

Millennials and the “staying power” of pay

Money matters more than you think

Roxana Corduneanu, Abha Kishore Kulkarni, Steven Hatfield, and Susan K. Hogan

THE ASSUMPTIONS THAT millennials are more motivated by purpose, as compared to older generations,¹ and that they wish to work for organizations that promote a clear set of social values and actions,² have been gaining popularity in recent years. For example, factors such as workplace diversity, leader transparency, and well-being are often highlighted as what this generation values most.³ Moreover, a recent article suggests that millennials may even be willing to take a pay cut of more than US\$7,000/year to work for an organization with a better cultural fit.⁴ However, can firms really hold back in what they pay these workers?

Our data suggests that this is not the case, especially when it comes to retention. Specifically, our Global Millennial Survey has consistently shown that the greatest source of dissatisfaction for millennials is pay, and that this issue has been brewing since even before the COVID-19 pandemic. Both in 2019⁵ and in 2020,⁶ nearly half of the respondents cited dissatisfaction with pay or financial rewards as the main reason why they’d consider leaving their current employers within the next two years. By comparison, the percentage of respondents citing dissatisfaction with organizational culture, lack of agreement with employers’ values, or missed opportunities for social action was far smaller, as the figure below suggests.



Note: Numbers don't add up to 100%, as respondents could select multiple options and not all options have been included in this figure. Some of the other top reasons for quitting (20-40% agreement) include lack of advancement and development opportunities, not feeling appreciated/challenged at work, and poor work-life balance.

Source: The Deloitte Global millennial survey, 2019-2020.

This by no means suggests that culture and social purpose are not important for millennials at work. However, it is important to acknowledge that attitudes towards work are not monolithic and attraction drivers may not be the same as retention drivers. What’s more, even when organizations do live up to their promises of social action, these factors alone may not be enough to compensate for low pay. Rather, to both *attract and keep* millennials around, both intrinsic (e.g., the opportunity to make a positive difference) and extrinsic rewards (e.g., pay, benefits, and other financial rewards) are needed.

Given the timing of the data, it appears that pay dissatisfaction could have contributed, at least in part, to the Great Resignation, with people reassessing their options and, in some cases, making the transition to better—including better-paid—jobs.⁷ Indeed, the increased number of job openings is putting pressure on employers to raise wages,⁸ and millennials seem to be at a stage in their lives where they may really need this. For example, some millennials are thought to be financially “behind” their older counterparts, mostly because many of them were hit particularly hard by high unemployment rates during the Great Recession.⁹ In addition, many are facing a higher proportion of consumer credit debt compared to other generations,¹⁰ as well as difficulties in the housing market, including increased prices and lack of availability of starter homes.¹¹ While this may be true for the industry as a whole, it seems to affect millennials disproportionately as many have to pay off their student debt at the same time.¹² What’s more, the uncertainty surrounding the COVID-19 pandemic only seems to have heightened these concerns, with 46% of millennials stating that their long-term financial futures contributed “a lot” to their feelings of anxiety or stress in 2021.¹³

Such findings, when viewed alongside the recent trends surrounding the Great Resignation, seem to suggest that it is becoming increasingly difficult for organizations to ignore these pressures to provide higher pay, and more generally, better rewards, particularly since millennials are now the largest generation in the US workforce.¹⁴ While investing in increased wages and benefits does have its challenges, research shows that reward satisfaction is indeed linked not just with a longer forecasted tenure, but with greater workplace contribution and productivity as well.¹⁵ In the long term, it may be the case that increased reward flexibility and choice become more important for organizations to consider as employees’ circumstances change. For now, it seems that alongside culture, values and social impact, the value of the paycheck is not to be discounted.

