

# WHAT GEN Z MEANS FOR THE WORKFORCE



# EXECUTIVE SUMMARY

If you've been focusing your hiring and retention efforts on the burgeoning millennial demographic, it's time to re-strategise — because Generation Z is poised to enter the workforce, and research indicates the age group's technology, communication and other preferences could revolutionise how employers operate.

In recent years, millennials have inspired companies to re-examine some of their practices to better address the generation's expectations and needs.

Studies have found Generation Z, whose oldest members are now roughly 21 to 22 years old, may have vastly different opinions about employee management, recruiting and other approaches.

To successfully attract, engage and retain the next wave of global workers, employers will need to understand what motivates Gen Z — and which policies may be more effective for millennial workers.

This white paper will examine:

- Why Generation Z stands to have such a significant impact on the job market
- How Millennials and Gen Z view technology, their ideal work environment, benefits and other key job components
- Vital factors that will position future generations to be successful in the workplace
- And specific changes employers may want to consider to increase the chance they'll be able to successfully find — and hold onto — top Generation Z talent





## THE CURRENT STATE OF GENERATION Z

As of 2017, 56 million millennials — members of the age group born between approximately between 1981 and 1996, also known as Generation Y — were working or looking for work, according to Pew Research Center [data](#), making them the largest generation in the U.S. labor force. Worldwide, millennials are [expected](#) to comprise 50 percent of the workforce by 2020.

Given its size, the generation's propensity to change jobs frequently — 43 percent of millennials expect to leave their current company within two years, and only 28 percent plan to stay beyond five, according to a Deloitte [survey](#) — has made a number of employers somewhat uneasy in the past. It's likely at least some of the procedural changes companies made in recent years were influenced by the generation.

Seventy-seven percent of millennials, for instance, said flexible work hours would make them more productive in a 2014 [survey](#) conducted by Bentley University. A [survey](#) from the Society for Human Resource Management found companies that allowed employees to choose their work hours within employer-established limits increased from 2014 to 2017. According to a separate [survey](#) from FlexJobs, the number of employers offering flexible work options increased by 17 percent from 2016 to 2017 alone.

After noticing its younger employees didn't seem to be motivated by the same things previous generations had found inspiring, PwC commissioned a [study](#) involving more than 40,000 workers to uncover what millennials would find encouraging — and then implemented related initiatives.

After finding Gen Y members value using technology in the workplace to increase flexibility and efficiency, the company strategically shifted. They decided to share knowledge about communicating via social media and other types of technology to help change the way workers think about digital communication. Providing on-demand e-learning services helped the organisation increase total training hours by 17 percent.

A realisation that millennials value recognition and appreciation led the company to encourage more face-to-face coaching and real-time feedback. Aware that millennials tend to seek out employers with matching values, PwC began focusing on creating an environment that encouraged employees to give back. Employees who participate in more than one corporate social responsibility activity in the U.S. have an average tenure of 7.4 years; PwC employees who don't participate in any, however, have stayed for a shorter period — 6.3 years.

Like the millennial generation, Gen Z is a sizeable group. [Nielsen](#) has identified it as the largest segment in the U.S., accounting for 26 percent of the population. Although a 2016 Fung Business Intelligence [report](#) says it lags behind millennials on a global level, by 2020, Generation Z is forecast to comprise a significant amount of the population worldwide — 33 percent.

During the next 14 to 15 years, members of Generation Z, who are currently around age 8 to 22, will be increasingly entering the workforce; and, because Generation Z encompasses a substantial amount of workers, the age group will likely have an impact on existing business practices, just as millennials have.

In today's tight talent market, to woo Gen Z candidates — and engage and retain them once they've been hired — companies will need to know what elements will help members of the generation excel.





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Reports indicate Gen Z's work preferences differ from other age groups' in several key areas. To prepare for Generation Z's arrival, employers may want to consider addressing some of the following items:

## TECHNOLOGY

At least one survey suggests other generations believe Gen Z's comfort with technology could be an asset in the workplace. Forty-four percent of managers said Gen Z's reliance on technology will be an advantage.

However, despite being the first generation to grow up immersed in tech use, Generation Z prefers face-to-face communication. More than a third — 39 percent — of Gen Z members feel in-person interactions are the most effective way to communicate, according to a survey from Randstad and Future Workplace. Less than half that amount — 16 percent — feel email is the most effective communication method; only 10 percent would opt for instant messaging.

Unlike millennials, who want to use the tech tools that will save them the most time, Gen Z members want to use the most effective instruments, according to one study. This outlook mirrors the way Generation X, born from approximately the early 1960s to the early 1980s, views work-related tech use.

## WORK ENVIRONMENT

Gen Z members aren't particularly huge fans of the open work space concept; 45 percent would prefer to have their own private office. That said, the majority don't want to work in complete isolation, according to Robert Half research, which found nearly two-thirds (64 percent) prefer collaborating with a small group in an office environment.

