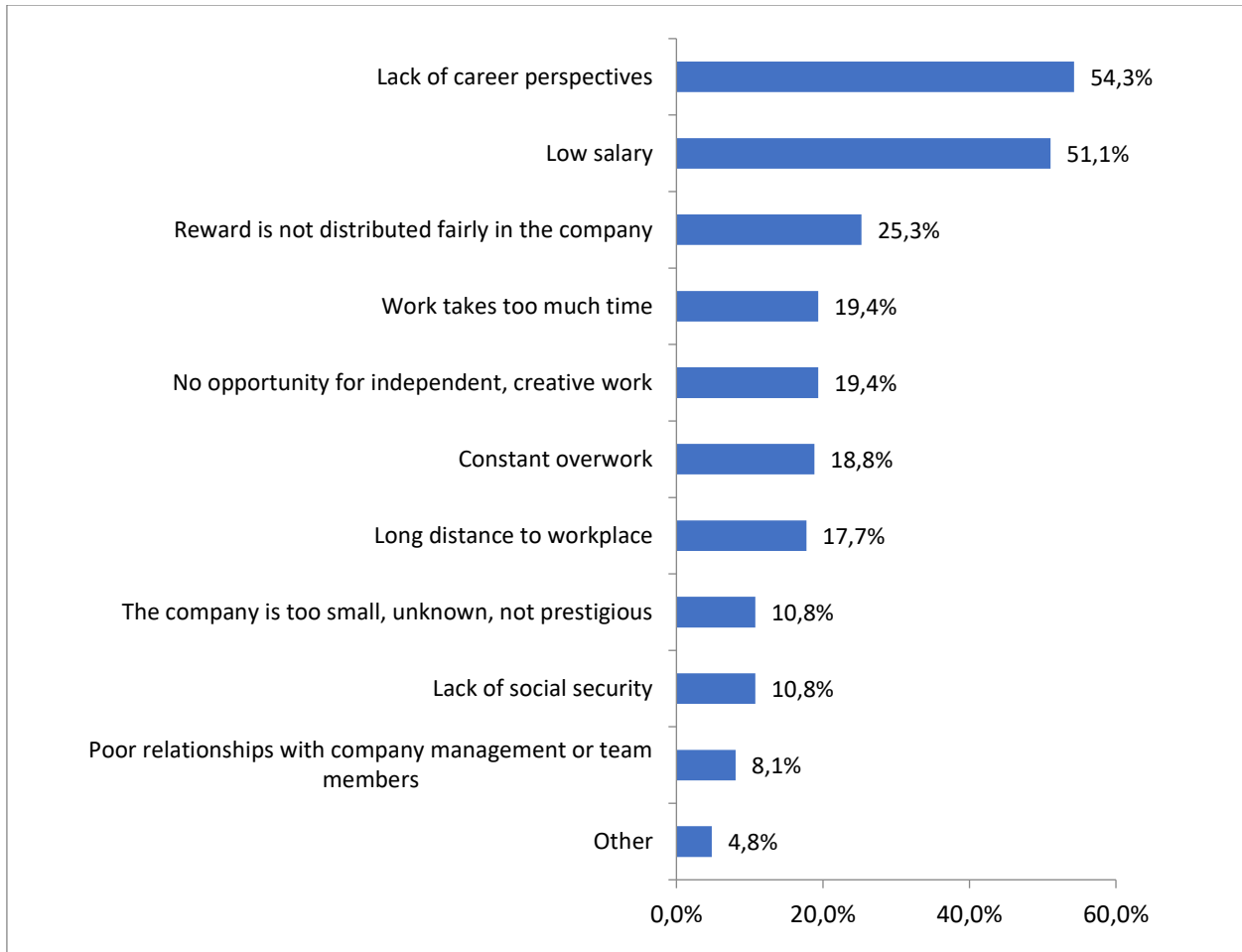
The research was conducted using an online survey of Latvian IT professionals on a representative sample. The total sample size was 1200 people. Then, a target group of representatives of Millennials generation was identified among the respondents. The target group size is 627 people, 64% are men, 36% are women.

The questionnaire included questions aimed at studying psychological and value characteristics of Generation Y, the ideal image of work, understanding the reasons for disloyalty to the company, identifying expectations from work, as well as incentives to increase labor productivity.

## 4. THE RESULTS OF THE RESEARCH

### 4.1. Loyalty to the company

According to the survey, only 16% of the respondents are now planning to change the company, they are employed in. Figure 1 demonstrates the reasons why respondents are willing to change their job.



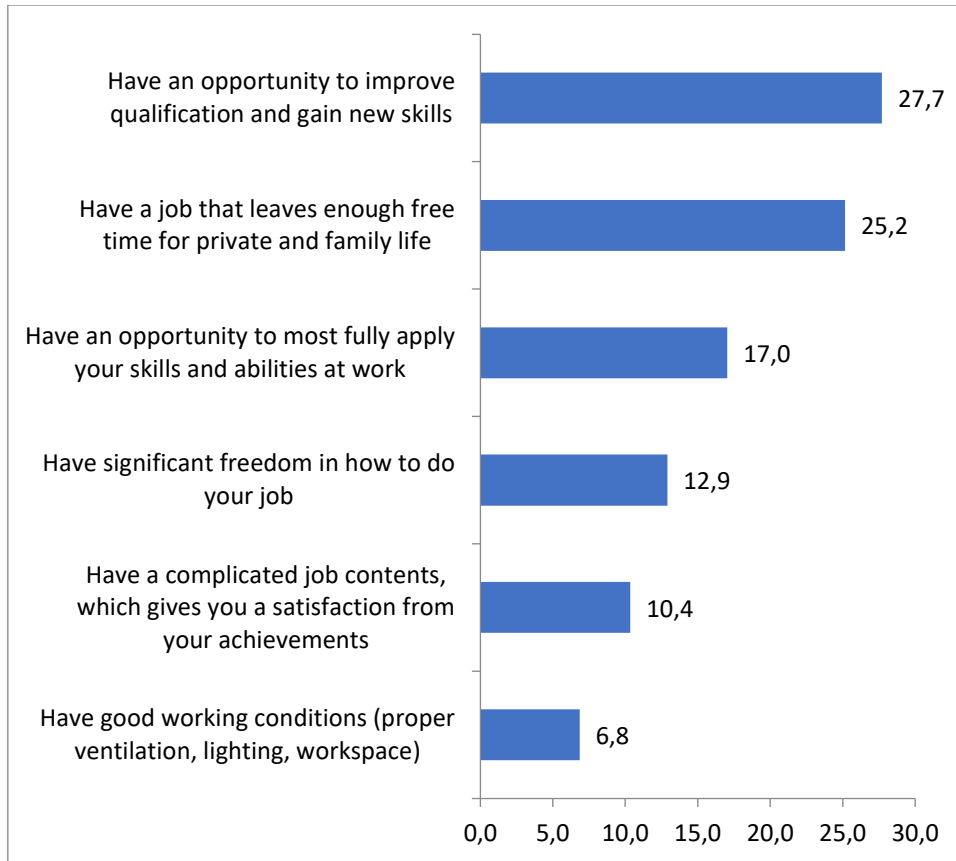
**Figure 1** Factors affecting disloyalty to the company. Question: "Choose the reasons why you want or would like to change your job." Multiple response.

The most common reasons for changing work for Generation Y are lack of professional growth prospects and unfair material reward (salary and bonuses). However, no less important is the combined weight of the reasons that limit private life (work takes a long time, constant overtime, way to work takes a long time). Almost 60% of job dissatisfaction is connected with these factors. Thus, when choosing a job, 3 factors are significant for Millennials: opportunity of professional development (professional growth and creative work), fair reward, and possibility to combine work and private life. The size of the company, relationships with management play a very insignificant part.

Figure 2 demonstrates the factors characterizing an ideal job from the point of view of Millennial Generation employees. According to this data, getting professional skills and opportunity to create work-life balance are equally valuable for this generation. This is one of the main

differences between Generation Y and previous generations. They are ready to study and develop, they are very professional, but they acquire these qualities not by sacrificing private life, entertainment and interesting leisure.

The factor analysis of the answers to the question: "What are the characteristics of your current work?" showed that there are only two factors for Generation Y determining attitude to a job. The first factor can be called "Professionalism", the second factor – "Freedom". The first factor includes such characteristics as ability to improve qualification, apply skills and abilities, as well as get satisfaction from achievements. The second factor is freedom of creativity and personal freedom. Thus, this research based on Latvian data confirms the results of studies conducted in other countries. Generation Y is the most professional and the freest generation of all the generations that are currently in the labor market.



**Figure 2** Factors of the perfect job. Question: "What factors are most significant for you to like your job, to be close to your ideal (regardless of what kind of job you are having now). Please choose the main factor."

Another significant result is that Generation Y is not inclined to self-employment. They prefer to work in corporations. If it is not possible to get a permanent job, they are about to take a temporary one. In response to the question "whether you are ready to work with a temporary contract or will only look for a permanent job", 51% of the respondents said that they only agree to a permanent job, and 49% - are ready to work with a temporary contract.

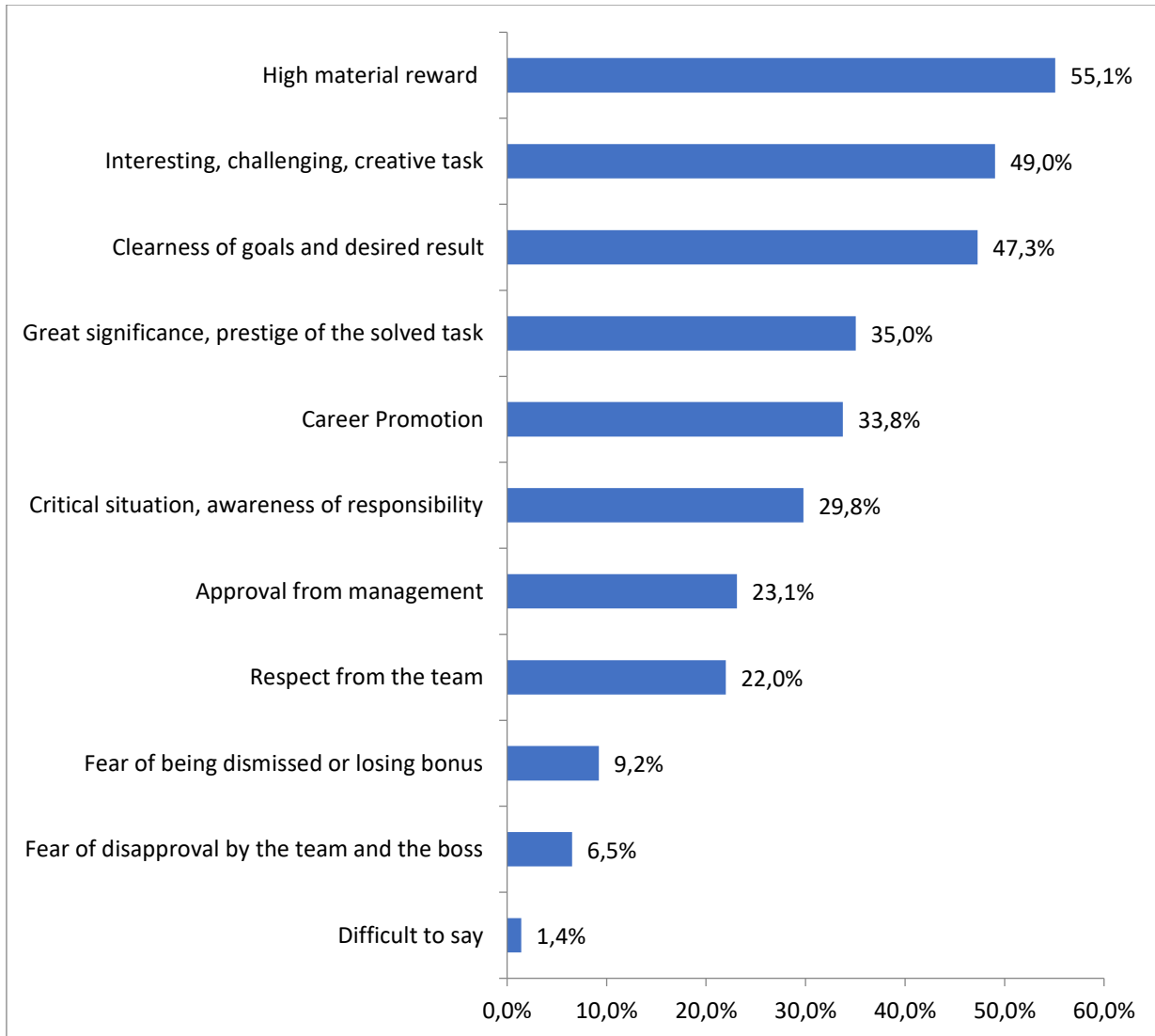
For Generation Y workplace virtualization, flexible schedule, opportunity to work remotely and communicate with the company on-line are important. 48% of the surveyed representatives of this generation said that in a situation of choice, they would prefer a company that offers opportunity of remote work, even in terms of salary reduction by 10%.

