What High-Potential Young Managers Want

Today's talented young professionals have a different approach to their careers — and a very different attitude toward organizational loyalty — than earlier generations. Here's what you need to know to retain and develop this generation of young managers.
The generation that started to enter the workforce a decade ago (often called Generation Y) will account for the majority of workers over the next 40 years. These employees have been said to differ remarkably from previous generations in work-related expectations: They attach greater importance to extrinsic values such as money or image, and also to leisure. They consider "additional compensation" and "additional bonuses and financial incentives" the two most effective retention strategies for employers. Intrinsic values such as attachment to a community appear to be less important to them. They are reported to show less concern for others, lower need for social approval, and higher self-esteem and even narcissism than earlier generations of employees.

Are these early-career employees putting their values into practice in the workplace? While previous studies give a thorough picture of the values they hold, they say little about the work-related behaviors that result from these values. In an effort to cover this gap, we analyzed the work behaviors and experiences of young professionals. We first surveyed 892 young professionals, about 25% of whom represent the top 10% of their academic cohort in Germany, while the rest represent a random distribution of German professionals. Second, we surveyed 312 early-career individuals working in more than 60 countries, all alumni of a top European business school. Finally, we conducted in-depth interviews with 18 young professionals in a variety of industries such as consulting, IT, energy, publishing, and telecommunications, to see whether...
their experiences confirm the survey results. (See "About the Research.")

Our surveys and interviews capture a highly skilled segment of the labor force. In one of the samples, all respondents are graduates of MBA (Master of Business Administration) programs. In the other sample, 96% have at least a master's degree, and 88% of this group came to their first full-time job after having about three internships. Seventy-four percent of our respondents have had international exposure — either studies or an internship abroad — and one-third have had both work and educational experience abroad. On average, they had five years of work experience since completing their degrees.

We organize our conclusions around three themes: the rewards of job change, the job search behaviors of this footloose group of professionals, and the management-development practices that may keep them with employers.

The Rewards of Job Hopping

The young professionals in our German data set reported that they spent an average of 27 months with an employer before moving on. But can they cash in on these moves? We found that, over a period that averaged five years, the frequency of employer changes increased pay for these workers. While those who stayed with the same employer received average annual pay increases of 11%, those with two employers received 13% average annual pay increases, and those with three or more employers saw average annual pay increases of 15%. Consider two individuals, each of whom had an annual starting salary of $80,000 and then five years of work experience; if each received the average pay increases, in the fifth year the one who did not change employers would be earning $121,446, and the one who made more than two changes would be earning $139,921.

After the number of promotions that our respondents had received during their careers, the number of employers they had worked for was the most important determinant of their average annual pay increase. It was more important than their gender, age, or any aspect of their human capital, such as their highest degree earned, the specialization of their degree, or their pre-employment work experience — including the number, duration, and types of internships.

How can employers create pay systems that cater to footloose young employees? The external, market-based approach of Netflix Inc., the provider of on-demand Internet streaming media that is based in Los Gatos, California, is well-known. During its annual performance reviews, Netflix readjusts its high-performing employees' pay to going labor market rates, as if the company were in the hiring process and competing for new hires. This approach convinces employees that they are paid well with respect to the market rate and signals the company's determination to fight for top talent.

The Paris-based credit-insurance company Euler Hermes offers a similar guarantee to young professionals: It has a dynamic compensation policy with short-term incentive plans that, during the first few years of employment, adjust employees' salaries according to their skills and performance after their annual review each year.

Our research suggests that job hopping not only provides a higher pay increase but also no longer seems to undermine respondents' promotability. The average individual in our German data set of young professionals had been promoted every three years. The difference in the frequency of promotions between job hoppers and those with a single employer (2.9 vs. 3.1 years) was not statistically significant. However, it did seem possible that those who stayed with the same organization might have received more significant promotions, such as a move from a staff to a line function. To check this assumption, we looked at the number of subordinates that the respondents were responsible for at the time of the survey. While 73% of our sample had no subordinates, the rest most commonly managed between one and five employees. Neither the likelihood of having subordinates nor the number of subordinates was related to the number of across-employer moves. Although job hoppers reported a slightly higher number of promotions, their jumps across employers netted them similar types of managerial responsibilities.

However, we did find examples in our interviews of professionals who received more significant promotions when they changed jobs within the same organization. For example, a project manager in Germany became a senior account manager in the United States, in charge of two business lines and a team...
Employers already have had the chance to learn about job candidates and set up processes in the company's U.S. business and established relationships with the new employees. A project manager in Germany, he had trained people in software development and established relationships with clients. His credibility before his promotion.