More than Gen X or Y, in fact, Generation Z feels physical office space is necessary, according to a study from 8x8, Inc. FaceTiming won't provide the same effect: Working off-site as part of a virtual team is one of Gen Z's least favourite options.

Many say they'd like to be in an entertaining environment. Nearly half (47 percent) would view a job with a fun work setting as the most exciting position to apply for, according to a Center for Generational Kinetics survey.

Provided the atmosphere is acceptable, Gen Z members are willing to commute a considerable distance to get to their office. Thirty-four percent say they'll travel up to 30 minutes; another 34 percent would trek 30 to 45 minutes to get to their workplace. Most prefer to drive, according to Robert Half.

## MANAGEMENT STYLE

Generation Z views communication as a leader's most important quality, followed by support and honesty, according to Randstad and Future Workplace.

To engage Gen Z and millennials and encourage them to do their best work, the organisations' research suggests managers should be open to sharing ideas, collaborating and providing input.

More than half (51 percent) of Generation Z members want their manager to listen to and value





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their opinions, and 46 percent of Gen Z representatives appreciate mentoring and regular feedback. More than a fifth, according to Robert Half, (21 percent) view having a manager they can learn from as a top priority when looking for a full-time job.

## PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Advancement prospects are important to Gen Z. When asked what they prioritise most when looking for an employer, the majority of Gen Z respondents — 84 percent — in an EY [survey](#) cited a potential for career progression and growth.

Gen Z members rated advancement opportunities as the second best incentive to encourage them to work harder in Future Workplace and Randstad's poll; additional pay was the only thing respondents said they valued more.

To help employees learn new skills, employers may want to consider the findings from a [survey](#) published in the Harvard Business Review involving 19 countries from the INSEAD Emerging Markets Institute, Universum and the HEAD Foundation, which indicates Gen Z workers overwhelmingly prefer in-person training. Sixty-nine percent would choose it over other types of instruction. Conversely, online training isn't as popular a choice; only 13 percent favour it.

Members of Generation Z are expected to work for four companies, on average, during their lifetime, partially because they're seeking a robust amount of experience.

If an employer can provide employees with enough resources to grow and opportunities that align with workers' personal goals, however, they may be able to encourage valued Gen Z members — 64 percent of whom rank career opportunities as their top consideration when pursuing a full-time job — to remain with the organisation longer.

## LEADERSHIP PROSPECTS

Nearly a third of Generation Z members [expect](#) to be managing or supervising employees in a corporate environment five years out of college. Twenty-four percent expect to still be climbing the corporate ladder at that point.

More than half (61 percent) of Gen Z — roughly the same amount as Gen Y, but more than Gen X — feels becoming a leader is important. However, the sentiment, according to the INSEAD, Universum and HEAD Foundation report, varies somewhat by location. Respondents from Nordic countries, for instance, were significantly less likely to covet leadership roles than those in Mexico. Employers in assorted areas may see talent pipeline challenges occur as a result.

In general, young people who are about to enter the workforce have a different idea of what makes leadership a favourable opportunity than other generations. Gen X and Y tend to be more enthusiastic about the coaching and mentoring involved in management jobs, as opposed to the increased responsibility they can entail.

Gen Z members, on the other hand, feel the responsibility and additional freedom associated with managing employees are attractive features. The aspects Gen Z members favour about leadership differ somewhat, though, regionally. Gen Z members in countries such as Japan, France and the U.K., for example, view high levels of stress as a significant barrier to leadership.





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## EMPLOYER ATTRIBUTES

When considering employers, size matters: The majority of Gen Z-age students Robert Half spoke with said they would most like to work at a midsize company (41 percent) or a large international corporation (38 percent), which can traditionally offer more stability and opportunities for advancement.

Like millennials, Gen Z members place a significant emphasis on diversity in the workplace. Having a diverse workforce and supporting diversity within senior management teams can make employees from both generations more likely to stay with an employer for five or more years, according to Deloitte's research.

More than a third — particularly when considering female employees — of Gen Z members say the No. 1 cause they want to see their employer support is equality, according to [data](#) gathered by the Door of Clubs platform, which conducted a survey involving 5,000 individuals toward the end of the Gen Z spectrum who'd be entering the workforce soon.

The environment; health; students and poverty are other top causes Generation Z hopes to see employers address. Forty percent of Gen Z members say making a difference or having an impact on society is one of their top three priorities when looking for a job.

## EMPLOYEE AMENITIES

Gen Z members ranked a good benefits package as one of the top five incentives that motivate them to work harder — a feeling millennials share, according to Randstad and Future Workplace's survey.

Several specific offerings may help companies attract Gen Z. Although only 34 percent of employers offer workplace flexibility, members of Generation Z and Y view it as the most important employee benefit.

Health care also remains a sought-after item; 37 percent of the U.S. Gen Z members who participated in Door of Clubs' poll said health care coverage is the most important amenity employers can provide.

