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**Working Paper**

## Generation Z: A comparative study of the expectations of Gen Z and the perception of employers

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# IUBH Discussion Papers

## HUMAN RESOURCES

### **Generation Z: A comparative study of the expectations of Gen Z and the perception of employers**

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# **Generation Z: A comparative study of the expectations of Gen Z and the perception of employers**

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**Richard Axmann**

## **Abstract:**

Employers currently encounter more and more members of Generation Z - who finished their school as well as university education - without knowing exactly what this generation wishes and needs. This paper verifies current assumptions about Generation Z with a quantitative study in Germany, consisting of two parts. As a first step, members of Generation Z (n = 103) were queried upon their work attitudes while in a second step, company representatives (n = 48) were asked about their assumptions on the adolescents' preferences. Thus, not only conclusions on young adults could be drawn, but also on the (lack of) knowledge about Generation Z of their employers. The prior assumption that the young generation would be difficult to employ inter alia due to their refusal of a work-life blending, lacking career orientation, and inability to take feedback could not be supported. In fact, Generation Z seems to be committed as well as motivated to work for their professional success. Employers showed a decent understanding of their young employees, though there seem to be a couple of misapprehensions.

## **Keywords:**

Generation Z, work attitudes, desired workplace design, leadership, and feedback culture.

**JEL classification: M12, M50**

## 1. Background/Objectives and Goals

Very often Generation Y (born 1981 – 1994) and Z (born after 1994) are mixed up since both of them look quite similar at first glance; nonetheless, there are some characteristics which separate the two generations (Scholz, 2014a, p. 38; Scholz, 2014b, p. 24). Existing studies and literature provide already today a whole bunch of information on the Generation Z. Based on a literature review hypotheses have been developed that will be assessed within the empirical part of this paper.

- Hypothesis 1: Desire for secure employment relationships
- Hypothesis 2: Loss of importance of material rewards
- Hypothesis 3: Preference of a fixed income
- Hypothesis 4: Wish for fixed working hours
- Hypothesis 5: Wish for work-life separation
- Hypothesis 6: Preference for a fixed desktop
- Hypothesis 7: Need for clear instructions
- Hypothesis 8: Need for constant (positive) feedback

## 2. Research Method

The research can be separated into two parts, both quantitative studies in German language. The first data collection method was a web-based questionnaire designed for Generation Z and consisted of 28 questions. There were 103 members of Generation Z who participated in the survey and completed it. While 27,2% of the respondents were born in 1998; the others are divided into the birth years 1995, 1996, 1997 and 1999, respectively. (19,4%, 17,5%, 17,5%, 18,4%).

Nearly three quarters of the respondents (74.8%) possess Germany's highest secondary education degree, Abitur, only a small minority has already completed a secondary education (10.7%) or a tertiary education (6.8 %). Others have already finished an apprenticeship (7.8 %). More than 87 % are currently students at a university, nearly 6 % of the sample is presently doing some sort of Federal Volunteers Service. The remaining participants are doing an apprenticeship (2.9%) or anything other (3.9%). The overall study is designed towards the workplace expectations for office jobs.

The second, a shortened version for companies comprising 17 questions. The survey among employers was distributed at two job fairs in Germany to HR managers that were willing to participate, and later collected. The survey among the employers was answered from 48 company representatives. Since some questions were left unanswered by a few participants, the sample size for five questions was reduced to 47 respondents.

## 3. Research Findings

### 3.1 Employer of Choice

#### 3.1.1 Secure employment relationships

One hypothesis about Generation Z is that they have a high need for security in their professional lives. In the questionnaire the participants had to state their favourable employers.

The disproportionate desire of the youngest generation to work as civil servants is often mentioned as a sign of their need for secure employment (Scholz & Hartig, 2016, p. 18). This assumption, however, rather contrasts the results of the survey. Only 10 % of the respondents state that they would like to become a civil servant while the same percentage wishes to be self-employed which appears to be risky. Still, 10 % is twice as high as the current proportion of civil servants in the labour market. The majority of respondents indicate a desire to work in large companies (32 %) or SMEs (28 %). These enterprises may not guarantee life-long employment like government institutions but still represent economic stability and hence, offer a certain security that seems to be attractive

to young adults. The remaining part prefers to become self-employed (10%), work for a start-up (8%) or answered “don’t know yet” (11%).

