



UNDERSTANDING GENERATION Z

RECRUITING, TRAINING AND LEADING THE
NEXT GENERATION



mccrindle

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Published by

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Title: Understanding Generation Z: Recruiting, Training and Leading the Next Generation

ISBN-13: 978-0-6486695-0-0

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INTRODUCTION

In recent times the realities of massive generational change have dawned on business leaders. While the issues of an ageing population and a new attitude to work have been emerging for some time, for many organisations it has been a sudden awakening. Dealing with these demographic changes and specifically how to recruit, retain and manage Gen Z has become one of the biggest issues facing employers today.

From 2019, there are more Australians born since 1980 than before it. This means that Gen Y (born from 1980 to 1994), Gen Z (born from 1995 to 2009) and Gen Alpha (born since 2010) now comprise more than half the population.

Additionally, since 2019, Generations Y and Z comprise the majority of the workforce. They now outnumber Generation X and the Baby Boomers for the first time. Therefore Generations Y and Z now dominate as workers, consumers, new household formers and therefore, are the key demographic to engage with.

When it comes to keeping up with the trends and preparing for the future, the focus tends to be on technological shifts. Clearly the ever-changing technologies in business and in life

are redefining our world. Yet interestingly, it is the social and demographic changes that have more profound implications on our future than even the massive technological ones.

The key to business success, therefore, is to understand these attitudinal shifts, social trends and the mindset of the ever-changing customer and employee. Key to achieving this is social research – the study of human behaviour.

There is a lot written about Gen Z but much of it is mere observation or opinion. Therefore, McCrindle surveyed 1,160 employed Australians aged 18-65, in all states and territories. We then benchmarked the findings of Gen Z against the older generations.

This paper is authored by Mark McCrindle and Ashley Fell, two social researchers who are leading authorities on Australia's changing generations. We believe this complimentary whitepaper will be invaluable for you in navigating and leading through times of change.



Mark McCrindle

Mark McCrindle is a demographer and social researcher, best-selling author, TEDx speaker and Principal of McCrindle Research. He is the author of three books on emerging trends and social change: *The ABC of XYZ: Understanding the Global Generations*; *Word Up: A Lexicon and Guide to Communication in the 21st Century* and *The Power of Good*.



Ashley Fell

Ashley Fell is a social researcher, TEDx speaker and Team Leader of Communications at the internationally recognised McCrindle. As a trends analyst she understands the need to communicate with the emerging generations to effectively engage with them. From her extensive experience in media and communications, Ashley advises on how to achieve cut through in message-saturated times. Her expertise is in how to communicate across generational barriers.



GENERATIONS; WHO AND WHY

It is essential for today's leaders to understand their customers and engage with each new era of employees. If they don't, they will edge towards irrelevancy. So, who comprises the different generations, and how are they defined?

FROM BIOLOGY TO SOCIOLOGY

Historically a generation has been defined as "the average interval of time between the birth of parents and the birth of their offspring". Traditionally this places a generation at around 20 years in span. While in the past this has served sociologists well in analysing generations, it is irrelevant today.

Firstly, cohorts are changing quickly in response to new technologies, changing careers and study options. Shifting societal values mean two decades is far too broad to contain all the people born within this time span.

Secondly, the time between birth of parents and birth of offspring has stretched out from two decades to more than three. In 1976 the median age of a woman having her first baby was 24. Today it is just over 31.

This has meant a move away from a biological definition to a sociological one. So today a generation refers to a cohort of people, born and shaped by a span of time. And the span of time has contracted significantly – from 20 years, to 15 years.

WHY THE 15-YEAR GENERATION SPAN WORKS

While some argue 15 years is too long, if it were any shorter, we would have too many generations. It would be nonsense to discuss. The 15-year time span is long enough to include a period that shapes formative years, but not so long that it becomes meaningless. It encompasses the natural flow of

social change. Yet is not so long to include entire cycles of cultural change.

The Baby Boomers signify the last generation defined and labelled by an external event – the post WW2 baby boom.

NAMING AND LABELLING GENERATIONS

Every generation since the Baby Boomers spans 15 years, regardless of events and circumstances. They are also labelled using letters (X, Y, Z and Alpha) – a more scientific approach to categorisation.

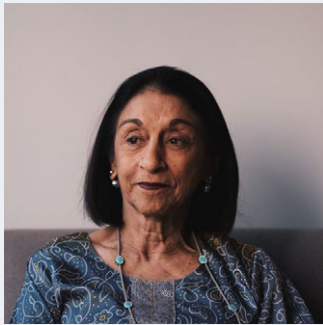
There have been other attempts to label generations. The 'millennials' is one example. The problem with this label is that it defines them around a single event (the start of the new millennium) It also creates a vague birth range. Are the millennials born from the mid-80s until 2000, or are they born in the first decade of this millennium?

The label also colours the analysis. 'Millennials' implies they are tech-savvy, having been shaped at the start of this new dawn. Using a set span of birth years and a non-descriptive label allows objective analysis for each generation.

A label like Gen Z provides a blank canvas on which a generation can create their own identity. This is preferred over a descriptive label, relevant for just a segment of the cohort or for a period of time.

This sociological rather than pop-culture approach to generational analysis is set to continue for the generations to come. The new cohort are Generation Alpha, those born from 2010 to 2024. The next generation – Generation Beta (born 2025 to 2034) – will be from the conclusion of the Alphas. Following them will come Generation Gamma (2035-2049) then Generation Delta etc.

Locking in the 15-year time span will be a gift to future analysts. These labels will be objective rather than based on a national or culturally-specific event. It will allow for greater analysis and global comparisons.



EMPLOYER INSIGHTS

Baby Boomers

The Baby Boomers have lived through incredible change. They have adapted to, and in many cases created the change. They are therefore a very adaptive and flexible generation. This is seen in everything from their embrace of technology to their collaborative management style.

This generation is likely to remain in leadership positions for longer than any previous generation. Their experience combined with their adaptivity will keep them relevant.



Gen X

Gen X is the perfect bridge generation. They understand and usually adopt the work ethic and focus of the Boomers.