Randstad and Future Workplace's findings, which included input from Gen Z members in the U.K., Mexico, Poland, Argentina, India, China, Canada and South Africa, in addition to the U.S., indicated Generation Z constituents from a number of countries prioritize healthcare coverage. Gen Z and Gen Y members rated it as the second most important employment benefit in the survey.

Generation Z also values employers providing guidance in the workplace. Thirty-three percent of Door of Clubs' survey respondents felt a mentorship program was the most enticing benefit an employer could offer. Generational members who participated in Randstad and Future Workplace's poll ranked training and development as one of the top three most important benefits.





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## RELOCATION

When INSEAD, Universum and the HEAD Foundation asked various generations whether they want to work for an international organisation or start their own business, Generation X and Y members expressed a highly entrepreneurial outlook; Generation Z, however, favoured accepting a job with a large enterprise.

They were also open to working in another geographical area. Door of Clubs found more than half — 56 percent — of Generation Z members are willing to relocate for a full-time or internship position.

They're also more willing to work in multiple areas than millennials. Twenty-six percent of Generation Z members plan to work in two countries, and 19 percent hope to work in three; 23 percent of millennials, on the other hand, want to work in two nations, and just 16 percent plan to be employed in three, according to Randstad and Future Workplace.





## PREPARING FOR GENERATION Z'S ARRIVAL

Gen Z workers appear to be a conscientious group; an empowering work culture — not ample vacation time — is the top reason they say they'd stay with an organisation for more than three years, according to Door of Clubs, and they value financial security.

A 2016 Lincoln Financial Group [study](#) found 64 percent of Gen Z already has a savings account, compared to just 51 percent of older generations. Gen Z's starting salary expectation — \$46,799, according to Robert Half — isn't excessive; and they're willing to work hard for what they earn. Seventy-seven percent, in fact, expect to work just as hard, if not harder, than previous generations.

However, despite Gen Z's seemingly earnest nature, entering a multigenerational workforce isn't always easy — particularly when you're the youngest member.

Gen Z members may experience some friction, including millennial managers who Door of Clubs says have expressed concern the generation could have a negative effect on company culture.

More than a third of managers from a variety of generations believe managing Gen Z workers will be more difficult than overseeing older age groups, according to an [APPrise Mobile poll](#); 29 percent expect Gen Z employees will be more difficult to train, and 26 percent of older managers feel communicating with them could be challenging.

Generation Z, too, has concerns about entering the workforce. Due in part to expectation differences, 45 percent believe working with the baby boomer generation will be very or somewhat difficult, according to Robert Half. They also worry baby boomers won't take them seriously.

To encourage members of the Z Generation to be productive and engaged, employers will need to thoroughly understand what tech, company culture and other amenities will help draw candidates — and which elements can help Gen Z workers excel in both their role today and over time.

Adjusting some management and other techniques may help. For example:

### ENGAGING EMPLOYEES THROUGH PERSONAL MOTIVATION

Although, unlike Generation X and Y, many Gen Z members say they'd choose an international assignment over launching their own company, one in four Gen Z members is interested in starting a business. Door of Clubs notes employers may be able to increase retention by capitalising on Gen Z's entrepreneurial nature and giving employees the ability to work on startup projects within the firm.

With 74 percent of Generation Z members saying they'd rather spend money on experiences instead of things, according to [Expedia research](#), employers may also be able to maintain positive employee satisfaction levels by providing unique work environments, benefits and opportunities that will excite and expose Gen Z employees to new things.

### USING TECH TOOLS IN RECRUITING

A [study](#) involving six countries found the majority of parents in each location have purchased or downloaded apps for their Gen Z children. Knowing those children will have a strong familiarity with the technology, employers could consider developing apps that gamify the recruiting







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experience to attract jobseekers when younger members of the generation gear up to enter the workforce in the future.

## CONNECTING WITH CANDIDATES WITH TARGETED TECHNOLOGY

A recent Adecco survey found Gen Z members are more likely to rely on personal connections when job hunting and less likely to utilise online job boards than millennials. As a result, companies may find targeting prospective hires through social media contacts and promotion and encouraging employee referrals could help them locate quality Gen Z candidates.

Members of the generation, according to Bluecore research, favour Facebook for new product information, and reportedly are the first generation to check Instagram more than YouTube, Snapchat and Twitter.

Social media can undoubtedly help with recruiting efforts; however, talent pipelining — identifying the ideal candidate for various roles long before you need to hire someone — is one of the most effective ways of avoiding rushed candidate searches and preventing damaging skills gaps that vacancies can cause.

Through talent pipelining, Talent Intelligence has helped clients significantly increase diversity, cut hiring time in half and save as much as \$3.9 million in recruiting-related vendor costs. Contact us for more information on how a Talent Intelligence Delivery Team can build pipelines for every mission-critical job family in your organisation, keeping you steps ahead of unexpected vacancies:

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