### 3.1.2 Reasons to choose an employer

Hypothesis 2 states that material rewards lost importance to Generation Z. In the survey, employers stated that a high income is not that important to the young generation (Fig. 1). Though, the questionnaire among the young adults shows that they value a high salary more than expected. Other forms of rewards such as fringe benefits including company cars as well as employee discounts are met with limited interest by the youngest generation. Employers valued the attractiveness of these indirect compensation forms higher than the young employees. Interestingly, another type of indirect pay, company pensions, are desired even more than a high income by Generation Z, while the company representatives were rather undecided towards its importance for young employees. In addition, it is a hint for the young generation’s striving for security and predictability.

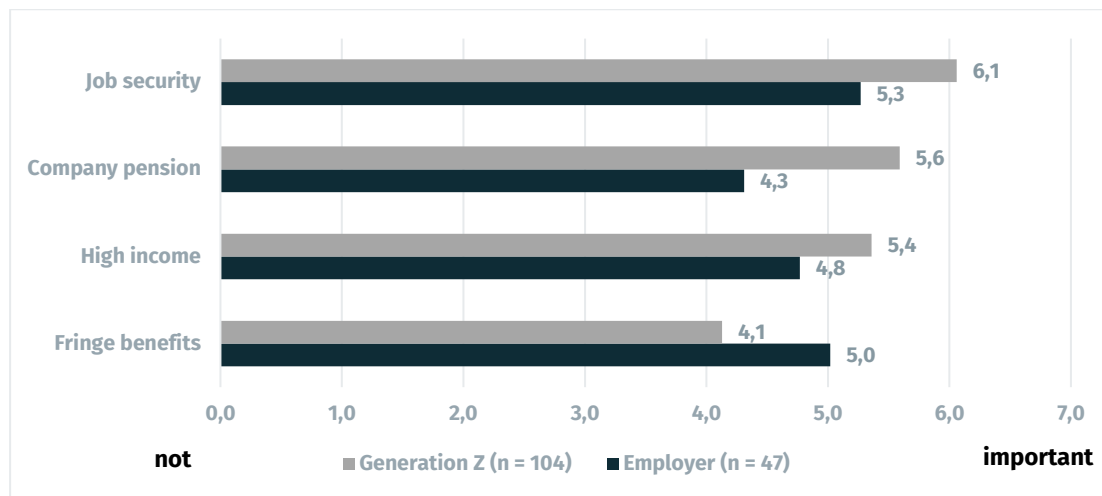


Figure 1: Important aspects for the choice of employer

Correspondingly, one of the most important motivators is job security (Hypothesis 1), which has been propagated by inter alia the Trendence Institut, showing that Generation Z seeks jobs with a high security of employment (trendence, 2017). In addition to their tendency to prefer well-established companies, interpreted as striving for security, here the adolescents explicitly state that job safety is central to them. Employers are basically aware of that importance of occupational safety for young adults but underestimate its emphasis.

### 3.1.3 Performance related pay (PRP)

Hypothesis 3 states that the young generation prefers a fix salary in order to avoid stress as well as competition on the job and enables them to plan with a secure income for the upcoming months.

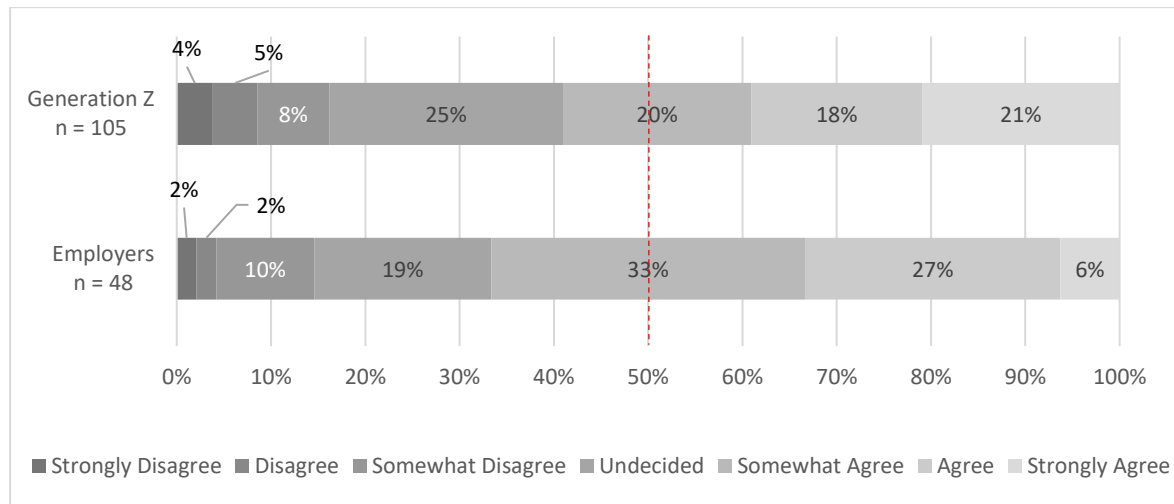


Figure 2: Does Generation Z like performance related pay?