Endnotes

1. Gallup, *How millennials want to work and live*, accessed December 6, 2021.
2. Matthew Jenkin, “Millennials want to work for employers committed to values and ethics,” *The Guardian*, May 5, 2015.
3. Ed O’Boyle, “4 things Gen Z and millennials expect from their workplace,” Gallup, March 23, 2021.
4. Businesswire.com, “Better quality of work life is worth a \$7,600 pay cut for millennials,” Fidelity Investments, April 7, 2016.
5. Deloitte, *The Deloitte Global Millennial Survey 2019: Societal discord and technological transformation create a “generation disrupted,”* accessed December 6, 2021.
6. Deloitte, *The 2020 Deloitte Millennial Survey: Resilient generations hold the key to creating a “better normal,”* accessed December 6, 2021.
7. Heather Long, “It’s not a ‘labor shortage.’ It’s a great reassessment of work in America.,” *The Washington Post*, May 7, 2021.
8. Karl W. Smith, “Workers who quit their jobs could improve US productivity,” Bloomberg Opinion, October 14, 2021; Christina Pazzanese, “‘I quit’ is all the rage. Blip or sea change?,” *Harvard Gazette*, October 20, 2021.
9. Deloitte Insights, *A new understanding of millennials: Generational differences reexamined*, October 17, 2015.
10. Board of Governors of the Federal Reserve System, “DFA (distributional financial accounts),” accessed December 6, 2021.
11. National Association of Realtors, “Realtors® midyear forecast: Home sales, prices to rise despite inventory, affordability challenges,” May 17, 2018.
12. Steven John, “9 mind-blowing facts about the millennial housing market,” *Insider*, June 16, 2019.
13. Deloitte, *A call for accountability and action: The Deloitte Global 2021 Millennial and Gen Z Survey*, accessed December 6, 2021.
14. Richard Fry, “Millennials are the largest generation in the US labor force,” Pew Research Center, April 11, 2018.
15. Anais Thibault Landry and Ashley Whillans, “The power of workplace rewards: Using self-determination theory to understand why reward satisfaction matters for workers around the world,” *Compensation & Benefits Review* 50, no. 3 (2018): pp. 123–148.

Acknowledgments

The authors would like to thank **Naomi Bradley, Patricia Buckley, Pete DeBellis, Junko Kaji, Negin Rood, Jeff Scott, Lesley Stephen,** and **Rithu Thomas** of Deloitte Consulting LLP for their contributions to this article.

About the authors

Roxana Corduneanu | rcorduneanu@deloitte.co.uk

Roxana Corduneanu is a manager within Deloitte LLP’s Center for Integrated Research, where she specializes in Trust and Future of Work thought leadership.

Abha Kishore Kulkarni | abhakikulkarni@deloitte.com

Abha Kishore Kulkarni is a senior analyst with the Deloitte Center for Integrated Research, Deloitte Services India Pvt. Ltd.

Steven Hatfield | sthatfield@deloitte.com

Steven Hatfield is a principal with Deloitte Consulting and serves as the global leader for Future of Work.

Susan K. Hogan | suhogan@deloitte.com

Susan K. Hogan leads the Future of Work campaign within Deloitte Services LP’s Center for Integrated Research.

About the Deloitte Center for Integrated Research

The Deloitte Center for Integrated Research (CIR) offers rigorously researched and data-driven perspectives on critical issues affecting businesses today. We sit at the center of Deloitte’s industry and functional expertise, combining the leading insights from across our firm to help leaders confidently compete in today’s ever-changing marketplace.

Connect

To learn more about the vision of the Center for Integrated Research, its solutions, thought leadership, and events, please visit:

www.deloitte.com/us/cir.

Deloitte’s Human Capital

Deloitte’s Human Capital professionals leverage research, analytics, and industry insights to help design and execute the HR, talent, leadership, organization, and change programs that enable business performance through people performance. [Learn more.](#)

Contacts

Practice leader

Steven Hatfield

Global Future of Work leader | Workforce Transformation
Global Human Capital Executive Committee | Principal
Deloitte Consulting LLP
+1 212 618 4046 | sthatfield@deloitte.com

The Deloitte Center for Integrated Research

Roxana Corduneanu

Research manager | Deloitte LLP
+44 20 7007 1172
rcorduneanu@deloitte.co.uk

Abha Kishore Kulkarni


Senior analyst | Deloitte Services India Pvt. Ltd
+1 678 299 7250
abhakikulkarni@deloitte.com

Susan K. Hogan

Senior manager | Deloitte LLP
+1 404 822 3957
suhogan@deloitte.com

Deloitte. Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.

 Follow @DeloitteInsight

Deloitte Insights contributors

Editorial: Rithu Thomas, Emma Downey, Arpan Kumar Saha,
and Dilip Kumar Poddar

Creative: Kevin Weier, Steffanie Lorig, Molly Woodworth, and Swagata Samanta

Promotion: Maria Martin Cirujano, Hannah Rapp, and Nikita Garia

About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2021 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited