



Examining Generation Y: Undergraduate students' willingness to compromise on one's ideal occupation based on their level of educational debt

*HROB*4100 – Applied Research in Human Resources Management
Department of Business, University of Guelph*

Submitted to: Professor Sean Lyons

7 December 2012

Submitted by: Stephanie Whiting
Cristina Ricciardi
Simi Grewal
Athena Sotirakos
Brittney Hoving
Cornelia Gibson

Abstract

The purpose of this study is to determine whether a Generation Y undergraduate student's accumulated financial debt and work values will affect their career decision-making process. An online survey was conducted in order to collect data from 131 Generation Y 3rd, 4th, and 5th year undergraduate university students. Both male and female students completed the survey and were recruited through online social media, email, and word of mouth. The results presented no significant correlation between the variables studied. There was no statistically significant correlation among our hypotheses; however, it was shown that there was a relationship between how burdened one felt, and their level of debt. The results conclude that work values are extremely important to this Generation, and students are not willing to compromise their work values for rapid employment. To further Employer's understanding of how important work values are to Generation Y undergraduates when determining which career to choose can use the findings in this study.

Introduction

Throughout the past few decades, university students' financial debt is consistently increasing, causing new graduates to be hesitant of the jobs that they accept as this is a critical decision due to their debt burdens (Finnie, 2002). Despite previous studies that have evaluated the effects of student financial debt, such as James Monks (2001) and Rachel Dwyer, Laura McCloud and Randy Hodson (2012), there is little to no research on whether an undergraduate's financial debt will affect their career decision-making process.

Work values seem to also have an effect on undergraduate's career decision-making, however despite that research has been conducted by authors such as Sean Lyons, Chris Higgins, and Linda Duxbury (2010) on work values, there is no clear study that depicts how these work values affect a undergraduate's career choice and whether or not debt has an impact on their effectiveness.

Research shows that Generation Y's are defined as highly mobile and they expect change and variety within their job assignments (Lyons, Schweitzer, Ng, & Kuron, 2012). This generation seems to have no issue changing employers frequently ensure that they have proper work-life balance (Lyons et al., 2012). Based on this research, it is reasonable to assume that Generation Y's work values are quite different than past generations, however, it is possible that these work values are of little value if their student financial debt is too high which could then force them to compromise their career decision-making.

Although there is research on Generation Y, work values and financial debt, there is limited research on how Generation Y's work values relate to their financial debt and how these two factors affect their career decision-making process.

The purpose of this study is to narrow the gap in research by determining whether Generation Y's students' career decision-making process is affected by their work values and their level of financial debt. The following four work values encompass the values considered to be of importance in career decision-making: cognitive, instrumental, altruistic, and prestige (Lyons, Higgins, & Duxbury, 2010). Career decision-making will be studied through the following factors: willingness to compromise and aspiration for an ideal occupation (Gati, Landman, Davidovitch, Asulin-

Peretz, & Gadassi, 2010).

The results of this study will be useful to employers as they will have an increased awareness of what work values will play a factor in Generation Y graduates' decision to accept a job offer when considering their financial debt. Employers who recognize the relationship between work values and financial debt will have an advantage in recruiting new graduates, as they will know what work values are of significance to Generation Y when making a career decision.

Literature Review

The research literature conveys that financial burden will have an effect on a recent grad's decision to accept any job offer (Dwyer, Hodson, & McCloud, 2012). More students than ever are obtaining an education and with this education they are also accumulating high levels of debt along the way (Levenson, 2010). After graduation, the choice to accept a job offer comes down to more than just the work values.

Career Decision-Making

For the purpose of this study, career decision-making is defined as the way "individuals collect, perceive and process information" as they go ahead with the career decision-making process (Gati et al., 2010). Career decision-making encompasses a variety of factors that will be of various levels of importance to graduating students' career choices. Of these factors, two are especially relevant with regard to new graduates and their financial debt incurred: willingness to compromise, and aspiration for an ideal occupation.