Gen X began their economic life when jobs were harder to get and keep. In the early 1990's there was a recession and downsizing of the workforce. Very different to the near-full employment today. Gen X are close in age to the Gen Y's and can connect somewhat with their culture, views, and workplace attitudes.



Gen Y

Also referred to as Millennials, they have sometimes been stereotyped as fickle, self-focussed and transient. The reality is that Gen Y have invested significantly in their education and are committed to growing their careers and are showing stability in their family-forming life stage.

Managers who lead collaboratively, build an engaging work culture and offer growth opportunities will see loyalty and commitment from Gen Y.



Gen Z

Gen Z are almost exclusively the children of Generation X. Gen Z are powerful players in today's work culture.

While today Gen Z comprise 15% of Australia's workforce, within a decade they will comprise a third.



GENERATION Z - MYTHS BUSTED

When assessing cohorts or groups, it is important that the differences between them are not overstated. Nor should we brush over real differences. In dealing with the intergenerational workforce there are a number of fallacies which must be addressed:



**GEN Z IS JUST A LABEL:
THEY'RE THE SAME AS THE
YOUNG PEOPLE OF MY DAY**

Inherent in every generation is a set of characteristics that are associated with life stage. Age-old generation gaps are felt by every cohort of young people. So how does Gen Z differ from the other generations, and from the twenty-somethings of the 1980s or the 1960s?

Age

Obviously, the age or life-stage of Gen Z separates them from older generations. The challenge of managing young people and bridging generation gaps has been with us for millennia. Being young, Gen Z have different priorities to older generations. For example, Gen Z is the most likely to rent

and the least likely to have children compared to any older generation. The point is that people operate in different ways because of their age.

Age, however, is not the sole reason for generational behaviours, otherwise teenagers today would be indistinguishable from teenagers of a generation ago. Yet this is clearly not the case, and it is because life stage is just one of three broad factors that differentiate the generations.

Conditions

The current economic, social, and political conditions in which we all live further divide the generations. The same conditions act upon people of different ages in different ways.

Take technology as an example. While anyone can send a text message or post a photo to Instagram, Gen Z have been exposed to these new options during their formative years. So digital language and technology is almost their first language. They are "digital integrators" who have integrated technology seamlessly into their lives. By comparison, the Baby Boomers are "digital immigrants", who migrate to the latest technology.

Experiences

Experiences that occur during the formative childhood and teenage years also create and define differences between generations. These social markers create the paradigms through which the world is viewed, and decisions are made.

Baby Boomers were influenced by the advent of the TV, Rock and Roll, the Cold War and the decimal currency. Gen X saw

in the Personal Computer, single parent families and the downsizing of companies. Gen Y have lived through the age of the internet, cable television, September 11, globalisation, and environmentalism. Gen Z have been coming of age during global events such as Donald Trump's election as the President of the United States, and Brexit. Such shared experiences during one's youth unite and shape a generation.

"GEN Z IS JUST A PASSING FAD- THEY'LL GROW OUT OF IT!"

Another mistake is to view generational characteristics as merely a life stage, or fad that they will outgrow as they age. This was said of Gen Y. That their prioritising of work-life balance would be something they would eventually outgrow. With Gen Ys now largely in their 30s, however, there is little change in this area.

What has been proved is that values, attitudes, and priorities are established and identifiable early in life. Generations do not change over time to look identical to how their parents looked at the same age. Rather, a generation is a product of

their current age, their times, and importantly the formative technologies and social markers that uniquely shaped them. In many ways, people resemble their times more than they resemble their parents.

Keep in mind that the employee's market of today, where it is competitive to attract and retain good staff, is the result of both a solid economy and changing demography. Therefore, these new employment realities won't disappear as soon as the economy slows. The demography shows that demand for staff will outstrip supply for decades to come.

"GEN Z CAN'T BE THOUGHT OF AS A GROUP. THEY ARE ALL INDIVIDUALS."

Social research is about understanding groups and cohorts. Even in marketing, every ad, product, and campaign is designed to target groups, not just individuals. It's implausible to think about individuals from an advertising perspective. Groups respond to similar messages and a similar offering. But how do we come up with these groups?

Segmentation analysis includes splitting people by elements like gender, cultural background and geography. While these characteristics all play an important part in understanding communities, one of the strongest segments we have

consistently found is the generations. This is because they are multi-factorial.

Generations are comprised of age, life stage conditions, and experience. It's not the only way of understanding a community and creating a segment. But it is certainly one of the most useful and powerful ones.



**GENERATIONAL SEGMENTING
IS NOT THE ONLY ANALYSIS
THAT MATTERS, BUT IT IS THE
MOST USEFUL FIRST STEP**



"ISN'T GENERATIONAL ANALYSIS JUST STEREOTYPING?"

For more than a decade McCrindle have been researching and analysing Gen Z as a cohort of people defined by their age, life stage and the social markers that impact them. In analysing this generation over time using research-based methods we have found consistent characteristics. While there are certainly differences among members of each generation, we find they have more in common than the sub-elements that differentiate them.

Of course, people in this cohort will change and adapt as they age just as every generation does. Much of the experience of what has shaped them in their formative years, however, will stay with them and continue to define them, as we have seen to be true for older generations.

THE FIVE DEFINING TRAITS OF GEN Z

Gen Z are the future employees, who find importance in work/ life balance, team focus, empowerment, support, flexibility, involvement, creativity, innovation and a global working atmosphere. They are also characterised by multiple jobs, lifelong learning, multiple careers and entrepreneurship.

These new workplace entrants have had two decades of cultural shaping and there's little an employer can do to undo this background, but they can influence their direction.

Understanding and defining traits of Generation Z is key for employers and leaders to better attract and retain this emerging generation.

The five key traits of Gen Z are:



1. Digital



2. Global



3. Social



4. Mobile



5. Visual



1. DIGITAL

Gen Z are digital integrators. They have integrated technology seamlessly into their lives. Having used it from the youngest age, it is almost like the air they breathe, permeating all areas of their lifestyle and relationships.

For the digital integrator, technology has blurred the lines of work and social. Of study and entertainment. Of private and public. Simplicity and flexibility amidst the complexity of busy lives are some of the key benefits that technology brings the digital integrator.

Gen Z live in an open-book environment. They are just a few clicks away from any piece of information. They connect in a borderless world – across countries and cultures. They communicate in a post-literate community where visuals and videos get the most cut-through.

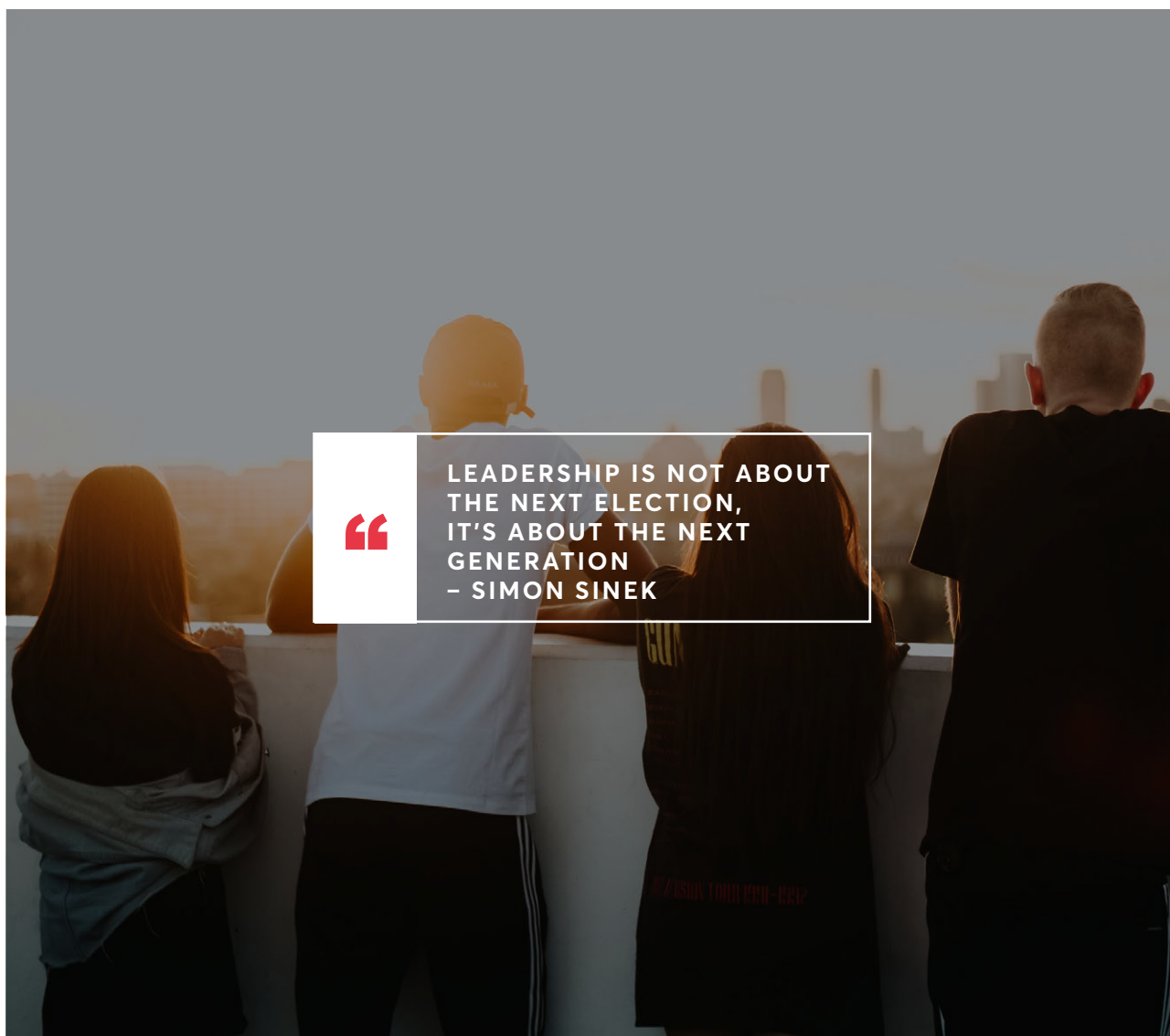
Gen Z are highly intuitive and confident, unaided users of digital technology. They are too young to remember its arrival. They have grown up with and, in many cases, have been significantly socialised by screen-based devices.



2. GLOBAL

Gen Z is the first generation to be truly global. Music, movies and celebrities are more global for them than they have been for previous generations. Through technology, globalisation and our culturally diverse times, the fashions, foods, online entertainment and social trends are global as never before.

Wherever they are in the world, Gen Z are logged-on and linked-up. From Sydney to Shanghai, Melbourne to Madras, they are influenced by the same movies, music, fashions and food. In this wireless world their technology knows no boundaries and nor do their blogs, friendships and vocabulary.





3. SOCIAL

More than any other generation, today's youth are extensively connected to and shaped by their peers. Due to social media platforms such as Facebook and Instagram, Gen Z are influenced by a network that is larger both numerically and geographically, and being technology based, their network is connected 24/7. This technology, while helping to facilitate their relational world can also negatively impact it. Our research shows that a quarter of students who have been bullied, have been bullied via social media, text messages or email (24%).



4. MOBILE

Not only are Gen Z mobile in terms of using technology constantly and when they are on-the-go, they are also moving homes, jobs, and careers faster than ever before. Today's school leaver is expected to have 18 jobs across 6 careers.⁶

Digital technology means that users are constantly connected to others across social, geographic and demographic boundaries. This 'social world' augments close friends and family as the primary source of information, opinion and recommendation. The smallest occurrence can be amplified massively and instantly. Everything from reputation to purchasing decisions to sales channels is impacted.⁵

This generation is more formally educated than any generation before them and are entering a workforce where they, rather than jobs, are in demand. Therefore, the future depends on understanding and engaging with this 21st-Century generation. In order to fulfil the demand for labour and to ensure the future of our employment sector, employers will need to adapt to and accommodate this mobile generation.



5. VISUAL

While Google has 3.5 million searches per day, almost 5 billion videos are watched on YouTube every day.⁷ We have an emerging generation, many of whom are opting to watch a video summarising an issue rather than read an article discussing it.

In an era of information overload, messages have increasingly become image-based. Signs, logos and brands communicate across the language barriers with colour and picture rather than words and phrases. Our analysis of engagement and learning styles has shown the dominance of visual and hands on learning over auditory delivery, which has dominated traditionally.



THE FIVE BIG SHIFTS

For managers there are five big shifts that have radically redefined the workforce, recruitment, retention, and training strategies. They are:

1. Demographic change
2. Generational diversity
3. Increasing options
4. Redefined work-life
5. Work as the third place

These seismic changes are going to transform the workplace. They are key reasons why generational engagement needs to be a focus for every manager.

1. DEMOGRAPHIC CHANGE

Like many other nations, Australia's population is growing at an unprecedented rate. If this pace continues, Australia's population will reach 40 million people by the middle of this century.⁸

Australia is also experiencing the rapid ageing of its population. Within a decade, Australia will have more people aged over 65 than under 18 for the first time in history.⁹

Nowhere are the implications more significant than in employment. An ageing population leads directly to an ageing workforce. In the coming years Australia's working-age population (15–64) is projected to decline as a proportion of the total population.⁹

Australia is also more culturally diverse than any other developed nation on the planet, with migration a key driver of population growth. Three in ten Australians (29%) were born overseas. That's twice the proportion of overseas-born residents of the US (14%) and the UK (14%).¹⁰

Key takeaways for employers

- The ageing workforce is even more evident in some industries and occupations. Planning now to deal with this ageing workforce is a key role of leaders.
- In response to a more diverse workforce, we need greater emotional intelligence (EQ), cultural intelligence (CQ) and generational intelligence (GQ). Leaders need these skills to bridge gaps, create cohesion and a common direction amidst more diverse teams.

2. GENERATIONAL DIVERSITY

Australia is currently experiencing the biggest generational shifts it has seen for half a century. It was 1965 that saw the end of the biggest baby boom in Australia's history (as a percentage of the population), which formed the Baby Boomers. Over the next decade the youngest of this generation will all sail past 65 and ease out of the workforce, leaving a very significant labour and management void.

In a growing economy there is a need to fill the ongoing labour demands as well as replace retiring or downshifting staff. At the strategic level, the knowledge and leadership of the Baby Boomers needs to be effectively transferred. This will be to the Gen X and Y leaders, and the emerging Gen Z's. With all these generations mixing in the workforce, we need to understand the differences and get the most out of this diversity.

Having a mix of generations in the workplace is nothing new. Traditionally, older people have been in senior managerial positions with younger people at the front desk, on the factory floor, or out in the field. This is not so today. The new reality is one where teams of diverse ages work on a project. Where older leaders lead across several generations. Where young graduates engage with and lead older workers.

Not understanding the different values and perspectives that each generation brings is a breeding ground for conflict. Of all the diversity in the modern workplace it is the generational gaps that are causing the most angst. We have had a few decades focussing on gender diversity, and cultural diversity is nothing new in multicultural Australia. But the emerging and disparate generations have brought new issues to the fore.

Key takeaways for employers

- Greater focus is required to effectively attract and recruit young people who, relative to the total population, are less numerous. Dedicated campaigns specifically targeting the interests and attitudes of this unique cohort can bring about more effective outcomes.
- Just focussing on Gen Z, however, won't solve the problem. Australians are living longer and working later into their life. In an ageing population, accommodating an older workforce by setting up the right flexibility and Workplace Health & Safety requirements is an essential part of the strategy.
- Age is just a number today. In the workplace it's not about age or life stage but one's mindset and understanding that matters. Our study showed, while three in ten (29%) workers aged under 24 prefer working with colleagues of a similar age, two in five (40%) believe a mix of different ages is better. For almost a third (32%) age doesn't matter at all. Therefore, it is important to create a culture where interaction can take place, where those of different ages can mix and thus where intergenerational perspectives are shared.
- Generational gaps need to be bridged from both sides. Baby Boomers and Xers must better understand and engage with the emerging generations. In the same way it is imperative that Gen Z are facilitated to better connect with older staff and customers. This is particularly the case with younger leaders managing teams comprising older workers.



**PEOPLE AREN'T WORKING FOR YOU:
THEY MAY BE EMPLOYED BY YOU BUT
THEY ARE WORKING FOR THEIR OWN
REASONS. A GREAT LEADER CAN
ENLARGE THESE REASONS**

3. INCREASING OPTIONS

It has never been harder to attract, recruit and retain staff. The unemployment rate is the lowest that it has been for a generation. It is currently sitting at 5%, nearly half what it was in the early 1990s.¹¹ As we have seen, the current employees' market is unlikely to change with an ageing population and transitioning generations.

Further contributing to this employees' market is the increased number of options available when it comes to vocation. Young people have more post education options than ever before; opportunities to travel, to work overseas, or to retrain for yet another career. Gen Z aren't just thinking about their local area, state or nation. They have a global perspective in terms of where they can work, study and travel.

Secondly, it is currently the era of the gig economy, contingent work, freelancing and entrepreneurship. Three in ten Australian workers (30%) are non-full-time; either part-time, casual, contractors, contingent workers or freelancers.¹¹ A 2018 Triple J study found that one in three 18-29 year olds has a 'side hustle'.¹² So, while we may think about Gen Z as employees, they may well be employers at the same time.

This new reality of portfolio careers means employers will need to be more efficient at recruiting and training staff because career tenures are shorter. While this poses some challenges, it also provides an excellent opportunity. Organisations can now employ young people who understand business and have an empowered, broader perspective. A

4. REDEFINED WORK LIFE

The 21st Century life is rarely linear and sequential. Traditionally one would complete the education stage, move into their working years, and perhaps after a career change or two head into retirement. These days the lives of Gen Zs are more of a mosaic of different roles, phases and careers. Today the education phase extends well into adulthood, and throughout an individual's working life. This multi-career generation may retrain several times, with each career taking them to new states and countries.