Having said that, according to the current study, the adolescents (59 %), as well as the employers (67 %) estimate that a majority of Generation Z welcomes PRP programmes (Fig. 2). This high acceptance of variable pay indicates that the young generation appears to be more motivated to work harder than previously assumed.

## 3.2 Work Environment

### 3.2.1 Fixed working hours and flexibility

Hypothesis 4 states a wish for fixed working hours. Hence, they were directly asked whether they prefer fixed or variable working hours (Fig. 3). Amongst Generation Z, the outcome was reasonably moderate.

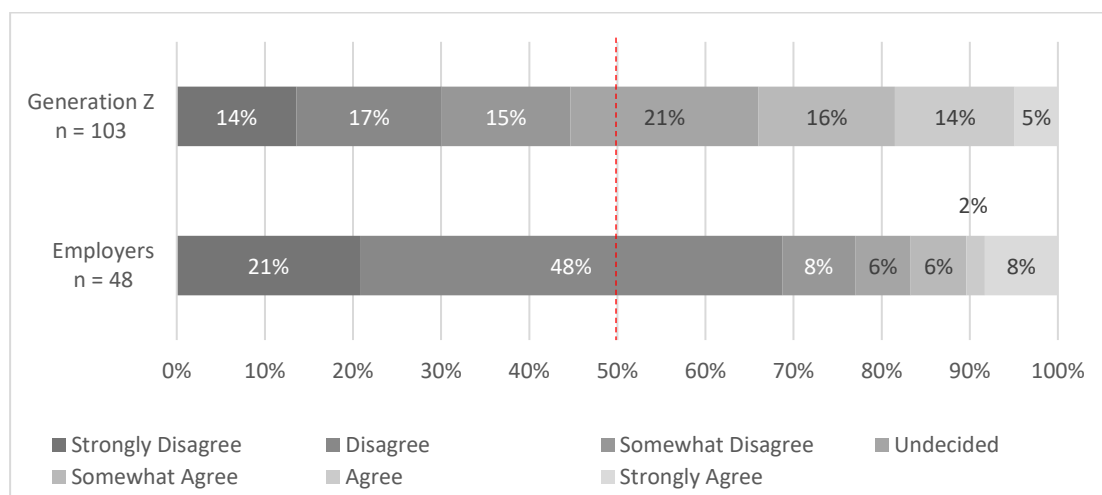


Figure 3: Does Generation Z wish fixed working hours?

Still, only 19 % (strongly) agree with the statement to desire fixed working hours whilst 31 % (strongly) oppose it. However, over half (52 %) are more or less undecided. In contrast, the employers are rather in agreement. Two thirds (69 %) are convinced that young employees would reject fixed working hours. This strong disagreement could be interpreted as a sign that employers do not differentiate between Millennials and Generation Z. Then again, the youth actually tend to welcome flexible working hours, so that company representatives are on the right track. The original expectation of a strong support of fixed working hours was not met.

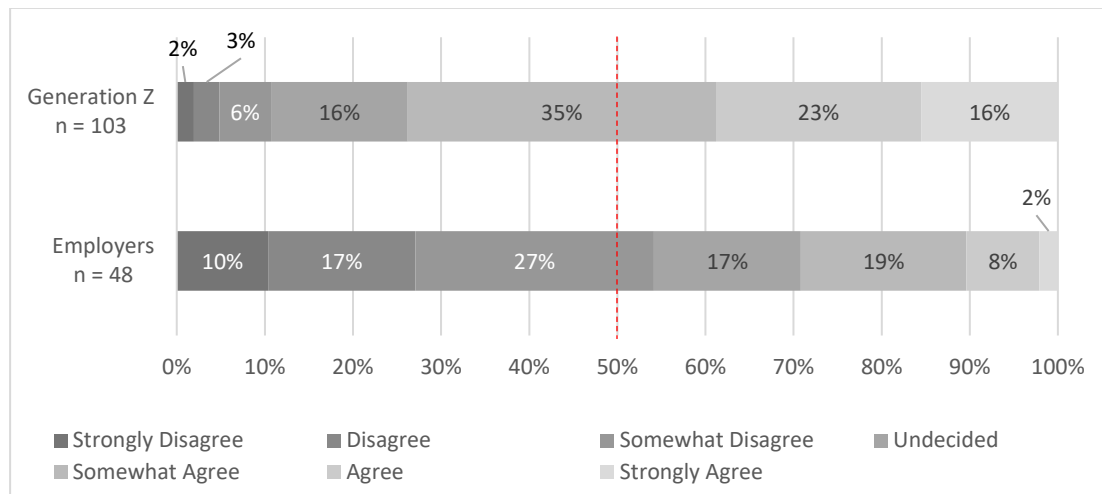


Figure 4: Generation Z's willingness to work overtime for their professional success

Additionally, the participants were asked whether Generation Z would be willing to work overtime hours to reach vocational goals. Both the adolescents as well as the employers have a clear opinion (Fig. 4): A majority of the company representatives have the impression that the young generation is not willing to work overtime hours. The employers either experienced – or maybe simply have the prejudice – that Generation Z knows their rights as well as duties but is not willing to go beyond them (Scholz & Weth, 2015, p. 266). On the contrary, the young adults reach a different assessment: nearly three quarters (74 %) of them claim they would be ready to do overtime, though, the half only agrees somewhat. Simultaneously, not even 5 % (strongly) reject the idea of extra hours for the sake of professional success, so that it can be concluded that most members of Generation Z are willing – not unconditionally, however – to sacrifice parts of their leisure time for the sake of a career.

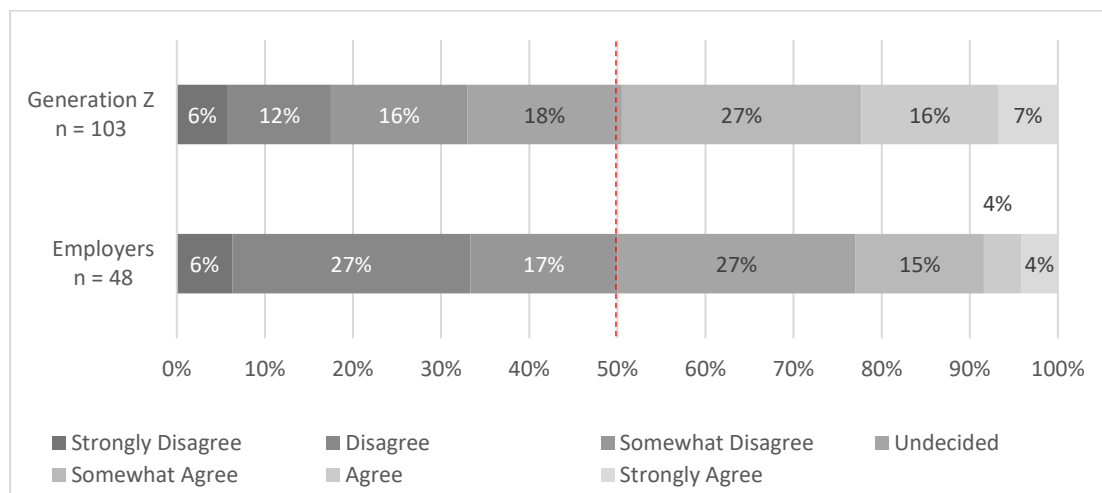


Figure 5: Generation Z's acceptance of work flexibility

The participants were asked as well whether Generation Z would be fine if the employer demands from them on short notice to show up for work. Not surprisingly, the answers to this question are less clear (Fig. 5). More than one of five (23 %) of the young adults would be okay if their supervisor would request them to do so. This seems to be not much; on the other hand, the expectation was that a vast majority of Generation Z would oppose against it. In the survey, however, not 18 % (strongly) reject such a call. The employers show a similar indecisiveness although they rather believe young employees would be opposed. Only 8 % assume Generation Z would be fine if their manager asks them on short notice to work while one third is convinced they would oppose it.



### 3.2.2 Work-life separation.

A further question, dealt with their readiness to fulfil vocational tasks such as answering the phone or e-mails during their leisure time, thus also at home. According to hypothesis 5 of a rigorous work-life separation, young employees would end their business day as soon as their hours of work are completed.

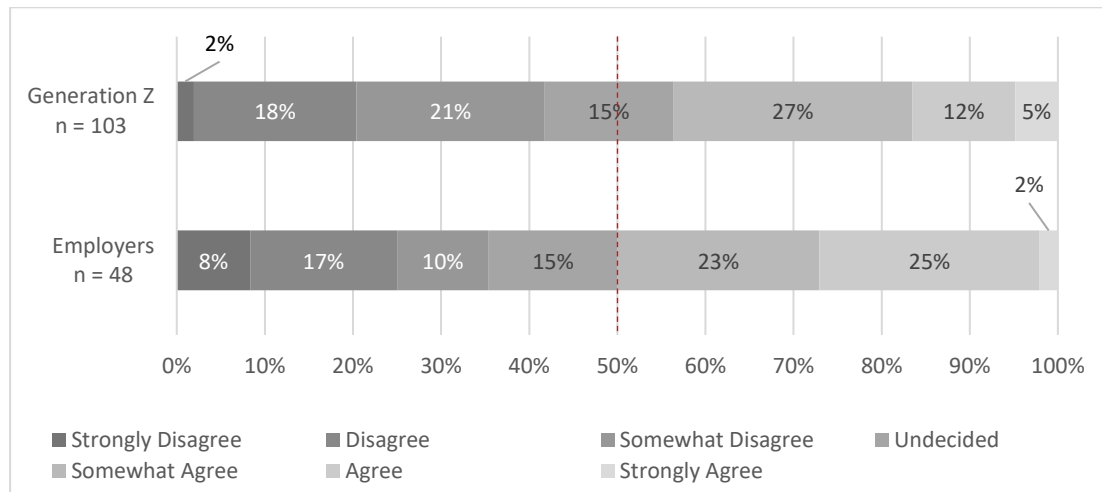


Figure 6: Generation Z's willingness to answer phone calls and e-mails of the job

This mindset is shared by 41 % (Fig. 6) while 44 % would be willing to answer phone calls and e-mails off the job. Whether they agree or disagree, in both cases more than half of them chose a weak approval or rejection. Thus, there is great indecision among Generation Z, but not a strict refusal to complete professional tasks during their spare time as expected beforehand. The company representatives are likewise wavering, albeit showing a tendency to believe in Generation Z's willingness to answer the phone and e-mails during their leisure time. Exactly half of them trust this willingness, whilst 35 % do not.

### 3.2.3 Home office

Another important aspect of a work-life separation is to avoid to work from home. In the study of McDonald's Deutschland home office was called important by only a minority of 17 % (McDonald's, 2017, p. 56).

According to the present study employers seem to be convinced that the offer to work from home would be appreciated by young employees (Fig. 7). About 95 % claim that young adults would like to work in a home office. In contrast, a much smaller share, though still the majority (57 %), of Generation Z would like to work from home. The results neither mirror the presumption that Generation Z would not tolerate the intrusion of occupational work into their private lives nor do they depict the employers' assumptions: At least a majority of the young adults appears to see the advantages and freedom which accompany home office concepts (Scholz, 2014a, pp. 155–156).

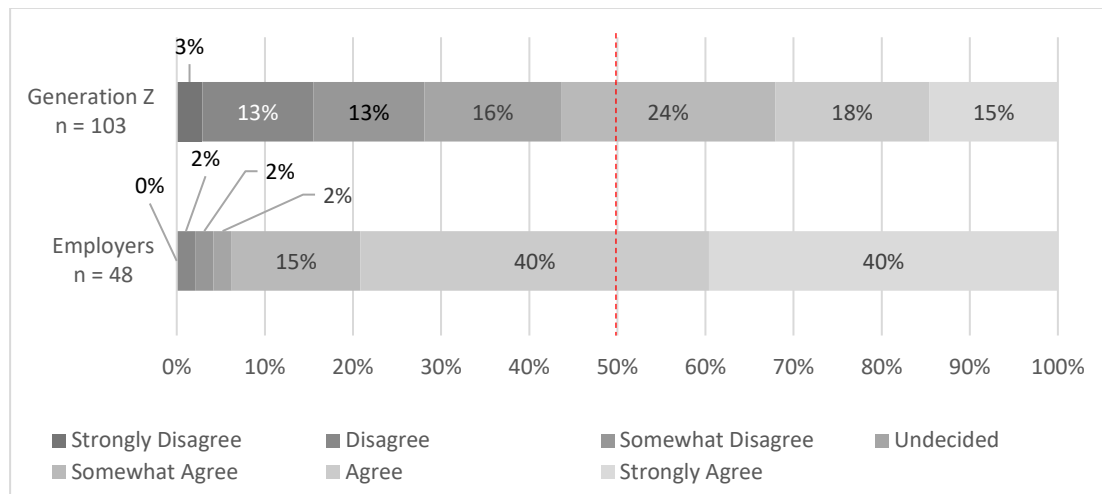


Figure 7: Generation Z's willingness to work from home

### 3.2.4 Fixed desk.

Despite the trend to mobility in the office hypothesis 6 states that Generation Z prefers to have a fixed desktop. The current examination clearly reinforces these results (Fig. 8). Among the young generation, 51 % strongly agree with the idea of an own, fixed desk; all in all 90 % of the participants favour an office with fixed desks. The employers, in contrast, are torn. Many of them (35 %) assume that adolescents would appreciate the trend of a mobile office while half of them expect a dismissive attitude of Generation Z towards this concept. It should, however, be mentioned that two thirds (69 %) of the company representatives are undecided, or at least chose only a weak agreement or disagreement.

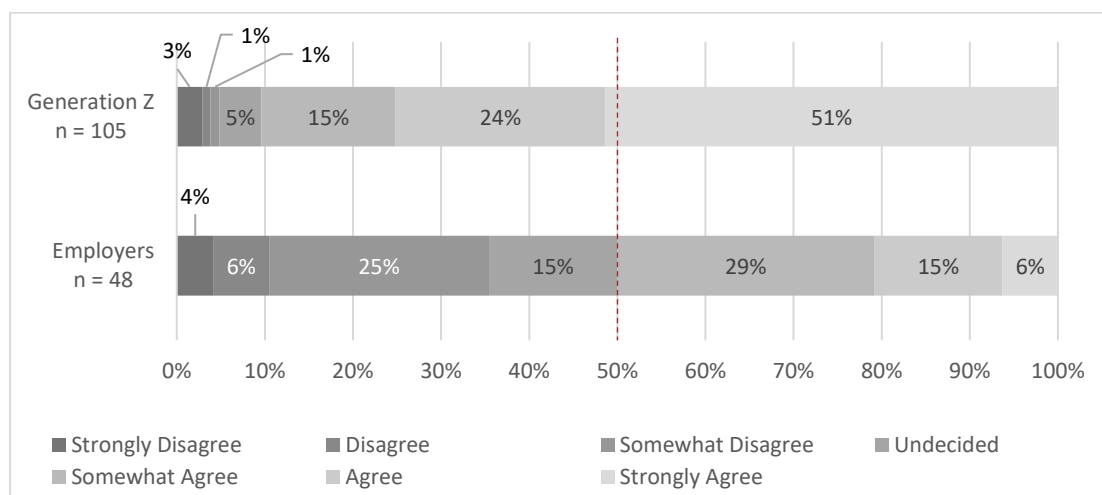


Figure 8: Generation Z's preference for their own fixed desk

### 3.3 Leadership

#### 3.3.1 Clear instructions

Due to their overly protective parents and an educational system that scheduled and planned their lives so far, hypothesis 7 states that Generation Z is dependent on clear instructions. According to the survey, a small majority of 51 % of Generation Z states that they need clear instructions (Fig. 9), despite most of them being undecided or only agreeing to a certain extent. However, it should be considered, too, that it is difficult to assess objectively one's own necessity for guidance. Some might be very self-confident towards their own skills albeit they would need time-consuming management, while others might not admit their need for clear directions. More interesting are the results of the employers who show a higher tendency – though also no clear opinion – to conjecture the young generation would be independent and not reliant on clear instructions. This might be a sign that they confuse them with the Millennials – who were by far more autonomous, or their own experiences with the younger generation so far have painted a different picture.