Aspiration for an ideal occupation is defined as "the extent to which individuals strive for an occupation that is perfect for them" (Gati et al., 2010). Since Generation Y has been found to have high expectations, and desire change and variety (Lyons et al., 2012), it is reasonable to assume that they will have high aspirations when deciding on an employment opportunity, and will be unwilling to compromise based on their ideal occupation. In general, what do Generation Y undergraduates look for when choosing a career and what will deter them from obtaining their preferred position?

The term willingness to compromise is defined as "the extent to which individuals are willing to be flexible about their preferred alternative when they encounter difficulties in actualizing it" (Gati et al., 2010). Generation Y individuals are one of the most educated generations (Noble, Haytko, & Phillips, 2009); however, with this education has come higher levels of debt (Levenson, 2010). Considering the higher levels of debt, it can be assumed that Generation Y graduates would be willing to compromise on their career decision-making, however, this has yet to be investigated.

Work Values

Various research studies have been conducted in order to define work values and to discover the level of importance these work values hold. In order to understand work values, it is pertinent to consider work aspects to ensure a thorough assessment of the work values takes place. Exploring work aspects will also benefit the observation of work values as they assess the patterns within a respondent's preferences (Lyons et al., 2010). Work aspects include individual attributes of jobs (such as their pay hours), working conditions (such as supervisory relations), and work outcomes (such as prestige) (Lyons

et al., 2010).

The term work values are defined as "the set of underlying desirability criteria that determine one's preferences for these various work aspects" (Lyons et al., 2010). If a Generation Y graduate showed a preference for social interaction, valued relationships with co-workers, and desired a job that would provide for social interaction, then they would be said to contain social work values. There are four specific work values in the measure by Lyons et al., they are instrumental, cognitive, prestige and altruistic (2010). Instrumental work values are defined as those "which relate to material aspects of work" and include work aspects such as salary, benefits, job security, hours of work, information, and supportive supervision (Lyons et al., 2010). Instrumental work values are important to Generation Y graduates as they value work-life balance (Lyons et al., 2012), and should these work aspects match their aspiration for an ideal occupation, it is unlikely that they will be willing to compromise.

Cognitive work values "pertain to the inherent psychological satisfactions of working" and include use of abilities, interesting work, intellectual stimulation, continuous learning, creativity, and challenge as the work aspects (Lyons et al., 2010). These work aspects are highly important to Generation Y graduates as they are one of the most highly educated generations, making them desire work that will keep them entertained and challenged as they are fast learners (Lyons et al., 2012; Jamieson, 2012). The considerable importance of cognitive work values to Generation Y graduates will greatly affect their career decision-making process, specifically decreasing their willingness to compromise and increasing their aspiration for an ideal occupation.

Prestige work values are defined as those "which relate to status, influence, and

power, and contain work aspects including impact, influence and prestige (Lyons et al., 2010; Leuty & Hansen, 2011). According to Isabel Jamieson (2012), Generation Y are the most culturally diverse generation and are media and technology savvy. Generation Y strengths give them opportunities to be highly influential and as such will seek jobs that will allow them to advance in the workplace (Lyons et al., 2012). With this in mind, it is understandable that their career decision-making process will be impacted, causing their willingness to compromise to be non-existent, and their aspiration of an ideal occupation will be maximized.

Altruistic work values are defined as those that involve the desire to help others and make a contribution to society, and include work aspects of fun, co-workers and social interaction (Lyons et al., 2010; Leuty & Hansen, 2011). There is little research to describe whether this is important to Generation Y undergraduates. However, it is still true that if it is of high value, the relationship among altruism and willingness to compromise will be the same as the above work values, as will their aspiration of an ideal occupation.

Generation Y students inadvertently consider work values of importance to them when determining which job offer to accept (Lyons et al., 2012), and these have been included in this study in order to determine whether work values impact job acceptance behaviour of recent graduates. The work values are relevant to this study as the focus is to determine if undergraduates would be willing to compromise on a job that did not possess their favoured work values and if financial debt would increase graduates' willingness to compromise on their work values in their acceptance decision.