Based on the average tenure of staying with an employer for three years, if we project this out over the lifetime of a school-leaver today, will average 18 jobs across 6 careers in their lifetime.¹³

This huge decline in tenure is often put down to a character flaw in Gen Z where they are perceived to have inherited a lack of loyalty from Gen Y.

Yet the cause is not a lack of loyalty, nor a poor work ethic. It is simply a response to the changing times. They have come of age in an era where there is little job security, a

key strength this generation will bring to the workforce is an ability to apply their skills across multiple roles as they bring a range of transferable skills to the workplace.

Key takeaways for employers

- This high job mobility is not just a result of being young. It is also a consequence of new career expectations. Today's solid job market has been created by the economic and demographic trends of our time. In other words, don't expect Gen Zs to 'get over it' and settle down. We're talking lifestyle not life stage.
- The world for Gen Z has become incentivised. Customer loyalty is bought with frequent buyer programs, points, or discounts. And so is employee loyalty. By understanding and meeting their needs, and motivating through relevant reward and recognition strategies, retention can be improved.
- Mentoring is a great vehicle for sharing values and knowledge. Rather than just applying the traditional "older manager mentors younger employee" approach, try reverse mentoring, where the knowledge flows both ways. Let older generations share experience and expertise while younger employees give insight into engaging with their generation, as well as new trends and technologies.

competitive environment, and no employment guarantees. Gen Z are playing within the new rules of the employment world. By understanding this we can respond and overcome the massive expense of this high turnover.

Key takeaways for employers

- Ensure that the triple bottom line is more than a vague ideal. Gen Z truly want to help achieve profit outcomes, but are looking to make a difference in regard to environmental considerations and socio-economic concerns. In response, run a values-based organisation. Make societal contributions, and empower staff to actively support causes they believe in. Increased commitment from Gen Z staff often comes directly from aligning with their values and resonating with their causes.
- Rather than just announcing the company values, or supporting the traditional charity, empower employees to shape and own the values. Allow them to have a say in choosing where and how any charitable contributions will be distributed.

5. WORK AS THE THIRD PLACE

Historically, the 'third place' refers to social settings that are separate from the two usual social environments. These are home (the first place) and the workplace (the second place). Traditionally, examples of the third place would be environments such as churches, community organisations and social clubs.

Now we are leading a generation who are less likely to be involved with such community groups or activities. Who are spending more time on their digital devices and are delaying traditional life markers like getting married and having children.

Not only have careers morphed and evolved, but the role of work in our lives is also less isolated than it used to be. While work does blur with life, the expectations we bring to work are more than just a fair day's work for a fair day's pay. It's also about social needs, self-actualisation and the contribution we can make to our community. As a result, we are seeing the workplace become the third place.

This has given rise to a range of workplace initiatives. From wellbeing programs to volunteer opportunities, daily mindfulness, breakout rooms, ping pong tables and social

events. While social activities used to take place on a Friday night after work, the workplace of today is a combination of work, social and health-related priorities.

Therefore, workers today look to have multiple needs met at work. Sure, it's about achieving task outcomes and receiving financial rewards. But it's also about social connection, training, personal development, greater fulfilment and even environmental sustainability.

Key takeaways for employers

- Generational trends are not like a pendulum that swings back and forth. Gen Zs focus on work/life balance, flexibility, flat structures, social environment, fun culture, and access to information reveals permanent priorities.
- In this new world of work, employers need to be asking themselves how can they be the employer of choice?



MORE IMPORTANT THAN
A VISION FOR THE
ORGANISATION IS A VISION
FOR THE TEAM



ATTRACTING, RECRUITING AND RETAINING GEN Z

To inform our analysis of Gen Z, a representative sample of employed Australians were surveyed, and 1,160 surveys were completed. The following findings are based on this research.

ATTRACTING GEN Z

Gen Z have multiple expectations of an organisation - it isn't just the job description but the workplace culture, the variety, fun, training, management style, and flexibility that drives them.

When seeking a position almost two in five (37%) prefer a medium-sized organisation (between 20 and 199 employees) compared to one in four (24%) Baby Boomers. Yet size alone doesn't define an employer of choice. Gen Z employees give consideration to enjoyment/variety/lifestyle which are often offered by small employers and sometimes even non-profit organisations.

RECRUITING GEN Z

Gen Z is a digital and social generation. This is reflected in their job-seeking behaviour. When considering a place of employment, the most likely source Gen Z look to before accepting a job is a company's website (61%). This is followed by searching what other people are saying about the organisation online (59%). Gen Z will also investigate a company's social media presence (36%) and look for photos of the organisation, especially the workspace and working environment (35%).



**GEN Z DON'T SEEK A JOB
AS MUCH AS THEY SEEK AN
OPPORTUNITY**

Interestingly, salary alone isn't a drawcard. For more than three in five Gen Z's (63%) the organisational culture and values alignment matters more to them than the conditions, earning and salary package. This is true for less than half (48%) of the Baby Boomers.

Gen Z are inundated with job ads so in this competitive labour market employers need to offer a compelling Employee Value Proposition. Gen Zs want a clear reason to join the organisations and one that resonates with their workplace priorities. As in any competitive marketplace branding is important and so today employment branding (and for certain job sectors industry branding) is essential.

Being very peer-orientated, Gen Z are the most likely generation to look into a company's social media presence before accepting a job (36% c.f. 32% Gen Y, 20% Gen X and 11% Baby Boomers).



RETAINING GEN Z

Could long service leave, the 10-year gold watch, and the 20-year club be heading for extinction? With Gen Z it seems so. Almost half of Baby Boomers (45%) are extremely likely to stay with their current employer for the next two years compared to only one in five Gen Zs (20%). This is reflective of a different life stage, but also the declining tenure we have seen over the last few decades, with longitudinal studies backing this up. In 1959 average tenure across all ages and industries was 15 years. Today average tenure is just under three years.¹³

Promotion, Promotion, Promotion

Gen Z have a shorter job tenure, but the cause isn't so much a lack of loyalty or commitment. For Gen Z it is about a desire for variety, challenge, and change. They are in a hurry and they are unlikely to stick around for long without a promotion, with more than three in five (63%) saying that opportunities for advancement within the organisation is an extremely/very important attribute for a workplace, second only to workplace wellbeing (72%).

