



# Gen Z and Millennials collide at work

In 2016, the workforce is undergoing a seismic change as 3.6 million Baby Boomers are set to retire, one-fourth of Millennial workers will take on management roles and Generation Z (those born between 1994 and 2010) has started to enter the workforce. Employers<sup>1</sup> are likely to recall the impact that Millennials brought to the workplace due to their dramatically different perspectives about work. That adjustment is about to be magnified as Gen Z, who in many ways appears to be an exaggerated version of the Millennial cohort, radically alters the workplace.

Randstad and Future Workplace have studied Millennials (aka Generation Y) and Gen Z since 2014 when the two companies embarked on a groundbreaking survey that benchmarked the unique traits and workplace values of the next generations of talent. Now, in its second research initiative, Randstad and Future Workplace have uncovered remarkably new understandings of the two generations as they collide in the workplace for the first time.

The Gen Z and Millennials Collide @ Work study revealed:

- The emergence of a **collaboration generation** is impacting the ways employers provide, and leverage, collaborative practices in the workplace.
- The workplace Gen Z seeks has been largely shaped by their jaded upbringing among a recessionary economy, rising healthcare costs and mounting student loans. As a result, the **driving force for retention and engagement** of these workers centers around financial rewards, career advancement, motivation and work/life balance.
- If technology coursed through the veins of Millennials, then **technology can be considered Gen Z's sixth sense**. Any organization seeking to recruit, engage and retain these generations will be hard-pressed if they aren't incorporating emerging social and digital technologies into the workplace. But it's not as easy as simply providing access to these tools — these generations also struggle to rein in the distractions of such technologies.
- With newly appointed management roles comes mayhem for many Millennials. Our study has exposed a serious **crisis among Millennial managers**, many of whom are simply not prepared or equipped with the EQ (emotional quotient) and people skills required to effectively manage a team.

As both generations continue to increase their presence in today's workforce, c-suite and HR executives have to understand these young workers and develop programs to best utilize their strengths and set them up for success.

# cracking the code of the online generations



Gen Z and Millennials May Not Work For You — or Anyone Else

**37%**  
Gen Z

**32%**  
Millennials

aspire to be a leader at a company they start/own

Gen Z and Millennials Have Passport, Will Travel

**26%**  
Gen Z

**23%**  
Millennials

plan to work in two countries

**19%**  
Gen Z

**16%**  
Millennials

plan to work in three countries

Gen Z and Millennials Want to Work in a Collaborative Empire Where In-Person Communication Is King

**20%**  
Gen Z

**22%**  
Millennials

"co-workers who like to collaborate" was a top factor in helping them do their best work

**39%**  
Gen Z

**39%**  
Millennials

"in person" is the most effective method of communication

Workplace Flexibility: If You Build It, They Will Come

Most important employee benefit for Gen Z and Millennials:

**19%** workplace flexibility

**17%** healthcare coverage

**15%** training and development

Gen Z and Millennial Workers Value Diverse Workplaces

**37%**  
Gen Z

**39%**  
Millennials

most value "different points of view"

**33%**  
Gen Z

**37%**  
Millennials

most value "different fields of specialty"

Bringing Loyalty Back to the Workplace

**25%**  
Gen Z

**19%**  
Millennials

expect to work at current company between 1 and 2 years

**29%**  
Gen Z

**25%**  
Millennials

intend to work at current company between 3 and 4 years

**49%**  
Gen Z

**49%**  
Millennials

expect to work in their current industry for their entire career

For Gen Z and Millennials, Co-Workers Enable Their Best Work

Gen Z and Millennials say the top workplace attribute that enables them to do their best work is:

**56%** the people I work with

**52%** the type of work I do

**38%** the ability to both focus and collaborate in my workspace

Have Communicative Leadership? Millennials and Gen Z Will Be Knocking

Both generations said communication is the most important quality of a leader, followed by support and honesty.

If You Want Them to Stay Longer, Show Them the Money

Top incentives to motivate Gen Z and Millennials to work harder and stay at their company longer include:

**32%** more money

**20%** opportunities for advancement

**12%** meaningful work

**10%** a good benefits package

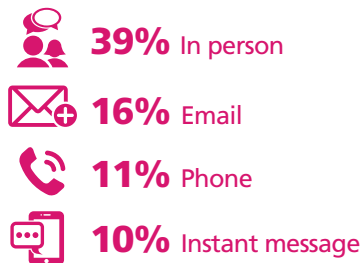
# say hello to the collaboration generations

Today, we are in the midst of a collaborative revolution, where organizations and individuals are working more cooperatively than ever before. In our global economy, working together is essential to building a connected, engaged and profitable organization. It comes as no surprise that technology is one of the biggest driving factors enabling collaboration today. However, while social and collaborative tools are intrinsically part of the picture, the Randstad and Future Workplace study drives home the critical need for in-person communication and cooperation as a fundamental aspect for our youngest generations.

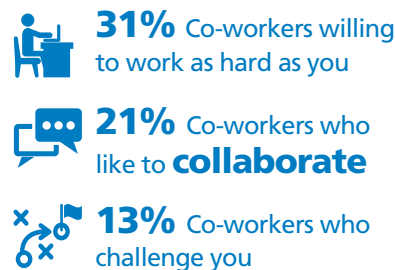
## co-worker collaboration

According to the study, communication and collaboration with co-workers is not only a key driver to Millennial and Gen Z satisfaction on the job, but also a factor in their abilities to do their best work. When asked to identify their most effective way to communicate with co-workers, in-person communication took the top spot (39%), followed by email (16%).

Globally, Millennials and Gen Z identify the most effective communication methods as:



Type of co-workers that help Gen Z and Millennials do their best work:



## what younger generations want from management and leadership

Many companies are looking for ways to link collaboration to both strategic and operational improvements within their enterprises. In fact, a majority of executives strongly agree that collaboration is an important driver of the following dimensions: employee effectiveness (68%), efficiency (67%), creativity and innovation (67%) and operational performance (67%).<sup>2</sup>

Organizations seeking to leverage collaboration to drive company performance should zero in on the relationships and interactions among Gen Z, Millennials and their leadership. The relationship between manager and employee represents a vital link in performance management. Communication is crucial for that relationship to succeed. In fact, Gen Z and Millennial workers named willingness to communicate as the most important leadership quality today.

How Gen Z and Millennials want their managers to engage with them to do their best work:

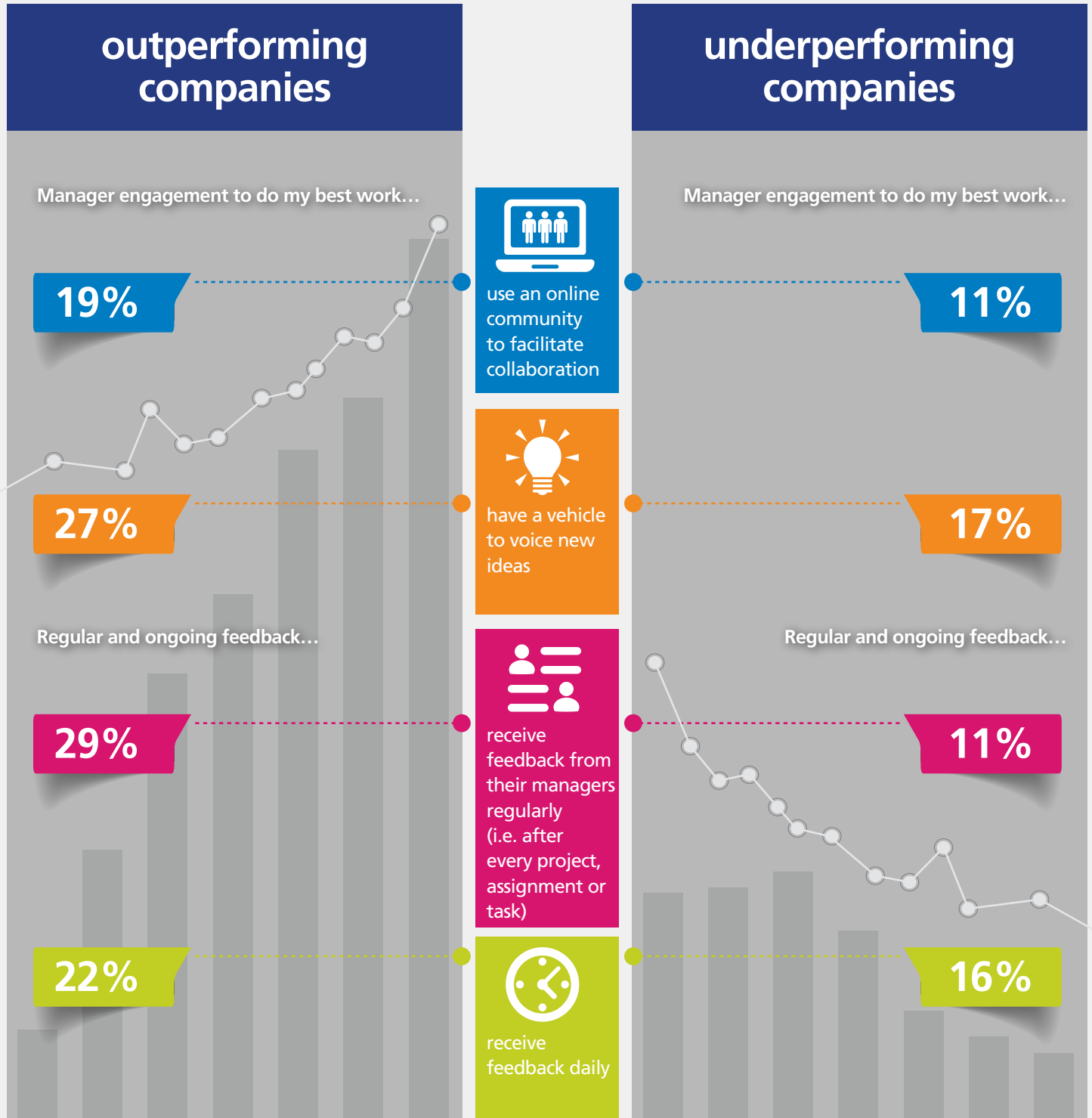


The evidence is clear: Millennials and Gen Z don't want annual reviews anymore — they want frequent and ongoing conversations. Having grown up in a world of texting, tweeting and Snapchat, these generations are accustomed to constant communication and feedback. In fact, our global study found more evidence that the annual performance review is coming to an end as Gen Z and Millennials are receiving reviews either daily (19%), weekly (24%) or regularly (23%) instead of annually (3%).

Collaboration and communication are not only drivers of operational and workforce performance, but these workplace attributes are also directly correlated with the engagement and retention of younger generations. Yet companies need improvement. Only 55 percent of employees worldwide currently give their organizations high marks for effective collaboration across departments and functions.<sup>3</sup>

# the business case for high collaboration

Millennials and Gen Z who work for outperforming companies name collaboration tools and regular feedback as the best way to engage with managers.



# keeping younger generations engaged and retained

Employers today are faced with an employment challenge — they desperately need Millennials but can't seem to retain them. In fact, a recent Gallup report on the Millennial generation reveals that 21 percent have changed jobs within the past year, more than three times the number of non-Millennials who report having done so. Gallup estimates that Millennial turnover costs the U.S. economy \$30.5 billion annually.<sup>4</sup>

Early indications reveal better news when it comes to Gen Z and their willingness to stay with one company. However, if employers don't begin to take the cue that their leadership styles and workplace practices will need to adapt and evolve to meet the needs of younger generations, they will find themselves navigating similar waters with the newest generation as well.