Debt Burden

Generation Y's debt is defined as one's financial debt accumulated throughout their undergraduate university term. This debt is defined as all accumulated loans still outstanding as of the completion date of one's final year in university, including debt through financial institutions (including student loans) and through personal connections such as family members. Research shows that Generation Y has been provided with the most opportunities to attend post-secondary education as it has become more important than ever in order to achieve specific career levels (Finnie, 2002). Although improved educational opportunities are beneficial to students' overall success in life, the government loans that students have taken in order to complete post-secondary education have unfortunately increased their overall debt levels upon graduation (Dwyer et al., 2012).

It has been proven throughout the literature that debt causes restraints on a Generation Y's job choice after graduation (Dwyer et al., 2012). It is expected that this restraint will impact the variables above in that financial debt will be of greater importance than the work values and aspiration for an ideal occupation, therefore increasing students' willingness to compromise. Since studies have shown that financial debt is proven to limit graduates, financial debt is vital to include when predicting career decision-making after graduation (Dwyer et al., 2012). The amount of total financial debt that a graduate will accumulate will directly impact the study results, as this factor can prove to be an extremely large and motivating factor influencing their job acceptance behaviour (Dwyer et al., 2012). University tuition is very expensive and consistently increasing over the years, causing an increasing number of students to come away from

their post-secondary education with debt (Finnie, 2002). Given the importance of financial debt to a recent graduate, it is reasonable to assume that their debt would be a deciding factor in their post-graduation career decision-making.

Hypotheses:

Given the literature reviewed above, we offer the following hypotheses regarding work values, student debt and career decision making outcomes such as willingness to compromise and aspiration for an ideal occupation.

H.1: *Financial debt obtained through university will increase a Generation Y undergraduates willingness to compromise as financial debt will be of greater importance than their work values and aspiration for an ideal occupation.*

H.2a: *Students who rate high on cognitive work values are less willing to compromise in career decision-making.*

H.2b: *Students who rate high on instrumental work values are less willing to compromise in career decision-making.*

H.2c: *Students who rate high on prestige work values are less willing to compromise in career decision-making.*

H.2d: *Students who rate high on altruistic work values are less willing to compromise in career decision-making.*

H.3a: *Students who rate high on cognitive work values will have high aspirations for an ideal occupation.*

H.3b: *Students who rate high on instrumental work values will have high aspirations for an ideal occupation.*

H.3c: *Students who rate high on prestige work values will have high aspirations for an ideal occupation.*

H.3d: *Students who rate high on altruistic work values will have high aspirations for an ideal occupation.*

Methodology

Participants

The sampling frame consisted of Generation Y, ages ranging from 18 to 30, enrolled in an undergraduate university degree program, including a sample of 3rd, 4th, and 5th year students. Given the samples of interest, the variables controlled included participants' age and year of undergraduate study. Therefore, participants who were not currently enrolled in a university program were automatically taken to the end of the survey and their results were not included. Participants who reported their age as being "Other" (under 18yrs and over 30yrs) were eliminated from the data.

Procedure

Recruitment was conducted online, over a seven-day period, via LimeSurvey. The survey consisted of ten questions including eight demographic questions, one question including a 25-item scale to measure work values and one question including a nine-item scale to measure career decision-making. Respondents were recruited through e-mail and social media including, Facebook and Twitter.

Respondents

The estimated number of students exposed to the survey invitation was approximately 500 students. There were 131 respondents, giving a 26% response rate, 79% being women.

Measures

The independent variable examined; students' work values, was adopted from Sean Lyons Work Values Questionnaire (Lyons et al., 2010). This questionnaire measured four work value types as defined above: cognitive, altruistic, prestige, and instrumental. An example of items that measured cognitive work value types was "Working on tasks and projects that CHALLENGE your abilities". An example of items that measured altruistic work value types was "Working in an environment lively and FUN". An example of items that measured prestige work value types was "Having the AUTHORITY to organize and direct the work of others". An example of items that measured instrumental work value types was "Having BENEFITS (e.g. vacation pay, health/dental insurance, pension plan, etc.) that meet your personal needs". Participants were asked to rate their level of priority on these work values on a 7-point Likert scale ranging from Highly Unlikely to Highly Likely, with the option of no answer.