When observing Gen Z, many people mistakenly believe their regular rotation of jobs is just a factor of their age and that "I was like that once". Yet as cited above, studies show that tenure is at the lowest levels ever across all age groups. No previous generation began their working lives moving between jobs as frequently as today's Gen Z. So, this trend is partly a reflection of life stage, but also a reflection of the times; high employment, economic growth, personal optimism, and career opportunity.

Key takeaways for employers

- Some employers, after bad Gen Z experiences, are tempted to focus purely on employing more mature workers with whom they get better loyalty and commitment. However only the Gen Z's can bring youthful idealism and energy, a fresh view to the industry, better connection with Gen Z customers, and a 21st Century perspective to life and technology. Generational diversity is the key to a balanced workforce that reflects the varying ages of customers and society.



THE ENGAGEMENT EQUATION

Gen Z have grown up and been shaped by different times to any other generation. They seek leadership opportunities, and don't need a job for survival and security reasons. What is important to this generation of emerging workers is Culture, Purpose and Impact (CPI).

CULTURE

Culture refers to the workplace community, the way staff interact and the values they hold. It's the 'who' of the organisation, the people, and how they do what they do.

Previous generations had their social needs met through connection points other than work. They might have been members of a local service club or community organisation. Chances are they were less likely to rent and knew their neighbours better.

For Gen Z, the opposite is the case. They are more likely to rent, less likely to know their neighbours and are spending more time in digital communities.

With work becoming the third place, Gen Z are looking for multiple needs met at work. They are looking for social needs and connection, as well as professional collegiality through their work.

PURPOSE

Purpose refers to the 'why' of an organisation. It's the big picture of what the organisation is about, its reason for existence, its vision.

When Gen Z are looking for a job, it is about more than just survival and security. It's about more than remuneration, employment conditions, superannuation, worker entitlements, role description, tenure and job security.

Social aspects such as opportunities for collaboration, social events, co-working spaces and team building are also considered.

Gen Z also think about the 'higher-order drivers' such as the triple bottom line (people, profit and planet), organisational values, corporate giving programs, career pathways, further study, training and personal development.

IMPACT

Impact refers to the contribution team members can make to achieve an organisation's vision. It's no longer enough to provide a fair day's pay for a fair day's work. This generation want to know their contribution is having an impact and making a difference.

Impact is highlighted by celebrating the wins and celebrating people. It's about awards and rewards. It is both an opportunity for employees to contribute and have an impact, but also about celebrating the impacts that individuals and the team are having.

It is important to remember that this equation is a formula. If an organisation has a great and inclusive culture, and a very clear and visionary purpose, yet there is no impact or celebration of wins, then it is not motivating.

Similarly, if an organisation has a compelling purpose and the team are having excellent impacts as they move towards this purpose, but the culture is divisive and anti-social, then clearly it won't engage staff.

All three elements, the culture, the purpose and the impact are required to create an engaging and inspiring organisation that Gen Z want to be a part of.



**LEADERSHIP IS DEFINED BY
THE CULTURE CREATED AND
THE PEOPLE DEVELOPED**

DEVELOPING AN ENGAGEMENT STRATEGY – THE TOP 5

There are many factors that lead to attracting and retaining Gen Z. Five stood out in our research:

1. **Workplace Culture**
2. **Work/Life Balance**
3. **Varied Job Role**
4. **Leadership Style**
5. **Training**



MANY YOUNG PEOPLE LEAVE JOBS NOT BECAUSE THERE IS A COMPELLING REASON TO LEAVE BUT BECAUSE THERE IS NO COMPELLING REASON TO STAY

1. WORKPLACE CULTURE

Workplace culture is determined by the relationships with others at work. Three in five (62%) Gen Z workers see “relationship with peers” as one of the top three reasons (considered extremely or very important) for getting or keeping their job. The ability to interact socially and work collaboratively was also highly regarded, with a further three in five (59%) citing a collaborative work environment as an extremely or very important part of their current or potential workplace.

Gen Z also expect their organisations to reflect the broader society in which they operate. Gen Zs have known nothing but diversity growing up and respond well to diversity in the workplace. They are the most likely generation to say that having a leader who is born outside of Australia, a woman, or is the same age as them, is a positive. For a large proportion of Gen Z these factors simply make no difference to them; 75% say their leader being born outside of Australia, 67% say their leader being a woman and 66% say having a leader the same age as them makes no difference.

Key takeaways for employers

- The prevalence of loneliness even amongst sociable Generation Z is an issue today. Gen Zs are looking for a place to belong. The one social bottleneck through which most pass is the workplace and so ensuring social and connection needs are met here is essential for retention.
- Life today is non-partitioned, and holistic. As a result, there is less differentiation between work-life and social-life, or one’s corporate job and one’s personal values. Therefore, it is important to ensure the prospective employee fits the role not just based on their competence, but also that their culture suits the organisations, and their character is a values match as well.

Total %, who say this is a positive or makes no difference	Gen Z	Gen Y	Gen X	Baby Boomers
A leader who is born outside of Australia	92%	88%	89%	89%
A leader who is a woman	95%	94%	93%	95%
A leader who is the same age	91%	90%	96%	97%

2. WORK/LIFE BALANCE

For Gen Z their employment matters to them and it is a major part of their life. However, it is not their whole life. Therefore, a career that allows them the opportunity to continue other aspects of their life stage whether they be educational, social, spiritual, or entrepreneurial is highly attractive.

Emerging in the workforce at a time when the gig-economy and contingent work has taken off, Gen Z are looking for flexibility in the workplace. Three in five (61%) see flexible working hours as extremely or very important to them in their place of employment.