Arguably, the culprit of high Millennial and Gen Z turnover is low engagement. The same Gallup study found that 84 percent of the generation is not emotionally and behaviorally connected to their jobs and companies. With just less than one in three Millennial employees engaged, companies have a lot of work ahead of them in retaining this talent.<sup>5</sup>

The Randstad and Future Workplace study found that many of the engagement and retention drivers for these workers center around financial rewards and motivation, as well as coping with stress and finding a good work/life balance.

## money talks, but are we listening?

A fair share of research exists that confirms Millennials and Gen Z workers are more interested in working for something they believe in or for a company whose values they share. A recent report by Deloitte indicates that Millennials who intend to stay with their organizations for at least five years are far more likely than others to report a positive culture and a shared purpose.<sup>6</sup>

While a connection to purpose appears to be linked to greater job satisfaction and retention for younger generations, the benefit of this, most likely, comes only after the basic needs and expectations of a job and the company are met.

Often, employers and business leaders fail to take into account the economic and personal financial reality of these younger workers. The U.S. economy has been recovering at a slow pace over the past eight years, with young adults hit hardest. Nearly a decade of wage stagnation alongside rising college and healthcare costs all paint a dreary financial picture for today's youngest generations.

## FINANCIAL WOES OF GEN Z AND MILLENNIALS



About one in five (21%) Millennials say they cannot afford their routine healthcare expenses. An additional 26% say they can afford healthcare but with difficulty.<sup>8</sup>



46 percent of Gen Z say their biggest financial concern is student debt.<sup>10</sup> The cost of a college degree has increased 1,120% in the last 35 years.<sup>11</sup>

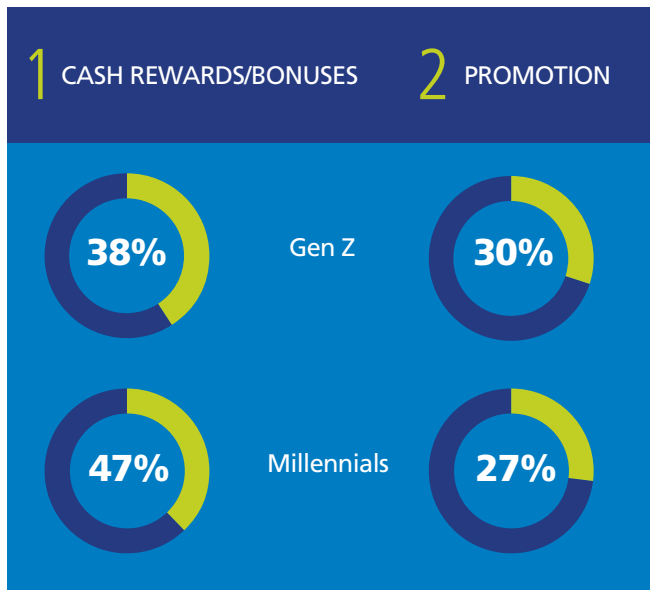
Wages have remained stagnant since 2000 for young workers. In 2000, the average hourly wage for workers 17-20 years old was \$10.93, but it slipped to \$10.66 in 2016.<sup>7</sup>



In 2008, Americans aged 19-35 spent an average of \$98 per day. Among that same group now, spending has fallen by \$13, costing the economy more than \$949 million a day.<sup>9</sup>



Given the numerous financial hurdles faced by Gen Z and Millennials, many of the tactics and drivers to boost engagement and retention are financially motivated. The study found that when it comes to how Gen Z and Millennial workers would like to be recognized or rewarded in the workplace, the top two show that money matters:



Similarly, retention among these two generations is also highly correlated to financial factors and motivation. When asked what incentive would motivate them to work and stay at their companies longer, “more money” was named highest among Gen Z (29%) and Millennials (34%).