Speaking about motivators and demotivators for Generation Y, answering the question "What would you like to receive as a yearly bonus for your work?" 71% of the respondents

chose cash reward and another 25% - additional days for vacation. Only 4% in total chose a foreign business trip, a new iPhone, and a corporate trip abroad. These results once again demonstrate that fair payment is considered by Generation Y as an important component of the corporate culture. Meanwhile, they want to receive reward immediately, in the form of a bonus, and not in the form of some rewards, which they can get later.

Answering the question of the system of negative motivation, that would be the least desirable, 37% chose the system of fines, and another 35% - work at weekends or holidays in case of significant violations. The representatives of Generation Y are less sensitive to demotion, social package cut and fine system.

Figure 3 demonstrates the distribution of the responses to the question of what generation Y members consider as incentives for more effective work.



**Figure 3** Motivators for labor productivity increase for Generation Y. Question: "Have you ever worked notably fast and well? What factors made you work much more effectively than usual? Multiple response.

As can be seen from the presented data, despite the fact that the first place in the rating is occupied by material reward (55%), the total share of motivators connected with a challenging task and responsible work is approximately 80% of all the responses. This once again confirms the thesis that material incentives are markers of fairness, as good work should be well paid. However, these are challenges related to their professionalism that can actually make Millennials work effectively.

Factor analysis of the analyzed motivators identified 4 factors that can be considered as some attitudes that influence on desire to work more effectively. The first factor can be called Careerism. It is associated with the fact that a person works more effectively when he is offered a high

financial reward for the work and can see opportunities for career growth.

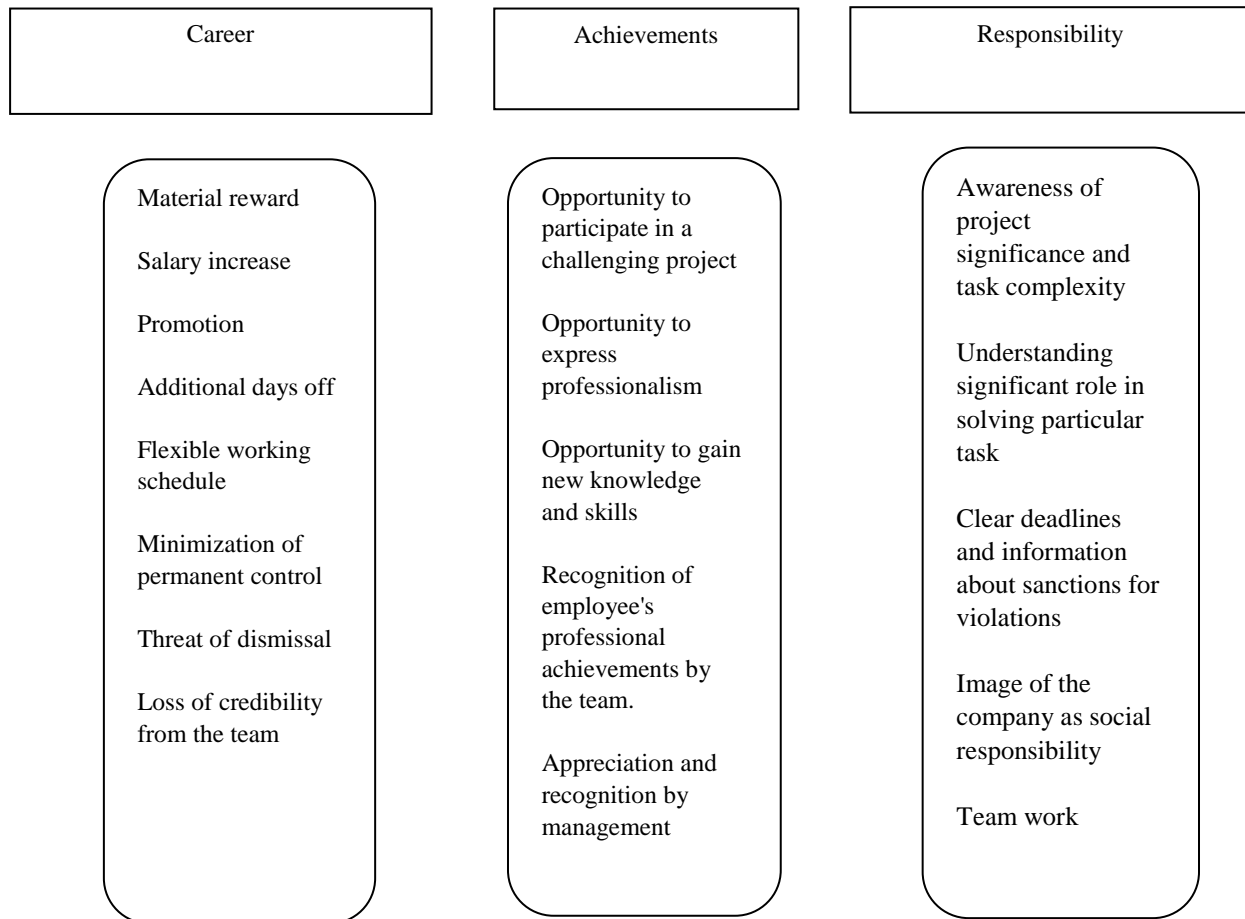
The second factor is certain attitudes related to employee responsibility. This factor can be called Responsibility. It describes situations when employee's performance is affected by responsibility to the team, when for effective work an employee should appear in a critical situation and realize it.

