

Findings Brief on Millennials

Every generation is saddled with stereotypes, both positive and negative. The millennials, who range from 18 to 34 years of age, are no exception.¹ They are described as entrepreneurial and risk taking but also flighty and entitled. The millennials we interviewed are indeed ambitious and eager to succeed. However, they are also cautious about their financial futures because their early working years have been marred by recession.

Millennials face a particularly challenging set of economic circumstances, exacerbated by the recent recession. According to research by the Economic Policy Institute, the youngest millennials—those less than 25 years of age—continue to face higher unemployment rates than their counterparts did prior to the recession. The research also finds that many high school and college graduates in this age group are missing from the labor market, that those who are working have lower wages than in previous years, and that college graduates are taking lower-level jobs.² At least since the recession, millennials between the ages of 25 and 34 are less likely to switch jobs. According to

1 The Pew Research Center defines the Millennial Generation as being born from 1981 to 1997 and between the ages of 18 to 34 in 2015.

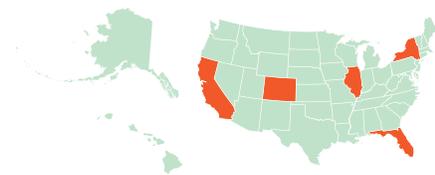
2 Heidi Shierholz, Alyssa Davis, and Will Kimball, "The Class of 2014: The Weak Economy Is Idling Too Many Young Graduates" *Economic Policy Institute*, May 1, 2014, accessed June 29, 2015, <http://www.epi.org/publication/class-of-2014/>

ABOUT THIS BRIEF

FIELD's Gainful Jobs qualitative research illuminates the quality of jobs provided by microenterprises.

This brief, an excerpt from the full report, **focuses on findings related to the experiences of 67 millennials interviewed as part of the research.** Given the challenges faced by millennials in our current labor market, and that almost two-thirds of the individuals interviewed for this research were between 18 and 34 years of age, a special focus on the findings for this age group seemed warranted.

The full Gainful Jobs report is based on 104 in-depth interviews with a varied set of microbusiness employees in five cities. It was conducted in two phases: in December 2013 (in New York and Miami) and between January and March 2015 (in Chicago, Denver, and San Diego.) Each microenterprise that employed the workers had received a microloan from Accion during 2012 or 2013. FIELD worked with Accion staff in New York, Miami, Chicago, Denver, and San Diego to select a diverse pool of microenterprises by considering industry, number of part-time and full-time paid workers, business age, and the gender and ethnicity of the business owner. In describing the experiences of these workers, FIELD has changed their names to maintain their privacy.



The findings from the first phase of interviews in New York City and Miami were largely confirmed and, in some cases, amplified by interviews in Chicago, San Diego, and Denver. The full research report, along with other information regarding the research, can be accessed at www.gainfuljobs.org.

data from the U.S. Census, the median job tenure for workers 25 to 34 years old was 3.2 years in 2012, up from 2.7 years in 2002.³

For some workers, these employment challenges will have long-lasting effects. Research on the experiences of college graduates found those graduating into a recession had earnings roughly 11 percent lower in the initial period after graduation, compared with those graduating in non-recessionary periods. It also found that lower earnings effects persisted, with those graduating in recessionary times experiencing three percent lower earnings on an annual basis in the decade after graduation.⁴

Millennials also face more challenging personal financial circumstances than do workers of other ages. Rising levels of student debt are one challenge. In just the last seven years, student debt levels grew by 52 percent, to an average outstanding balance of \$27,689. Millennials also have lower levels of wealth than previous generations. Research by the Federal Reserve Board of Governors found that the net worth of individuals younger than 35 dropped 43 percent between 1996 and 2014.⁵ The economic and financial constraints faced by millennials may also affect their engagement in business ownership. Contrary to the perception that millennials are likely to be entrepreneurial, research by the Kauffman Foundation indicates that the level of entrepreneurial activity among

20- to 34-year-olds, while holding fairly steady between 1998 and 2011, has declined substantially since then.⁶ The first phase of FIELD's research found that 88 percent of interviewees between 20 and 45 years of age—who we termed “younger” workers—were “interested” or “somewhat interested” in starting their own business. Some workers specifically indicated they planned to apply the experience gained through microbusiness employment in launching their own enterprises. However, the expanded research (in Chicago, San Diego, and Denver) indicated that millennials (defined as those between 18 and 34 years of age) were somewhat less interested in entrepreneurship, with 61 percent indicating they were “interested” or “somewhat interested.” Among the more than one-third of millennial employees who said they were not interested in starting a business, many expressly cited aversion to the risk involved, their current financial instability or a previous business failure. Amid this backdrop of the myriad challenges facing young workers in the labor market, what are the motivations of millennial interviewees for choosing and sticking with microbusiness employment? The interviews we conducted revealed that some of these younger workers use their microbusiness employment as supplemental income to improve their financial position, while others want to gain substantive experience and break into new fields.

3 Jeff Guo, “Millennials Aren’t Changing Jobs as Much. That’s a Big Problem for the Economy,” *Washington Post*, September 14, 2014, accessed June 26, 2015, <http://www.washingtonpost.com/news/storyline/wp/2014/09/04/millennials-arent-changing-jobs-as-much-thats-a-big-problem-for-the-economy>

4 Joseph G. Altonji, Lisa B. Kahn, and Jamin D. Speer, “Cashier or Consultant? Entry Labor Market Conditions, Field of Study, and Career Success”, *National Bureau of Economic Research (NBER) Working Paper* No. 20531 (September 2014), 3-5.

5 Elliot Schreur and Gina Barton, *Millennials Rising: A Chartbook*, (Washington, DC: New America, 2014) 12.

6 *The Future of Entrepreneurship: Millennials and Boomers Chart the Course for 2020* (Kansas City, MO: Kauffman Foundation, February 2012).

Interested in Your Own Business?

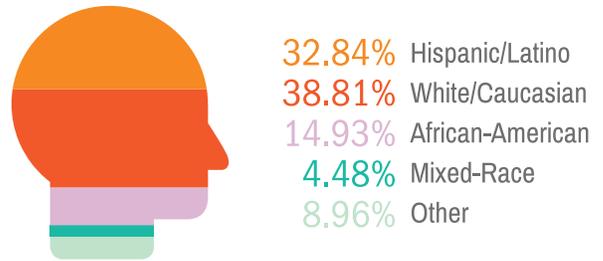
Millennials



Non-Millennials



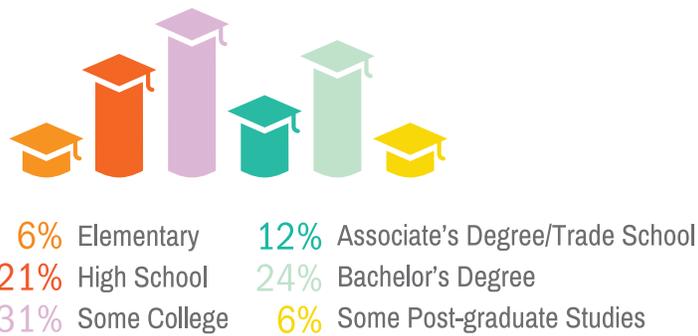
Millennial Worker Race and Ethnicity



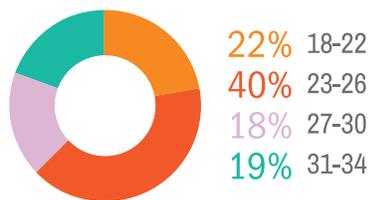
Millennial Household Size



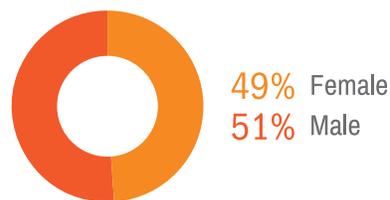
Millennial Worker Education



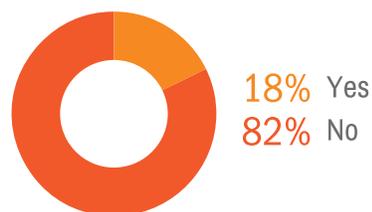
Millennial Worker Age



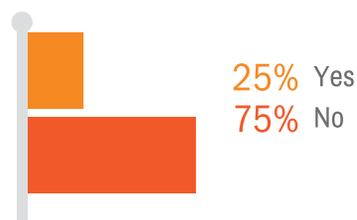
Millennial Worker Gender



Receiving Public Assistance?



Immigrated to the U.S.?



In their own words

A stronger financial future

IBRAHIM | SERVER |

Twenty-nine-year-old Ibrahim graduated from George Mason University with a degree in international relations before relocating to San Diego, where he works full time as an account manager for a digital marketing start-up. In addition, he works three nights a week as a server at a newly opened North Park restaurant. Having put himself through college working at restaurants, he knows the industry well. Ibrahim took this job in order to pay off his substantial student loan debt before turning 30 years old, a goal he is on track to meeting by December.