Key takeaways for employers

- Gen Z generally has a strong relationship ethic. They are collaborative learners, enjoy working in teams, and thrive in a relaxed consensus-driven group.
- Gen Z can often question policies and ground rules. Therefore employers must ensure there are good reasons underpinning them.
- We all want work-life balance today regardless of age. The main difference is that while it is a "want" for most, it is an "expectation" for Gen Z.

3. VARIED JOB ROLE

A job description involving variety and the opportunity for advancement is critical for Gen Z. More than three in five Gen Z workers (63%) see "opportunity for advancement" in a job as an extremely or very important priority, and one of their top three must-haves. A job that doesn't lock Gen Z into a narrow task but offers variety, change, and the chance of a promotion is sought after.

Offering variety and flexibility in the role provides this. Why have them change jobs by moving to a new organisation when they may be able to change jobs within their existing organisation?

For Gen Z change is like the air they breathe. They keep up with changing technologies, move homes more frequently than previous generations and are emerging from an education system that has offered greater subject choice than ever before. At this stage of their life variety is all they've known.

Key takeaways for employers

- The reality is that there will always be lower retention rates of young staff than the older generations. But retention can be improved. Here's what will help: accessibility – take the mystery out of how decisions are made, and variety – give junior staff greater responsibility/roles in their work. Let them conduct exit interviews, give presentations, and organise staff events.
- Understand the revolving door. If they leave for a new job, or further study, keep in touch – they may later want to return. Gen Z don't view leaving an organisation as an act of disloyalty but a simple life change, so they see no problem with returning should circumstances change.



**TRAIN PEOPLE WELL
ENOUGH SO THEY CAN
LEAVE. TREAT THEM WELL
ENOUGH SO THEY DON'T
WANT TO.
- RICHARD BRANSON**

4. LEADERSHIP STYLE

Before we can manage and lead we must be able to understand and connect. Gen Z are not only at a different life stage to most managers, but they have been raised and educated in a very different era. Their expectations of a leader, attitudes to the job, and preferred styles of work have all been shaped by their times.

For more than half of Gen Z workers (53%) inspiring and accessible leadership is extremely or very important to them in their place of work. The findings are clear: unless their direct supervisors and the leadership hierarchy manage in an inclusive, participative way, and demonstrate people skills and not just technical skills, retention declines.

The ideal manager for Gen Z is one who values communication and creates an environment of transparency and respect for staff. Their preferred leadership style is one that is more consensus rather than command, more participative than autocratic, and more flexible and organic than structured and hierarchical.

Key takeaways for employers

- Through speaking with Gen Z workers, it is clear that their ideal leader gives public affirmation, pats on the back - both figurative and literal. It is one who remembers the names/interests of their staff, and creates an emotionally safe, friendly, collegial environment where people feel free to contribute ideas.
- Gen Z are keen to lead in new ways, but they first need leadership role models who can engage with them. The ever-present generation gap is very visible when attempting to lead Gen Z with old methods. Traditional leadership stresses control. Gen Z want relationship. Instead of structure, Gen Z are influenced by style. They are moving from framework, to freedom. Take the time to better understand them, and you will be well on the way to engaging, training, and leading this emerging generation.



THEY ARE GENERATION ALPHA. THEY REPRESENT NOT A RETURN TO THE BEGINNING, BUT THE START OF AN ENTIRELY NEW ERA.

5. TRAINING

Gen Z have heard the mantra of lifelong education all through school and they've come to accept it. After all many of them are working in industries and with technologies that didn't even exist when they were beginning high school like blockchain, robotics VR and nanotechnology.

Therefore, the key to remaining relevant in changing times is ongoing training. This will keep employees effective in their current job, but also employable for their future careers which after all may be just a few years away.

Training leads to retaining

More than half of Gen Z workers (52%) see career development through additional Professional Development training as extremely or very important. Training is more than a tool for productivity. It is a tool for retention. Gen Zs are motivated to stay longer when their employer invests in them.

Develop 'People Skills' not just 'Technical Skills'

With this generation changing, not just jobs, but careers so frequently, equipping them with transferable skills is important. Many technical skills are relevant only for a current job, but people skills are both transferable and lifelong.

They are also preferred by Gen Zs themselves. When asked about the specific types of training that a company might provide, almost two in five Gen Z workers (38%) prefer training in the area of people skills, making it the most popular area of training. This includes skills such as leadership training, managing a team and collaboration. Training in communication skills follows this which includes presentation skills and public speaking (24%).

Gen Zs are less likely than Baby Boomers to prefer training in hard skills such as technical training and formal University courses. One in five Gen Z workers (21%) are looking for training in job-specific operational skills, compared to almost half of Baby Boomers (46%).

Their preferred methods of training are on the job coaching/ mentoring as well as in-house or outsourced training courses. This is due in part to their learning styles (kinaesthetic and visual rather than literate and procedural) as well as their motivation for learning being social, collaborative, interactive, and fun!



FROM MANAGING STAFF TO DEVELOPING LEADERS

In and through their work, Gen Z are looking for opportunities to advance their careers, engage in Professional Development training and work with purpose. But transformational leadership is about more than effectively leading Gen Z, it is about developing Gen Z leaders.

