Generation Z talent

How the new generation of workers will reshape talent management
As each generation takes its place in the workforce, organizations must adapt their talent programs to accommodate the traits of these new workers so they can continue to attract and hire the best and the brightest among them.

The following explores the latest generation entering the workforce—Generation Z—and offers insights into how companies can rethink ways to attract, develop, and retain talent.
The time for strategic workforce shaping is now. Designing customized talent programs is mission critical to effectively harnessing unique multigenerational interests and developing the required competencies.
Generation Z, the new kids on the block

While many organizations have been discussing the dramatic workforce changes prompted by retiring baby boomers (making up only 25 percent of the workforce by 2020) and developing millennials, far less conversation is being had about Generation Z, the new generation on the block.²

But given recent research, companies may want to start having discussions about this new cohort. Although opinions differ on the exact year Generation Z began (generational experts put it between 1995 and 2000), few question that Generation Z will have a transformative impact on organizations in the coming years. For instance, early research has indicated that members of Generation Z may be strongly motivated to be their own boss. A study in 2014 found that more than 60 percent of college students and over 40 percent of high school students indicated they would rather be entrepreneurs than employees. For those who would consider working for an employer, an enjoyable office atmosphere and work-life balance were big requirements.² A 2017 survey conducted by The Center for Generational Kinetics asked what Generation Z respondents wanted most from their employer; 47 percent indicated they wanted a fun work environment, and 44 percent wanted flexibility in their work schedule.¹

For organizations, this means that efforts must be devoted to identifying what will motivate and engage employees across multiple generations, creating talent strategies to promote the acquisition, engagement, and retention of all working generations, including Generation Z, throughout the employee life cycle. There is no “one-size-fits-all” solution.

Multigenerational minds at work

Below are some of the common differences across the four main generational groups at work:

**Generation Z**
- Value earning power and job security
- Possess an entrepreneurial spirit
- Want to pursue multiple career paths at once; likely to move around within one organization with a lot of demonstrated opportunities
- Seek technological sophistication

**Generation X**
- Value flexibility and work/life balance
- Prefer an individualistic work style
- Want options to progress their careers and increase responsibility in their roles; likely to move between organizations for the right opportunity

**Millennials**
- Value purpose and meaning
- Work with others in a collaborative style
- Want to move through their career path very quickly; likely to move between organizations in order to gain experience

**Baby boomers**
- Value loyalty
- Possess a strong work ethic
- Want to move up the corporate ladder by proving themselves; likely to remain with the same organization
- Increasingly choose to remain in part-time roles rather than retire
The talent challenge

As companies turn their attention to attracting and retaining Generation Z employees, they can expect that their tactics will need to be different from what worked for the millennials. Unlike millennials, Generation Z may try a new role within the same organization before seeking opportunities to move into a different organization. Generation Z may also prefer to work independently with the latest technology, rather than earning a spot on a highly regarded committee. Of course, millennials will still be part of the overall workforce for many more years. Therefore, organizations will need to focus their talent strategy on developing elements to current programs and initiatives that can appeal to both millennials and Generation Z.³

Many organizations face another generational challenge: Retirement-eligible baby boomers are occupying leadership positions much longer than anticipated, creating a significant leadership wedge. According to a survey conducted by Addison Group, a staggering 55 percent of baby boomers report they aren’t financially prepared for retirement.⁴ That has forced Generation X to stall in their middle-management positions, leaving millennials and Generation Z with little room for upward development. Over time, as these senior leaders eventually retire, organizations will struggle to fill large talent gaps with qualified employees possessing strong leadership capabilities. That time is quickly approaching, and organizations must design talent programs that develop multigenerational management competencies to ensure gaps can be filled.

⁴ (2015), 2015 Workplace Survey. Addison Group
Talent programs to engage, motivate, and develop the workforce of the future

Based on the current understanding of Generation Z’s characteristics, organizations should consider implementing or revamping the following talent management programs:

- Robust career path architectures that include rotational programs to satisfy Generation Z’s desire to move around within the organization.
- Enhanced employee value proposition (EVP), employee experience mapping, and talent branding initiatives to recruit and engage employees.
- Stronger learning and development (L&D) and resource management functions that can upskill/reskill and redeploy employees rapidly as intelligent automation, such as digital labor and robotic process automation (RPA), becomes more mainstream.
- Innovative reward, recognition, and performance management programs to motivate and retain employees.
- Leadership development programs to build multigenerational management competencies of middle managers and leaders.
A tailored approach

Over the last few decades, the desires and characteristics of workers—and the skill required of them—have shifted in a number of significant ways. Manual skills have taken a back seat to technical experience to meet changing demands. Meanwhile, emerging generations are seeking new experiences to become more engaged, resulting in more fluid career movement. What’s more, the workforce is becoming more diverse by the day, with ethnic minorities making up 47 percent of Generation Z.⁰¹ As a result, the universal programs and tools that organizations made available for their talent have become obsolete, and companies are starting to recognize that they need to target talent programs to specific audiences.

General workforce shifts

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Preparing for Generation Z and changing demographics with data and analytics

To support the ongoing success of newly adopted talent management initiatives, organizations will need to adopt or continue to enhance their employee data and analytics.

Those with a firm grasp of key workforce metrics and employee data will be able to make better decisions, establish new ways to keep track and sustain employee engagement, improve skill development, and increase retention across generations. Examining employee data through the lens of different demographic segments will support the creation of more targeted talent programs over time. The organizations that can create and adapt robust employee career paths, robust L&D and resource management programs, strong EVPs, innovative performance management, and effective leadership development will be well positioned for future success with Generation Z and future workforce groups.
Key questions to consider:

— How do you think Generation Z will affect your talent management programs?

— Is your EVP and talent brand robust enough to resonate with all generations that make up your workforce?

— How is your employee data enabling you to perform workforce analytics across key demographics to make better talent management decisions?

— How do your L&D programs promote innovation and an entrepreneurial spirit desired by the future workforce?

— Are you developing midlevel leadership programs with a diverse set of competencies that resonate across multiple generations?

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