The dependent variable examined was career decision-making adopted from Gati et al., specifically looking at the measures willingness to compromise and aspiration for an ideal occupation (2010). These variables were chosen from a multidimensional model that consisted of eleven dimensions. It was not pertinent that we choose all eleven dimensions, as they cannot be combined to produce a single total score (Gati et al., 2010)

in which case the validity and reliability of our measurements still exists. We believed these two to be the most applicable in order to discover the correlations between the career decision-making dimensions and work values.

An example of the items that measured willingness to compromise is "If I am not accepted for my first-choice major or training program, I will compromise and opt for my second-choice." An example of the items that measured aspiration for ideal occupation is "I believe that I can find a perfect occupation that will satisfy all my wishes." The participants were also asked to rate their level of agreeability to these career decision-making items on a 5-point Likert scale ranging from Strongly Disagree to Highly Agree, with the option of no answer.

The moderating variable that was considered throughout the study was financial debt. The question of interest was to examine if financial debt had an influence on students work values and career decision-making. Participants self-identified their level of financial debt obtained through university and were asked to rate the level of burden this debt was to them on a scale of "Not at All Burdened" to "Extremely Burdened" with the option of no answer.

Results

An in-depth Multivariate Analysis of Variance (MANOVA) of our survey results shows the contrary to our hypotheses; the results showed no statistically significant relationships between our independent, dependent and moderating variables. Our analysis primarily focused on financial debt and how it affected one's willingness to compromise; acting as our independent variable, and work values as our dependent variables. Our

results showed that there were no significant correlations between any of our variables at the $p < 0.05$ -confidence level. Our results indicated no statistically significant correlations among all our hypotheses, however, did show a relationship between how burdened one felt, and their level of debt. This relationship uncovers that students attribute their financial debt level to account for only 40% of the financial burden they are experiencing. Table 1 highlights the positive relationship between instrumental work values and one's level of aspiration for their ideal occupation.

Discussion

Our findings have made it evident that regardless of a student's debt level upon graduation, they are not willing to compromise their work values or salary for their first job after graduation. Upon re-evaluation of our hypotheses, we should strongly reject H.1 at a 0.5 significance level due to findings detailed in Table 1. These results reinforce the notion that Generation Y students are looking to find the ideal job, offering corresponding work values that allow them to exercise their full potential from the beginning of their full-time careers. These results disprove all of our hypotheses, especially our hypothesis H.1, as it specifically pertains to the overarching theory that we believed financial debt would have an impact on a student's willingness to compromise.

Explanations for students being unwilling to compromise their work values can be attributed to various factors. The first factor that could have an effect on this relationship is that some students surveyed are not yet in the mind frame of searching for a career upon graduation, and as such have not carefully considered their debt burden. With this lack of consideration, these students state that they are not willing to

compromise their work values based on their financial debt. Another factor is that most students who were not in the mind set of considering their financial debt were most likely pursuing further education after their undergraduate degree or already have a job secured after graduation.

Our research is a particularly important stepping stone for future studies and recruitment and retention professionals as baby boomers are expected to retire in waves in the next ten years, (Lowe, Levitt & Wilson, 2011) thus attracting candidates to one's organization will be a top priority for many organizations in the near future. The notion that, "you can do anything," (Lowe et al., 2011) has been prominently enforced in the minds on Generation Y, thus by interpreting the survey results, we can conclude that this mentality attributes to why respondents are not willing to compromise work values.

Our survey results hold a notable significance for employers, more specifically recruiters, as they can benefit from the knowledge that the students that they are looking to hire are not willing to compromise on their work values such as a salary, the amount of challenging work, and the benefits they would be potentially receiving. This being said, employers need to be conscious of the information they present in interviews and job postings, such as clearly defining the work values that their organization offers, as the Generation Y candidates will be looking to find their needs met, despite the level of debt they are carrying. Previous research on the career expectations of Generation Y, as determined in a study by Lowe and Schellenberg, has found that, congruent to our hypotheses H.2a, H.2b, H.2c, and H.2d, "employers that adjust their human resource strategies to be more flexible and potentially accommodating to employee values, will more likely attract available talent, and ultimately become the workplace of choice"

(Broadbridge, Maxwell & Ogden, 2007).