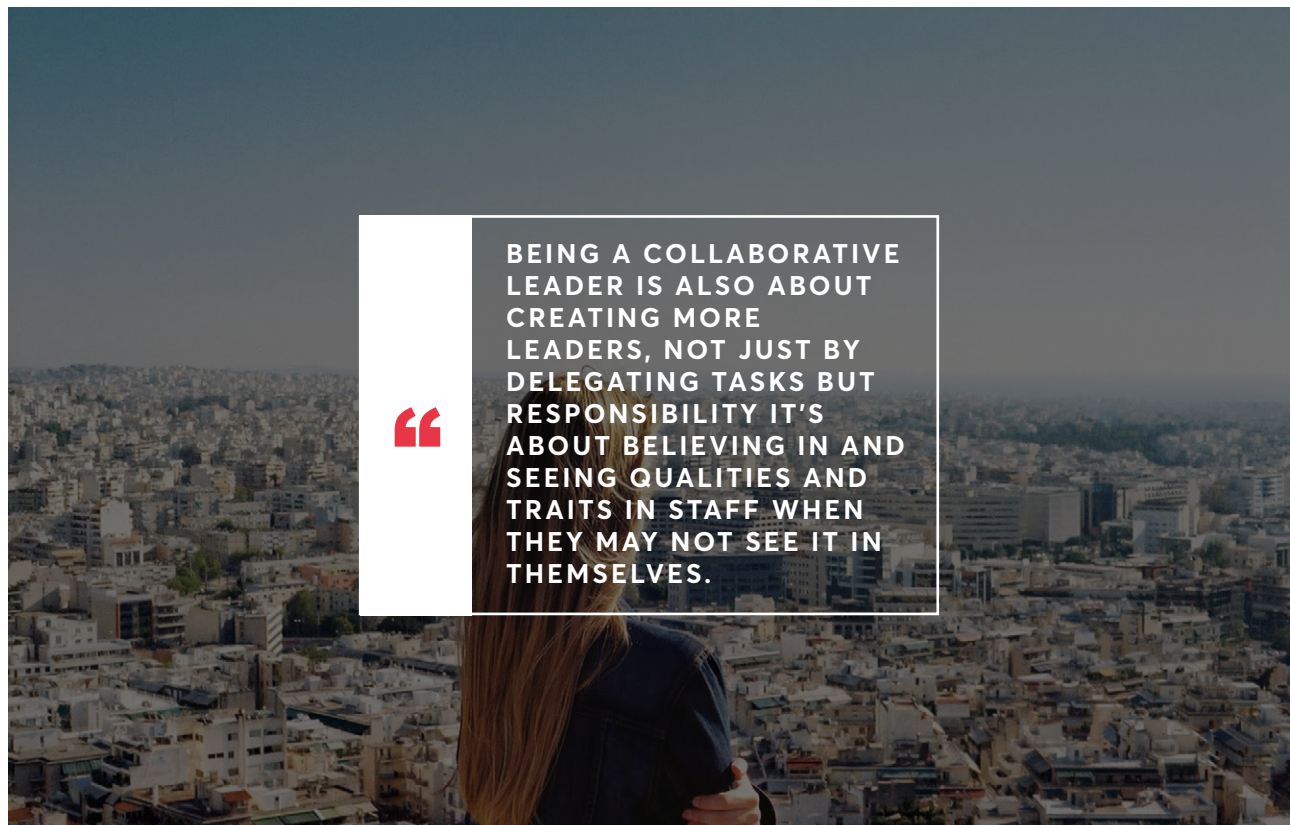
Leaders today need to be collaborative. Gen Z interact in far more engaging and participative ways than previous generations. We need to move away from a command and control, top-down leadership model and instead focus on collaborative leadership styles.

It is not only Gen Z who prefer and respond to collaborative leadership. Our study of employed Australians found that three in ten workers experienced authoritarian (31%) and hierarchical (30%) styles of leadership when they began their career. Yet two in five workers (40%) prefer a

collaborative style with the leader leading by example and from within the group, and the team collaborating to deliver outcomes. A further 38% prefer a coordinated leadership style, in a more collaborative environment with the leader giving some direction and the team making contributions. Clearly authoritative and hierarchical leadership is out, and collaborative and coordinated leadership is in.

These styles are more participative and engaging, where the leaders lead from within. Where they lead by example by inspiring and being part of the group.

Leaders who lead with authenticity and create a culture of collaboration will thrive with Gen Z. When leaders are responsive, collaborative, and focus on the wellbeing of their teams, they will not only lead Gen Z effectively, but future generations to come.



BEING A COLLABORATIVE LEADER IS ALSO ABOUT CREATING MORE LEADERS, NOT JUST BY DELEGATING TASKS BUT RESPONSIBILITY IT'S ABOUT BELIEVING IN AND SEEING QUALITIES AND TRAITS IN STAFF WHEN THEY MAY NOT SEE IT IN THEMSELVES.



BEYOND GEN Z; MEET GENERATION ALPHA

The launch of the iPad in 2010 coincided with the beginning of our current generation of children, Generation Alpha.

About a decade ago, it became apparent to us that a new generation was about to commence, and there was no name for them. So, we conducted a survey (we're researchers after all) to find out what people think the generation after Z should be called. While many names emerged, and Generation A was the most mentioned, we decided to move to the Greek alphabet instead.

We named them 'Generation Alpha' to signify not just a new generation, but a generation that will be shaped by an entirely different world, and indeed the first generation to be solely born in the 21st Century.

There are more than 2.5 million Gen Alphas born globally every week. When they have all been born (2025) they will number almost 2 billion. They will be the most formally-educated generation ever, the most technology-supplied generation ever, and globally the wealthiest generation ever. They will comprise the largest generation of middle-class consumers our world has ever seen. They are also "upagers" – more mature at younger ages and influencing parental purchasing earlier. So, it is no surprise that even today, marketers and employers are trying to better understand and prepare for Generation Alpha.



A FINAL WORD

Gen Z represent the future. Let's not expect the workplace to shift back to the days of 10 years average tenure, and dutiful obedience to the boss. These new realities which are personified by Gen Z are manifested by most workers today regardless of age. We've all responded to the 21st Century world of work.

The point is that we have entered a new era and while employers need not react to every whim of a new generation, they cannot hold fast to the old and expect the emerging generations to conform.

A metaphor of this is found in any "How to Surf" book: there are many pages on how to pick a wave, catch a wave, and turn on a wave - but not a sentence on how to create a wave or

change a wave. Quite simply because we can't - The waves will come and it's the surfers job to catch them! And so it is with the generational and cultural waves. We can't change the learning styles, work patterns, or employment attitudes of an entire generation - but we can position ourselves to understand and so better engage with each new generation.

To assist you further as you surf the wave, we have other resources that will be of great value to you. Be sure to have a look at mccrindle.com and generationz.com.au and the many freely available resources that await you there.

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