



Evolution of the Labor Market: Challenges of the Millennial Generation

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Abstract. The research purpose is to analyze changes in the labor market based on the needs and values of a new generation of young professionals. The authors consider the theory of generations, changes in the interaction between employers and candidates related to the development of digital technologies, open communications, the application of flexible schedules and remote work. The results of sociological surveys of professional aspirations, career preferences and expectations of millennials are summarized. The list of bonuses provided by Russian companies in addition to wages is formed. The most popular compensations are marked. Priority factors have been established for Russian young professionals when choosing an employer company. It is revealed that opportunities for professional development, participation in innovative projects, flexible working hours that allow combining work and private life (work-life-balance) are more relevant for young people than monetary values and the capital accumulation. An overview of the indicators of a successful career. It is noted that most young people are ready to invest in the own additional professional education, participate in international projects and internships. The issues of attracting young and talented candidates are considered in this paper too.

Keywords: Career · Labor market · Social mobility · Success indicators · Youth

1 Introduction

The Soviet economy underwent serious changes in the mid-eighties of the XX century. The Iron Curtain and the “era of stagnation” were replaced by “Perestroika” and “Glasnost”. After the collapse of the Soviet Union and the reorganization of the public sector, stability in the forms of state orders and state budgeting was replaced by competitive market relations, entrepreneurial activity, and the development of the own businesses. The labor market has also undergone drastic transformations. The authoritarian leadership style has been replaced by democracy, leadership development, and soft skills. The image of the “ideal” manager and the employee’s behavioral model have changed. Instead of orders and obedient execution, partnership relations and interaction between managers and subordinates, the development of delegation of authority and responsibility become priority. Rapid development of IT technologies has

contributed to changes in business processes, communications, working conditions, and accordingly to requirements to education, competencies and skills of personnel. Under the current conditions, a new generation has grown up with attitudes to social freedom, open communications, independence, personal development, and willingness to open own business.

The theory of generations, which is popular today, appeared in the early 90's of the previous century. This theory is based on the dominant values in the time context. It should be noted that the time frame is quite conditional. Representatives of generation X belong to the "era of stagnation" and to the time period from 1965 to 1985. Generation Y or perestroika generation, or millennials belong to the period from 1985 to 2003. The word "millennials" derives from the word "millennium", it means a turn between millennia. Unlike their predecessors, those born during this period strive for individual unlimited multi-dimensional development. Characteristic features of millennials are freedom of choice, thoughts and actions, the absence of prohibitions and dependencies, restrictions [4]. Generation Z, born from 2004 to the present, are active Internet users and adherents of online communication. The most adults of them in 2020 are about 20 years old [14]. In recent years, there has been debates about the birth of a new generation (Generation Alpha), a generation of "artificial intelligence" that was born since 2015 [1].

The study of the labor market on the example of generation Y is relevant due to their age (25-35 years old). Prospects for the development of the economy, politics, labor and market relations are formed by the younger generation. The formation of the Y' personality took place in the era of digital technology development and integration of digital transformations in all business spheres. Y' life priorities are intellectual performance and passion for sports (promotion of healthy lifestyle), careful attitude to the planet and its natural resources.

Nowadays, there are opportunities for self-employment, flexible working hours and remote work, the activity of social networks has increased as a means of communication and broadcasting of corporate information, we also have new opportunities for self-development and self-realization. Work functions are being transformed, and new professions are being developed.

2 Methodology

The younger generation has a high degree of personal and social freedom. The age of political and business leaders is rapidly rejuvenating. Key positions are held by thirty – to thirty-five-years-old managers. In the labor market, there is a growing demand for young talents with multi-potential, broad horizons and bold ambitions [3]. Betting on young people is gaining more and more relevance.

According to the experts of the HAYS study "Generation Y and the labor market", the young Russian generation is characterized by social mobility, the desire for development and, consequently, to increase personal income [11]. The most relevant criteria for choosing an employer for young people is the degree of job satisfaction (interesting work), and career prospects (opportunities for promotion).

The analysis of the labor market evolution is based on the results of labor market research and a review of wages in Russia, the current needs of the younger generation, and the prospects for remote work, conducted in the period from 2017 and 2019 [9, 10, 12]. The study of professional aspirations, moods and expectations from the career of generation Y (millennials) was conducted by HAYS in 2019 using a social survey of more than 1000 young Russian professionals aged from eighteen to thirty years, working in various business areas: consulting, manufacturing, finance. The proportion of respondents was 51% for men and 49% for women. Regional representation is expressed in the following percentages: the Central federal district – 25.8%, the North-Western federal district – 9.5%, the Southern federal district – 16.9%, the Volga federal district – 20.5%, the Ural federal district – 8.6%, the Siberian federal district – 14.0% and the Far Eastern federal district – 4.7%. The majority of respondents (44%) have more than three years of work experience. More than a third (38%) work full-time for at least 35 h a week, and only 11% work part-time for up to 35 h a week [11].

The purpose of the survey was to identify preferences, aspirations, and expectations from current or future work, as well as to form a portrait of an ideal manager, promising and talented employee. The research issues cover the impact of factors such as communication in the workplace, the degree of independence, opportunities for flexible schedules and remote employment on the labor market. Special attention in the survey was paid to the amount of material remuneration that makes up the compensation package, various bonuses and options.

3 Results

The statistical analysis of sociological studies of the world labor market for 2018-2019 showed that most organizations have expanded their staff. Especially rapid growth is observed in the information technology industry. It is worth noting that preference is given to young candidates. In the information sphere, the “fight for talents” is relevant. If we look at foreign experience, then a striking example is the leading technology companies in Silicon Valley. Their personnel policy is aimed at attracting talented university graduates. Amazon, Apple, Google, Cisco Systems, and Microsoft offer high starting salaries for newcomers, flexible schedules, remote work opportunities, free 24-h meals, recreation areas, and other bonuses.

In the bonus package, more than 50% of Russian employers include: medical insurance, payment for private medical services, additional payment for sick leave, a company car or compensation for using personal transport for official purposes, and phone payments. More than 30% of companies include in the list of bonuses provided parking compensation, or directly parking, food payment, provision of a sports complex on the territory, full or partial compensation for fitness, corporate training, additional vacation days, discounts on the purchase of products or services, life insurance, incentive payments. About 20% of organizations provide financial support for additional professional education and reimburse expenses for using public transport. Less than 10% of employers offer payments for anniversaries, birth of a child, corporate kindergarten and remuneration based on promotions, assistance in employment when leaving. The list and percentage of bonuses provided by Russian companies is shown in Table 1.

Table 1. List of bonuses provided by Russian companies

Bonuses	Percentage, %
Medical insurance, surcharges for private medical services	58%
Provision of official transport	54%
Payment for mobile communications	52%
Compensation payment for parking	43%
Food compensation	41%
Fitness, yoga, swimming pool compensation	35%
Life insurance	33%
Additional vacation days	34%
Incentive payments quarterly, annual (based on the results of work)	33%
Discounts on products or provided services	32%
Corporate training	31%
Compensation for additional education	19%
Compensation of expenses for using public transport	17%
Assistance in employment	9%
One-time payments for an anniversary or the birth of a child	9%
Equity participation	8%
Corporate kindergarten	2%

Source: authors.

In order to attract talents and retain key professionals, in addition to competitive salaries, bonuses and social packages, employers offer corporate training with subsequent careers, expanded opportunities to make decisions independently [15]. Priority factors when choosing an employer for Russian young professionals are: interesting work with opportunities for professional development, innovative projects, flexible schedules that allow you to combine work and personal life (work-life-balance), a workplace equipped with modern technology, a pleasant and beautiful office (work-space). A third of respondents noted the importance of independent work and the lack of strict control by the direct manager, the ability to express their own opinion, a sense of support from colleagues and management. Young people pay attention to remuneration. In addition to wages, a third of respondents expressed interest in a variety of flexible benefits and bonuses. The priority factors of working conditions are presented in Table 2. Due to the possibility of selecting multiple answers, the final percentage is more than 100%.

Table 2. Priority factors of working conditions for young professionals

Factors of working conditions	Percentage, %
Interesting work with opportunities for professional development, projects	73%
Flexible working hours and remote work	43%
Equipped with modern technology workplace	38%
Opportunity to work independently	36%
Regular corporate training	35%
Competitive salary	35%
Bonus package and flexible benefits	33%
Opportunity to work at home	31%
Well-maintained office space	29%
The popularity of employer's brand	25%
Convenient location of the company	24%

Source: authors.