### supporting the most stressed-out generations in the workplace

There’s a reason why Millennials have been labeled the “Stress Generation.” According to the American Psychological Association (APA), Millennials experience

more stress and are less able to manage it than any other generation.<sup>12</sup> It’s easy to understand why, when you consider the economic and labor market this generation faced after graduation and beyond.

Their younger counterparts, Gen Z, may not be faring much better as they graduate with skyrocketing student debt and a rocky labor market. In fact, more than half of Gen Z are either somewhat or very worried about the future (58%).<sup>13</sup>

The global Randstad and Future Workplace study sheds more light on the impact of stress among Gen Z and Millennial employees. In fact, the survey found that stress was named as the biggest obstacle that could get in the way of work performance for both generations (37% for Gen Z; 39% for Millennials).

In addition, when asked to name the most important employee benefits they expect from their employers, both generations named workplace flexibility and healthcare coverage as their top two. Yet only 34 percent of employers offer workplace flexibility and only half (50%) provide healthcare coverage, according to Gen Z and Millennial employees in the Randstad study. Not surprisingly, the two primary sources of stress for these generations are money and work. The 2016 APA study found that three-quarters of Millennials report money is a somewhat or very significant source of stress, and another three-quarters report work as a significant stressor.<sup>14</sup>

Why should employers sit up and take notice of the stress levels of their younger workforce? Simply put, it affects a company’s bottom line. Employees who are distracted by financial and work/life balance pressures end up costing companies in several ways — from lost productivity, absenteeism and disengagement to medical expenses — and the impact on business revenue can be quite severe.

## THE COST OF STRESS TO YOUR ORGANIZATION



On average, financial stress costs businesses \$5,000 in lost productivity per year.<sup>15</sup>

Unscheduled absenteeism costs roughly \$3,600 per year for an hourly worker and \$2,650 for a salaried employee.<sup>16</sup>



In the U.S., distracted workers will cost employers nearly a trillion dollars in 2016.<sup>17</sup>

Work/family conflict contributes to \$24 billion a year in healthcare expenditures for employers.<sup>18</sup>



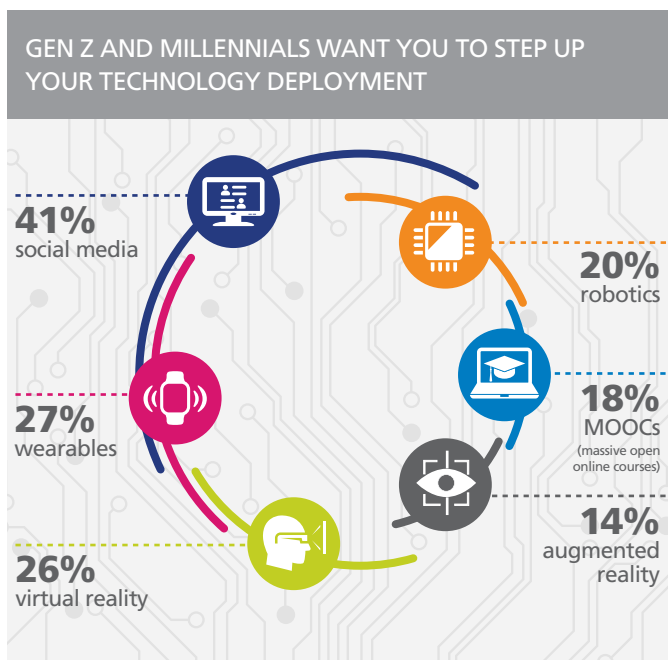
# meeting the demands of the digital native generations (and managing its distraction)

Do a quick Internet search and it becomes very clear that the debate about technology in the workplace is still going strong. As companies weigh the pros and cons of integrating emerging technologies into their working worlds, recent trends show that more than half of U.S. employers are blocking social media access in the workplace — giving way to fears of lowered productivity, privacy and security issues.