Generation Y students are graduating with a strong sense of defined morals and values, and are increasingly more sociable due to the influx of social media outlets (Broadbridge et al., 2007). Research has also found that Generation Y is very receptive to receiving cognitive work values such as intellectual challenge, engaging work, making a difference in the organization, as well as avenues for professional development and advancement (Broadbridge et al., 2007). This research is consistent with our findings that 69% of respondents indicated that they desire to have the opportunity to be immersed in challenging tasks, with 21% also indicating that significant work where they can make a difference is meaningful in their career decisions.

Interestingly enough, research shows that higher salaries do not motivate Generation Y, which is consistent with our research findings (Broadbridge et al., 2007). Generation Y respondents indicated that they were not willing to forgo opportunities to receive cognitive, prestige, altruistic, and instrumental work values when making a career decision upon graduation in order to receive a higher salary. Our results show that surprisingly only 49% of Generation Y prospective graduates that we surveyed rated instrumental work values with a -highly likelyø importance. Comparing this statistic to the 71% of respondents indicating that receiving timely and in-depth feedback was an important work value to Gen Y shows that they are a workforce that cannot be bribed with high salaries. This statistic proves to be consistent with the research findings of the Brown study, where they discovered that Generation Y desires immediate feedback about their performance. This is a potential explanation for the students we surveyed to be less willing to give up the work values in exchange for earning a large salary.

Learning that Gen Y students do not feel burdened is surprising, and has caused us to reject all of our hypotheses. Our results show that 71% of students indicated they were receiving financial support from either OSAP or from their families, which could be a strong possibility explaining why students then indicated that they do not feel burdened by their student debt upon graduation. Factors such as an expected inheritance could also contribute to a plausible explanation of why the respondents did not indicate that they felt burdened. Further research is encouraged on this subject, as our findings that Gen Y students do not feel burdened despite rising tuition costs are only the cusp of more significant findings on the factors that influence Gen Y and their career decisions.

Limitations/Future Research

The predominant limitation with our research project was the amount of time given to circulate our survey. With more time we would have been able to reach a larger breadth of respondents and a higher response rate overall. Since we only had our survey open for one week, when recruiting respondents we only contacted undergraduate students we all knew through Facebook and e-mail. With more time, we could have specifically recruited to all degree programs on campus and more proportionately to other universities in order to have a more representative sample that would further our capability of generalizing our results.

Another limitation was that we unfortunately ran into a technological glitch with Lime Survey that resulted in only 25 of our 42 questions of data being extracted from the system. This technological setback limited the amount of data we were able to analyze and test our hypotheses against. The fact that we had no significant correlations between

our variables has only opened more opportunities to discovering areas for future research on this evolving topic. Nevertheless, we believe that these preliminary findings are strong enough to warrant future pursuit of this up and coming topic in Generation Y research.

The primary contribution of this study to future Generation Y research was one of our main findings that was an undergraduate student's amount of debt only explains 40% of their financial burden, so an avenue for future research could be discovering what the other 60% is comprised of. We believe the 60% could possibly be a result of paying rent, car payments, phone bills, etc. but it would be interesting to see what concrete findings a actual research study could conclude. Additional data, measures, and cross-generational comparisons could potentially provide a more robust test of the effects of financial debt on one's willingness to compromise work values of their first career.

One of our other noteworthy findings was that males have a significant positive correlation between aspiration for an ideal occupation and level of debt. Interpretively derived, we believe this finding is thus a result of males' feelings of entitlement, but once again it would be intriguing to pursue a relationship as well as the solid grounds for reasoning behind this finding. We feel this finding came as a result of additional areas for future research include conducting a study to compare Generation X and Generation Y to find out how much our mindsets have changed with regards to debt, work values, and our willingness to compromise. A study could be administered to compare how differences among tuition rates play a factor when undergraduate students make their first career decisions. Another interesting research study would be to compare undergraduate student's financial burden among provinces or even countries. Finally, we think that it would be fascinating to see if there are any significant correlations between an

undergraduate students' parents' incomes and how much they feel they are entitled to, taking into consideration their level of debt and work values.