In general, however, our results on the relationship between employer changes and promotions were more likely to be given to insiders than outsiders, disproportionately large increase in responsibility was more likely to be given to insiders than outsiders. Employers generally believed that promotions accompanied with a larger pool of high-potential students aged 18 to 30, and establish a relationship between them and the network's corporate sponsors. One network, which specializes in university networks, which is one of the largest German career networks, belongs to one of the largest German career networks. We sampled young professionals who belong to one of the largest German career networks.

Large-Sample Survey Data Set #1

Of the 1,300 respondents, 408 left some jobs and were thus less able to provide reliable answers. We excluded this group from the analyses, netting a sample size of 892.

Our survey asked respondents about their demographic profile, educational background, and career success. About 25% of the network's members are "high-potential" people who belong to one of the largest German career networks. One network, which specializes in university networks, which is one of the largest German career networks.

Large-Sample Survey Data Set #2

We sent an online survey to 3,998 graduates of the top 10% of their academic cohort. A decade ago, it was generally believed that promotions accompanied with a larger pool of high-potential students aged 18 to 30, and establish a relationship between them and the network's corporate sponsors. One network, which specializes in university networks, which is one of the largest German career networks. We sampled young professionals who belong to one of the largest German career networks.

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sonal advancement ahead of employers' interests. Themselves to the highest bidder, or placing per
coworkers, overly opportunistic and trying to sell employees as lacking stability, unable to get along with
that traditional view suggested that highly mobile unfavorably impression on hiring organizations.
monly held view that frequent jumps leave an perspectives represent a sea change from the com
brand equity. "As in the case of promotability, these signal "to external parties that you have your own
brand." He considered a move across employers a successful and satisfied in your career. Hopping
ally have a legitimate reason to change employers. " One's career, but only when the person does not re
from one place to another might be harmful for times you change employers, as long as these moves
light. Said one interviewee, "No matter how many frequent jumps across employers in a negative
aspects, then there is no harm in changing jobs."
most managerial skills are acquired on the job. We assign assignments or job-related experiences — because employee skills and abilities through challenging job development assignments — the development of organized into 14 groups. The focus of our list was we gave our respondents a list of practices, which we of graduates of a leading European business school, organizations, when we conducted our global survey be most effective in keeping young professionals at equal. To identify the development practices that may induce positive employee attitudes and behaviors. Development opportunities between organizational interventions and employee evidence: Many studies have found similar relationships practices and employee behaviors is not a coinci...
DEVELOPING TOMORROW’S LEADERS: WHICH DEVELOPMENT PRACTICES MATTER MOST?

To identify the talent development practices that are most important to today’s young professionals, we presented survey respondents with a list of practices, which we organized into 14 groups. The survey respondents gave all of the five highest-ranked practices greatly increased their commitment to the organization. Jobs with high-stakes jobs and support from senior management were a recurring theme of respondents who occupied different levels of the organizational hierarchy (nonmanagerial, managerial, or even C-level positions), meaning that these practices are equally important to young professionals no matter where they are in the corporate population.

The importance scores show no major differences across respondents who occupy different levels of the organizational hierarchy (nonmanagerial, managerial, or even C-level positions), meaning that these practices are equally important to young professionals no matter where they are in the corporate population. What can employers do? Given the importance respondents put on high-stakes assignments, where employees feel that such jobs were a recurring theme of interviewees, there is a case for more frequent rotation. The respondents also do not put much priority on managing diversity, be it racial, gender, or functional. Scale and scope was a recurring theme of interviewees. For instance, an Indian male who was dealing directly with the board of my client company and with my top managers. All these senior experiences across respondents who occupy different levels of the organizational hierarchy (nonmanagerial, managerial, or even C-level positions), meaning that these practices are equally important to young professionals no matter where they are in the corporate population. What can employers do? Given the importance respondents put on high-stakes assignments, where employees feel that such jobs were a recurring theme of interviewees, there is a case for more frequent rotation. The respondents also do not put much priority on managing diversity, be it racial, gender, or functional. Scale and scope was a recurring theme of interviewees. For instance, an Indian male who was dealing directly with the board of my client company and with my top managers. All these senior experiences across respondents who occupy different levels of the organizational hierarchy (nonmanagerial, managerial, or even C-level positions), meaning that these practices are equally important to young professionals no matter where they are in the corporate population. What can employers do? Given the importance respondents put on high-stakes assignments, where employees feel that such jobs were a recurring theme of interviewees, there is a case for more frequent rotation. The respondents also do not put much priority on managing diversity, be it racial, gender, or functional. Scale and scope was a recurring theme of interviewees. For instance, an Indian male who was dealing directly with the board of my client company and with my top managers. All these senior experiences across respondents who occupy different levels of the organizational hierarchy (nonmanagerial, managerial, or even C-level positions), meaning that these practices are equally important to young professionals no matter where they are in the corporate population.
new job may be more successful at retaining this generation. Companies with rigid timelines will lose valuable talent, as was the case with one of our interviewees: “As a result of those projects, my prestige in the company went up. I expected a promotion and a salary increase. It took them more than six months to finally give me an offer, which was too late, because I had found another job.”