However, the stick-your-head-in-the-sand approach is simply not realistic for today's business environment nor that of the future. In fact, the future of business is a networked one. Employers who recognize the distinct advantages of using social and emerging technologies while at work will thrive. Even more, those companies that meet the unwavering expectations of younger generations to use technology, and identify the right balance between leveraging its benefits while minimizing distractions, will also be more competitive.

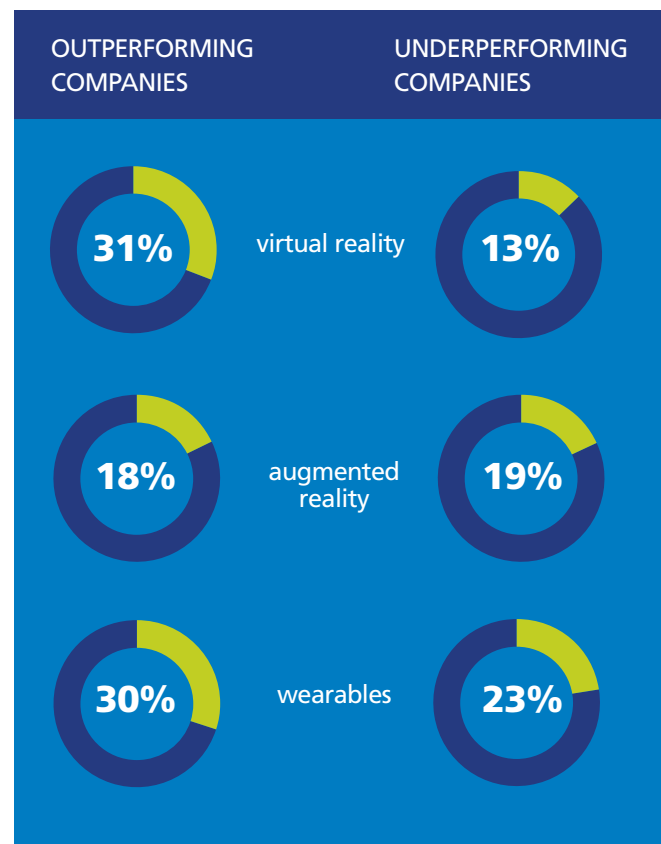
According to the Randstad and Future Workplace study, younger generations not only want employers to incorporate social media, many of them are increasingly interested in integrating emerging technologies, such as wearables, virtual reality and robotics, into the workplace.

## Gen Z and Millennials want you to step up your technology deployment



In addition to simply meeting the high expectations among younger generations for a technology-infused workplace, the use of emerging technologies can lead to better employer branding and perhaps, better company performance. Consider that 77 percent of tech-savvy companies have a culture in which workers are open to concepts that challenge existing workplace practices, compared to 19 percent of companies that have not implemented forward-thinking strategies.






The Randstad and Future Workplace study findings add further evidence to this concept. The study found Gen Z and Millennials who work for outperforming companies are much more likely to want their employers to incorporate new technologies into the workplace:

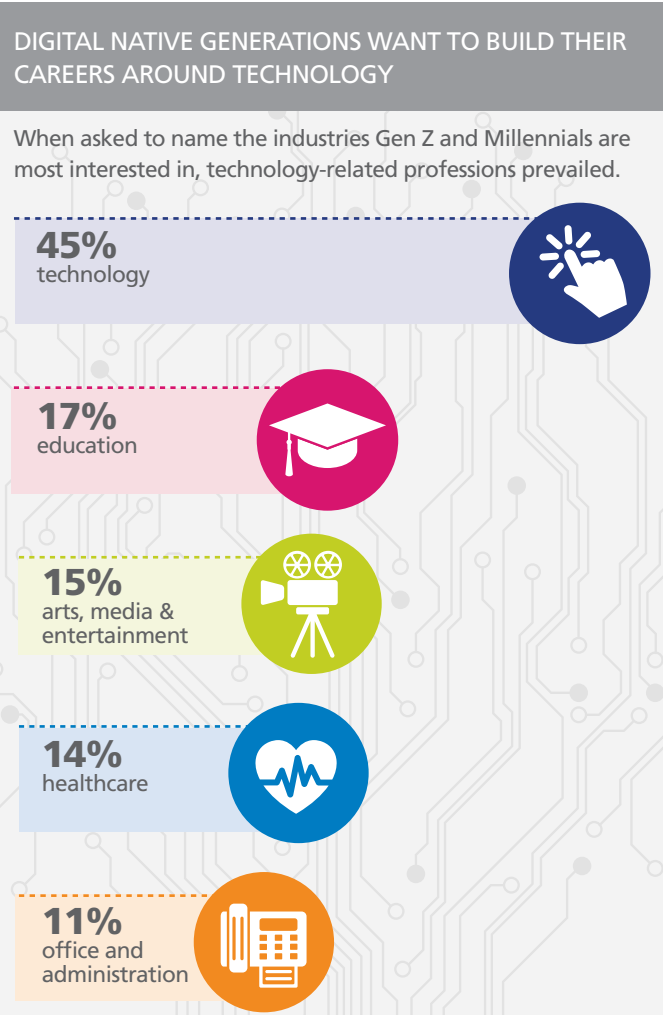


In addition, nearly one-third (31%) of employees in underperforming companies said, "I don't care if my employer experiments with any new technologies." As with many new approaches, the implementation of technologies must take into account best practices to ensure the adoption and use of these tools are leveraged to their overall benefit while minimizing the potential for performance interruptions. This is particularly true given that many Gen Z and Millennial workers see collaborative technologies as distracting.

Businesses looking to cross the technological divide must be sure to integrate technologies seamlessly with their workflows to empower users, not add to the complexity that may damage workflow and productivity.

According to the Randstad and Future Workplace study, Gen Z and Millennials rank the following social/collaborative technologies from the most to least distracting when it comes to getting their work done:

-  **46%** social networking
-  **39%** text messaging
-  **31%** emailing
-  **27%** instant messaging
-  **17%** video conferencing





# sound the alarms: we have a millennial manager crisis

Dramatic? Maybe. But the truth is that a crisis is unfolding as companies begin to see more Millennials taking on manager-level positions. Why? Because as the global Randstad and Future Workplace research indicates, Millennials are simply not prepared, nor equipped, with the emotional quotient (EQ) and soft skills required to effectively manage others. The situation is compounded when Millennial managers are required to oversee generations older than themselves, resulting in turnover among key positions held by their subordinates and the Millennial managers themselves.

A separate study by Future Workplace<sup>19</sup> found that 83 percent of respondents have seen Millennials managing Gen X and Baby Boomers in their offices. Meanwhile, these older generations hold a general sentiment that Millennials are unqualified or ill-equipped for the managerial position. For example, 45 percent of Baby Boomers and Gen X respondents feel that Millennials' lack of managerial experience could have a negative impact on a company's culture.

In addition, Millennials haven't had the opportunity to develop their much-needed skills in the areas of navigating corporate politics, leadership and team-building. According to the Randstad and Future Workplace study, Millennials named corporate politics as the second biggest obstacle getting in the way of their work performance. And only 27 percent of Millennials rate their personal skills as very good.

Preparation for a managerial role is largely lacking, according to many Millennials in the Randstad and Future Workplace survey. In fact, only 28 percent of Millennials say their current job relates extremely well to what they studied during their educations.

When it comes to the aspects of their current jobs that their educations did not prepare Millennials for, many are interpersonal or management-related:



If this is happening in your organization, the time to address it is now. And even if it isn't happening today, it may very soon. One of the biggest threats to a healthy and productive manager-subordinate relationship is lack of respect and communication. This can be particularly pronounced among older workers and their perceptions of their younger, less experienced Millennial managers. In fact, according to the Future Workplace survey polling multiple generations, 44 percent of Millennial respondents view themselves as being the most capable generation to lead in the workplace, but only 14 percent of all survey respondents agree with this sentiment.