Most of Ibrahim's previous server positions were at larger corporations; this is his first experience working for a small-scale restaurant. In his eyes, the biggest difference working for this smaller start-up is the close-knit staff and a sense that everyone contributes to every new aspect of the business. With a chuckle, Ibrahim said he even felt some pride in something as seemingly minor as the installation of the restaurant's new awning. Despite the long hours, he appreciates the "all hands on deck" environment the owners have cultivated. He was initially shocked to see one of the bosses running food and bussing tables on busy nights—something he never saw at larger restaurants. Most important, Ibrahim values the greater economic options that come with the additional income and the prospect of being free of student debt.

“For me it’s supplemental, but the money is good and it’s always something that I return to when I need additional income or whenever I had to make things stretch.... I literally take that money and write a check to Sallie Mae and my credit card.... It’s [student debt] tough.”

- Ibrahim

Substantive experience in the field

ALMA | RECEPTIONIST |

Alma found the San Diego job market competitive after she graduated two years ago with an accounting degree that took her several years to finish. She answered a Craigslist ad for a receptionist position (starting wage \$10 per hour) at a growing chiropractic and wellness business. She was the last interviewee from a pool of 40 candidates. With substantial customer-service experience, Alma landed the job and has steadily advanced at the fast-growing firm. She quickly moved from reception into administration and now handles billing and bookkeeping, liaising with insurance companies, and managing the front-desk staffers.

This job is vastly different from those Alma held as she was putting herself through college, first at the University of California, Santa Cruz, and then closer to home at the California State University, Dominguez Hills. Barely making more than minimum wage, she worked as a customer-service representative at a car rental firm and then at a sandwich

chain. She says the most frustrating aspects of those work experiences were the management structure and lack of opportunities to earn more. For instance, Alma found the rental firms' hierarchical structure a hindrance to a stable work schedule. Workers who were slightly more senior had priority when shifts were assigned. This often meant she received fewer hours than she wanted. Moreover, because managers were close to her age and had little management experience, she found it difficult to voice opinions or concerns regarding scheduling practices and workplace conflicts.

In contrast, Alma now shares a small office with the operations manager and receives mentoring, motivation and coaching to troubleshoot problems and prioritize tasks in the practice's fast-paced environment. With a steady salary and the opportunity for future raises, Alma enjoys more stability, has been able to get a place of her own and, most important, sees the job as a resume builder for future work in finance and accounting.

“This is a completely different setup than other jobs I’ve had. I’m growing and I see how I’m helping this business be successful. I’m not sure I’d get that much experience working for a bigger company.”

- Alma

MILLENNIAL’S WAGES, HOURS, AND PAY SATISFACTION

Data from millennial employees in FIELD’s study paint a mixed picture of wage levels and satisfaction. Millennials interviewed had median hourly wages of \$11 compared to \$13 per hour for non-millennials, which is understandable given they have fewer years of experience. The median age of the millennials interviewed was 25 years old. Millennials surveyed were also more likely than their older counterparts to work part time.

MILLENNIALS VS NON-MILLENNIALS

(n=37)

(n=67)

MEDIAN PAY

MEDIAN AGE

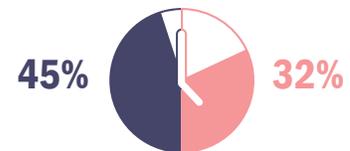


MILLENNIALS VS NON-MILLENNIALS

(n=37)

(n=67)

WORK PART TIME



Fully Satisfied with Wages 45% 43%

Partially Satisfied with Wages 48% 43%

Despite the modest wages, 45 percent of workers were “fully satisfied” with their wages and 48 percent were “partly satisfied.” While most interviewed said they would like full-time work, they accepted their reduced hours in return for positive working environments and skills acquisition.

Trading off pay for the opportunity to break into new fields

NICOLAS | BARISTA | ☕

Tired of the graveyard shift and the increasingly fewer hours at his previous warehouse job, 23-year-old Nicolas sought one with more daytime hours and that would help him break into the food industry. He secured work as a barista and server at a new coffee shop and café. In addition to loving his job and learning about the world of specialty coffee drinks, he helps the owners present their coffees at events—enabling him to network with restaurants, gain exposure to their executive chefs and learn how to pair food with coffee.

He describes his previous job as “mindless drone work.” Nicolas notes that he stuck it out for two years at the warehouse despite the lack of respect from management—until his hours were repeatedly cut. He thinks his current job will lead to tangible career returns with opportunities to take on new roles as the business grows. Nicolas indicates that the owners have begun grooming him to train new employees as the business expands. Regarding his current pay, he says he is willing to make a little less for returns in the form of skills development and job satisfaction.