Conclusion

In conclusion, the findings of this study are very important for employers today. There is no significant correlation between a undergraduate's career decision-making and their work values and financial debt, meaning that employers should make sure to develop strong work values that meet the standards of recent graduates. When doing this, employers will need to make sure that they have a full understanding of what each work value is and how their related work aspects apply. Generation Y undergraduates definitely make their work values a high priority when seeking a career. Since there is no significance between their career decision-making, their work values and financial debt, they will not be willing to compromise on their job, hence, they will aspire for their ideal occupation and seek jobs with work values of importance to them.

References

- Broadbridge, A. M., Maxwell, G. A., & Ogden, S. M. (2007). Experiences, perceptions and expectations of retail employment for Generation Y. *Career Development International*, 12(6), 523-544. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/3776592649497677141.pdf>
- Dwyer, R. E., McCloud, L., & Hodson, R. (2012). Debt and graduation from American universities. *Social Forces*, 90(4), 1133-1155. Retrieved from http://muse.jhu.edu.subzero.lib.uoguelph.ca/journals/social_forces/v090/90.4.dwyer.html
- Finnie, R. (2002). Student loans, student financial aid and post-secondary education in Canada. *Journal of Higher Education Policy and Management*, 24(2), 155-170. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/523488943534746332.pdf>
- Gati, I., Landman, S., Davidovitch, S., Asulin-Peretz, L., & Gadassi, R. (2010). From career decision-making styles to career decision-making profiles: A multidimensional approach. *Journal of Vocational Behavior*, 76, 277-291. Retrieved from <http://journals1.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/2772449244962932518.pdf>
- Jamieson, I. (2012). Generation Y registered nurse graduates: Who are they & what do they want? *The Dissector*, 40(1), 36-39. Retrieved from http://find.galegroup.com.subzero.lib.uoguelph.ca/gtx/retrieve.do?sgHitCountType=None&qrySerId=Locale%28en%2CUS%2C%29%3AHQE%3D%28%2CNone%2C42%29sn+1174-7579+and+iu+1+and+sp+36+and+vo+40+%24&sort=DateDescend&inPS=true&prodId=AONE&userGroupName=guel77241&tabID=T002&searchId=R1&resultListType=RESULT_LIST&searchType=CCLSearchForm¤tPosition=1&contentSet=IAC-Documents&docId=A299062297&docType=IAC
- Leuty, M. E., & Hansen, J.-I. C. (2011). Evidence of construct validity for work values. *Journal of Vocational Behavior*, 79, 379-390. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/7056876700450067966.pdf>

- Levenson, A. (2010). Millennials and the world of work: An economist's perspective. *Journal of Business and Psychology*, 25(2), 257-264. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/6633201722013461018.pdf>
- Lowe, D., Levitt, K., & Wilson, T. (2011). Solutions for retaining generation Y employees in the workplace. *IEEE Engineering Management Review*, 39(2), 46-52. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/4492135860828994349.pdf>
- Lyons, S. T., Higgins, C. A., & Duxbury, L. (2010). Work values: Development of a new three-dimensional structure based on confirmatory smallest space analysis. *Journal of Organizational Behavior*, 31(7), 969-1002. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/12524572785505366440.pdf>
- Lyons, S. T., Schweitzer, L., Ng, E. S.W., & Kuron, L. K.J. (2012). Comparing apples to apples; A qualitative investigation of career mobility patterns across four generations. *Career Development International*, 17(4), 333-357. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/8851956939152325958.pdf>
- Monks, J. (2001). Loan burdens and educational outcomes. *Economics of Education Review*, 20(6), 545-550. Retrieved from <http://journals2.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/17525875638365990853.pdf>
- Noble, S. M., Haytko, D. L., & Phillips, J. (2009). What drives college-age Generation Y consumers? *Journal of Business Research*, 62(6), 617-628. Retrieved from <http://journals1.scholarsportal.info.subzero.lib.uoguelph.ca/tmp/245090790862594756.pdf>

Appendix

Table 1: Statistical Significance of Hypotheses

	Cognitive	Instrumental	Altruistic	Prestige
Aspiration for an Ideal Occupation	.206	.282	.126	.111
Willingness to Compromise	.127	-.064	.050	.074