Another recent study conducted by talent assessment firm XBI Insight looked at managers across a wide range of industries. It identified five competency areas that Millennial managers must develop to close the generational divide between their older subordinates. Employers will need to consider growing the following critical skills of their Millennial managers: persuading and influencing; communicating articulately; managing conflict; navigating politics; and gaining buy-in. These fundamental skills can help build trust and foster respectful, productive and satisfying relationships between generations.

# conclusion

For years, companies have put in countless hours and resources to understand and prepare for the different work styles of the multi-aged workforce. Now, with the introduction of Gen Z into the working world, it's about to get even more complicated.

Armed with new insights, attitudes and expectations of Gen Z and Millennial workers, employers are better equipped to put tailored programs into place in order to better recruit, engage and retain these valuable workers. Successful organizations today, and in the future, will need to implement important workplace processes and programs including:

- **Collaboration:** Collaborative tools and processes to fulfill the expectations of Gen Z and Millennial generations, while seamlessly integrating them into existing workflow to maximize workforce performance
- **Career advancement:** Frequent and abundant professional development and career advancement opportunities
- **Financial stability:** Shoring up of wage disparities and providing employee recognition and rewards that deliver younger generations the financial stability they desperately seek
- **Technology:** Integration of the social and emerging technologies that will satisfy Gen Z and Millennial desires for such tools, while enabling more productivity and less distraction
- **Managerial training:** Talent assessment and development initiatives for Millennial managers so they may effectively perform and succeed in their valuable roles
- **Work/life balance:** Formal work/life balance programs that will help younger generations manage workplace stress

## about the survey

Research findings are based on a survey conducted by Morar Consulting fielded across 10 global markets (U.S., UK, Germany, Mexico, Poland, Argentina, India, China, Canada and South Africa) between June 22 and July 11, 2016. For this survey, 4,066 respondents were asked about their preparation for work, as well as expectations and experiences of their workplaces. The study targeted two separate groups: Gen Z 22-year-olds in full-time employment (1,965 surveys) and Millennials 23- to 34-year-olds in full-time employment (2,101 surveys) to compare expectations with the reality of workplace experiences. Respondents were recruited through a number of different mechanisms and via different sources to join panels and participate in market research surveys. All panelists passed a double opt-in process and completed an average of 900 profiling data points before taking part in the survey. Respondents were invited to take part via email and were provided with a small monetary incentive for doing so. All sample surveys may be subject to multiple sources of error (e.g., sampling error, coverage error, measurement error, etc.).

# about us



## about Future Workplace

Future Workplace is an HR executive network and research firm focused on the future of learning and working. The firm operates the Future Workplace Network, a consortium of Fortune 1000 global member organizations who use Future Workplace research and insights to future proof their learning and talent strategies.

Visit <http://www.futureworkplace.com> to learn more.



## about Randstad

Randstad US is a wholly owned subsidiary of Randstad Holding nv, a \$24.5 billion global provider of HR services. As one of the largest staffing organizations in the United States, Randstad provides temporary, temporary-to-hire and permanent placement services each week to over 100,000 people through its network of more than 900 branches and client-dedicated locations.

Employing 5,300 recruiting experts, the company is a top provider of outsourcing, staffing, consulting and workforce solutions within the areas of engineering, finance and accounting, healthcare, human resources, IT, legal, life sciences, manufacturing and logistics, office and administration and sales and marketing. Learn more at [www.randstadusa.com](http://www.randstadusa.com) and access Randstad's panoramic U.S. thought leadership knowledge center through its Workforce360 site that offers valuable insight into the latest economic indicators and HR trends shaping the world of work.

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