In smaller organizations where managerial- and executive-level positions are limited, frequent promotions may not be possible. These organizations need to give job challenge and voice to early-career employees and connect them with senior management in other ways. The Turkish joint venture of a global automobile company has been very successful in doing this: It developed “Cultural Change Clubs” — employee clubs that aim to use their research and activities to make changes in the corporate culture. The company encourages participation in the clubs, which employees choose according to their personal interests. Directors, middle-level managers, C-suite executives, and all junior employees work together in the clubs. The clubs are essential in helping young professionals to show and develop their leadership potential, get access to C-suite executives, and learn from working with senior colleagues from different areas. The organization of club events and the collaboration among different layers in the company also create an informal mentoring network for employees.

Another large, global professional-services network of accounting and consulting professionals organizes an event for graduates on the day they join the firm. Senior executives are invited to attend this event, which not only provides new hires a more powerful and authentic introduction to the culture of the company but also signals that they are valued. In addition, the company gives voice to early-career employees by inviting its trainees to the annual partner conferences, where they mix with the organization’s most senior people and discuss their experiences at the highest level. This practice makes early-career employees feel that they are making a difference in how the company is run.

Where the Gaps Are

We also analyzed the gaps between the practices that respondents consider important for their career advancement and the actual practices that they perceive their employer to provide (both measured on a one-to-five-point scale). The difference between the level of importance of the practices to respondents and the “actual supply” of such practices in their jobs was consistently positive; in other words, the extent to which organizations offer the practices to respondents is lower than their level of importance to respondents. We find the largest gaps between what respondents deem important and what their jobs offer them with respect to mentoring and coaching, formal training, support from the direct manager, and support from top management. (See “Gaps in Development Practices.”)

These are the practices that demand the largest financial and labor resources. The results are underscored by interview evidence. As one interviewee, a male IT manager, said:

“I had a commercial function in my last job at a very dynamic company, so time to market was very important. Managers preferred to...”

Influencing without authority

Inherited problem

Leading a diverse group

External pressure

Work across cultures

High stakes

Developing new directions

Scale and scope

Support from senior management

Support from the direct superior

Formal training

Coaching

Mentoring

New, different, broader responsibilities

Development practices

Gap between the importance and perceived supply of various development practices
forms of development will be the most likely to attract young professionals. Organizations that provide employees with the freedom to take on new, different responsibilities; influencing and accountability for a project, and visibility to the impact of their work will have a competitive advantage. These practices are essential. Employers should not be afraid that such practices will cost them employees; on the contrary, employee development decreases turnover—up to 60% more likely to stay if given the chance to grow.

Understanding and supporting employees' personal growth is critical. Today's young professionals have a new, technology-enabled outlook on job tenure and job search behaviors. They are looking for jobs that offer personal fulfillment and the opportunity to learn. How do you retain this group of employees? Our study suggests that developmental assignments that offer clear responsibility and accountability for a project, and visibility to the impact of their work will have a competitive advantage. These practices are essential. Employers should not be afraid that such practices will cost them employees; on the contrary, employee development decreases turnover—up to 60% more likely to stay if given the chance to grow.

To understand or care about employees' needs and does not understand or care about employees' needs and how to apply what they had learnt. It would have taken too long to send people away for training and then figure out how to apply what they had learnt. The gaps are much smaller with respect to variables such as tenure in the organization. Corporations increasingly operate in an uncertain, highly volatile business environment. In addition, corporations increasingly operate in an aging work group diversity. This is perhaps because organizations restructuring in the last several years have made jobs more complex and more diverse. In contemporary jobs provide ample on-the-job development practices — jobs that involve new, different responsibilities; influencing and accountability for a project, and visibility to the impact of their work. Development assignments that offer clear responsibility and accountability for a project, and visibility to the impact of their work will have a competitive advantage.
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