“I’m completely satisfied with the pay. It’s a little bit of a pay cut from my last job, but I’m more than willing to do it because if you like what you do you’re willing to sacrifice.” - Nicolas

HERMAN | SALON MANAGER | 💇

Unlike many millennials interviewed, 33-year-old Herman is committed to owning his own beauty salon eventually. He aspires to something very different from his previous life. Born in the United States, Herman finished high school and college in Mexico, earning a degree in computer science. After college, he spent years working at Hewlett-

Packard in Guadalajara, working collections and customer service and managing call center operations. Despite making a good living, Herman longed to return to the U.S. and break into an industry he was more passionate about, understanding he would have to start at the bottom as he learned the ins and outs of the beauty industry.

With no experience, it took some time to find a place willing to give him a shot, but he finally landed his first job in the field at a popular salon in Chula Vista, California, near the Mexican border. His responsibilities include making sure the salon’s daily operations run smoothly, which means handling local marketing and payroll, managing software, and ordering supplies. Recently, an ownership change has meant reduced hours for Herman as the new salon rebuilds after the previous owner departed and a significant portion of the clientele left. To make ends meet, Herman has taken on another job two days a week as an assistant to an insurance broker. However, he remains optimistic that the valuable skills he has picked up during the past four years at the salon have made the time investment worthwhile. He believes he will put the knowledge he has gained to use in running his own shop when the time is right and he has the necessary capital.

JOSIE | OFFICE WORKER | 💰

Josie also aspires to own a business. She recently switched from a large, independently owned insurance agency to a small insurance franchise and easily lists things she prefers about this job: a stable schedule, not feeling afraid to ask for time off, and the ability to walk to work, which helps her save money on gas. Josie’s pay (\$10 per hour), coupled with her partner’s income from erratic construction jobs, does not always provide enough to support their toddler and Josie’s mother, who lives with them.

That said, Josie provides three reasons why the pay is workable right now. She sees opportunities for it to increase as she brings in more business and takes on more responsibility. The stable schedule and supportive working environment provide a much better life-work balance, enabling her to spend time with her son. Additionally, Josie emphasizes that she is gaining the experience necessary to run her own insurance office—something she is working toward very seriously and hopes to achieve in the next four years.

Choosing a supportive environment

As noted, both high school graduates and college-educated millennials faced challenging job prospects during and after the recession. However, the situation is particularly striking for those without a college degree. In March 2013, the unemployment rate for millennials between 25 and 32 years of age with only a high school degree was 12.2 percent—a full eight points higher than for those with a college degree.⁷ Frequently, the absence of post-high school education limits the quality and quantity of employment options for these workers. As several millennial interviewees explain, they have chosen their current microbusiness employment because it offers a more positive work setting than previous positions.

EMILY | RECEPTIONIST |

At 21, Emily does not have an extensive work history. She started working at a large chain restaurant in Seattle in high school and stayed on after she graduated. She described the environment as “toxic,” said she was frequently hassled by her manager, and had to deal with constant employee tension. At the time, she thought it was a normal environment because it was her only work experience and she was there so long.

When her boyfriend decided to move to Denver, Emily decided to move with her boyfriend. She says she could have received an automatic transfer to one of the chain’s Denver locations, but she knew she wanted something different.

Emily was thrilled to be hired by a small but growing company that provides therapy for autistic children. She could not believe her luck when she discovered she could work fewer hours and make more money than she did after

⁷ “The Rising Cost of Not Going to College,” *Pew Research Center Social & Demographic Trends*, February 11, 2014, accessed June 29, 2015, <http://www.pewsocialtrends.org/2014/02/11/the-rising-cost-of-not-going-to-college/>

four years at the restaurant. Plus, she says almost with disbelief: “The therapists stop by my desk every day and tell me how much they appreciate all my work.”

Emily is also very happy to work for a business that she thinks is doing something positive. She has learned a tremendous amount about autistic children since starting the job and is invested in changing negative attitudes about them. Although unsure what she will be doing in the next three to five years, Emily muses that one possibility would be going to school and becoming a therapist herself.

“This place is insanely better. Everyone is uplifting and wants you to get better, not work yourself into the ground.”

- Emily

CREDITS

Authors: Luz I. Gomez and Tamra Thetford with Joyce Klein

The full research report, along with other information regarding the research, can be accessed at www.gainfuljobs.org.

This research was funded by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the authors alone, and do not necessarily reflect the opinions of the Foundation.

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