The third factor can be called Achievements, when efficiency is achieved due to desire and opportunity of an employee to improve professional skills, show ideas, solve a difficult task and achieve high professionalism.

The fourth factor is well described by the concept of Dependence. It includes situations when an employee works more efficiently if he is afraid to lose reward, get reprimand from the boss and disapproval of the team. This factor is the opposite of Careerism factor. It describes situations when an employee works effectively not in a situation of opportunity to advance in career and receive

material reward, but in a situation of fear of losing career chances and reducing material reward.

Based on the data on motivation to work of Generation Y and data on incentives to increase labor productivity, the following effective management model for Generation Y Employees can be created.



**Figure 4** Model for managing for Generation Y Employees

Generation Y can be motivated by a reward system that takes into account the contribution of all employees which is formed on the basis of the principles of fairness. They are attracted by flexibility of working rules at workplace, when there is a variety of different opportunities and advantages. Relationships with colleagues are important for them, it is essential for them to work in a professional team, highly professional colleagues motivate them to learn and share their experience.

To increase labor efficiency, the work should involve solving complex challenging tasks that are solved collectively, with great responsibility of all participants and, if possible, with fun. Not the last condition for productive work is workplace virtualization with opportunity of online

communication, remote access, networking and high technology. A clear statement of the task, full information about the role of each employee, also makes the work of representatives of Generation Y more productive. Global job opportunities, constant development, training, and constant feedback are necessary conditions for motivating and effectively managing for Generation Y.

A company that employs Millennials should take care of its company's image and pay attention to brand formation. Generation Y is attracted by modern, well-organized companies with creative management policy, socially oriented, responsive to needs and expectations of their employees. To motivate and manage generation Y, it is important for organization management to understand this

generation, trust it to experiment, promote their ideas, encourage their initiatives, and maintain their confidence that the initiative in managing their future, as well as opportunity to create success, belongs to them.

## 5. CONCLUSION

Generation Y is the latest generation that entered the labor market. This generation has its own expectations, interests and needs. All these influence on their behavior at work, their motivation to work. Managing employees of this generation is a difficult task for management of companies. This is particularly difficult when there are representatives of different generations at workplace. The new generation is able to influence on business trends, and at the same time learn from the previous generations. Intergenerational collaboration at workplace is a necessary condition for achieving harmony and progress towards the goal. Generation Y expects challenging tasks, accelerated career growth, socially responsible work places, flexible working environment, freedom and fair payment. Generation Y must be understood, accepted, and recognized. In order to use the whole potential of this generation, the management of companies should meet their needs and expectations, should provide everything they expect. The art of management is to understand generational differences correctly, respect preferences of each generation, and use advantages of all generations effectively.

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