Flexible schedules are very popular among young professionals. Almost half of respondents noted the possibility to choose the time of arrival to work and leaving. It is also a desirable option to work at home or remotely at least once a week. This trend is related to the growing need for a combination of work-life balance. The concept of success is inextricably linked with the career growth [2]. The millennial generation highlights the following indicators of a successful career: high wages that provide opportunities for capital accumulation and financial investments, interesting work that brings pleasure, the opportunity to have a work-life balance, professional mobility and acquisition of various competencies, managerial position, high status in the company, professional recognition, image of a highly qualified specialist.

These indicators determine the desire of young specialists for professional and personal development. Most of them are willing to invest their personal funds in additional education [19]. A significant number of young people are interested in internships abroad and participation in international projects.

4 Discussion

Theoretically, the millennial generation can be classified as “young professionals” by age criteria. According to Federal Law No. 98-FZ of 28.06.1995 “On state support for youth and children’s public associations”, this category includes citizens under the age of 30 years [6]. Decree of the President of the Russian Federation of 14.10.2012 No. 1380 “On improving the effectiveness of state support measures for employees of organizations of the military-industrial complex of the Russian Federation” has an impact on young engineering and technical workers, specialists and highly qualified workers of enterprises of the military-industrial complex of the Russian Federation under the age of 35 years [5]. It should be noted that the company is entitled to determine the status of a young specialist in its regulatory documents. Modern competition encourages promising companies to search for and carefully select talented young people.

Issues of attracting young and talented employees are studied by such large companies as Forbes Insights, HeadHunter, Hays [7]. For example, in the USA, Japan, Canada and Germany employment agencies monitor perspective candidates. In France, companies are willing to pay for internships and professional training programs for young professionals. In the United States and Western Europe, the “virtual organization method” is used to train new employees during the adaptation period. In her research, Ivanovskaya considers event-recruitment [13]. Guzhavin notes the role of programs for the selection and development of young employees [8]. Lobacheva believes that the potential and effective work of young professionals brings maximum benefits to organizations. We can conclude that in modern conditions, the most popular in the labor market are specialists at the age of 26–30.

The authors note the need to reveal the entrepreneurial potential of the millennials generation for the development of Russian business. Therefore, in order to attract and retain professionals of the millennial generation, it is important for the company management to take into account motivating factors and success indicators that are attractive to young candidates indicated in this study.

5 Conclusion

The study illustrated some rapid changes in the labor market related to young candidates. With the development of digital technologies, the horizons of business communications have expanded, work processes have been optimized, and the functionality of employees has changed [18]. In these conditions, we have a growing need for the ability to react flexibly and quickly, make “working” decisions, which is inherent in young professionals. The results of sociological research indicate the expansion of the staff primarily by attracting young people [16]. The company’s management offers internships with subsequent employment, corporate training, competitive wages, and an extended bonus programs. Most employers provide health insurance, compensate for food, mobile communications, transportation expenses, and visits to sports complexes.

Directly for young professionals themselves, the priority indicators when choosing an employer organization are opportunities for professional development and participation in promising projects [20]. The interest in flexible hours and remote work is being updated. However, it is worth noting that not all employers agree with the feasibility of this option. An employee who works from the home office or comes to work several times a month is not considered a full-fledged member of the team, has difficulties interacting with colleagues, and is not involved fully in the company’s life. The undeniable advantage of a flexible schedule is work-life-balance. This is an optimal combination of workloads and free time for personal life. And for the younger generation, compliance with this balance is an actual criterion for choosing an employer company. The development of technologies and means of communication contributes to the demand for “flexible working hours”.

The platform for a successful career is getting new knowledge, regular training and self-development. The younger generation is well aware of the value of knowledge and is ready to invest in additional self-education. This is why candidates prefer companies

with a developed institute of corporate training. The traditional indicator of choosing a future employer is the salary level. Young people prefer to combine the financial factor with job satisfaction. Money is a necessary but not a sufficient condition. The essence of the work is of paramount importance. Interest and variety of functions are put above monetary values.

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