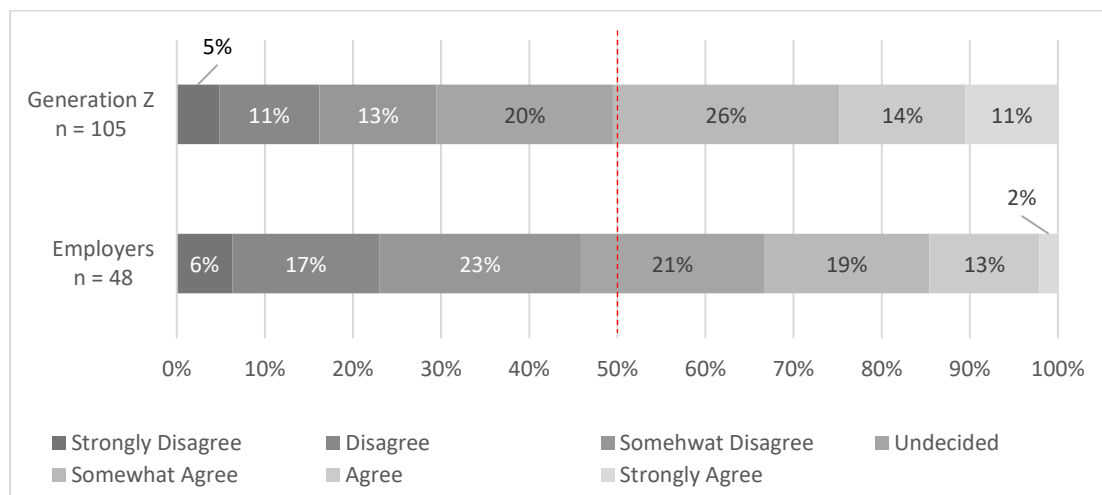


Figure 9: Generation Z's need for clear instructions

#### 3.3.2 Feedback.

The final part of the survey focused on Generation Z's assumed need for frequent, exclusively positive feedback (hypothesis 8). These assumptions can be supported by the current study. Exactly 88 % of the young adults claim that receiving feedback from their manager would be important to them (Fig. 10). This mind-set is shared by the company representatives of whom 90 % estimate that appraisal by the supervisor would be crucial for their young employees. Even more interesting are the results for the desired frequency of feedback. The majority of Generation Z (60 %) would like to have a monthly assessment while one of five would prefer weekly evaluations and 17 % favour annual appraisals. Therefore the assumption of a need for frequent feedback can be supported.

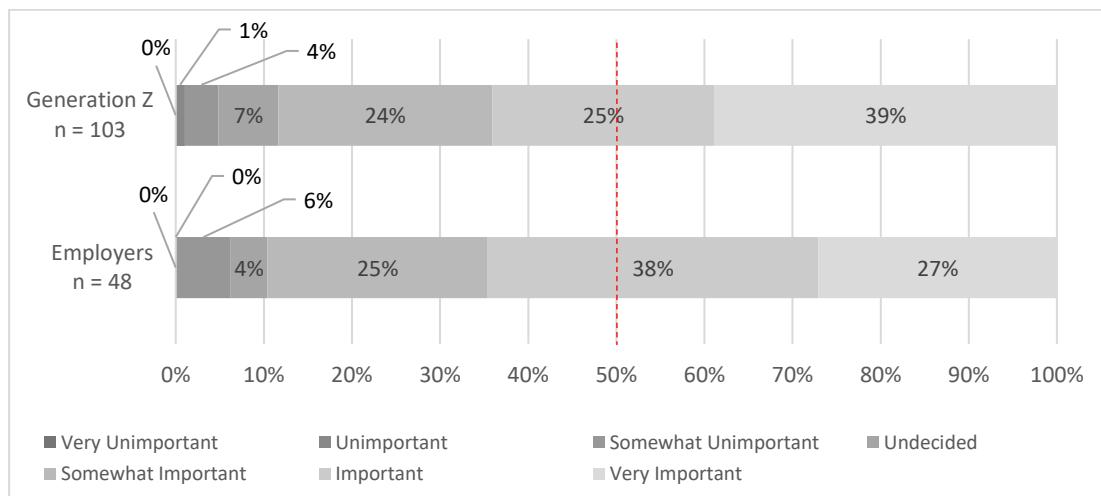


Figure 10: Generation Z and the importance of regular feedback

The first question towards their handling of negative feedback asked whether they are able to see the advantages of being criticised. Nearly 90 % agree to different extents with the statement that criticism is a chance to improve (Fig. 11). In contrast, some of the company representatives might have made different experiences when confronting young employees with possibilities for improvement. Still, a majority of them (66 %) assumes that Generation Z is able to see the positive aspects in criticism. However, their overall approval is lower, and they appear to be more undecided than the adolescents.

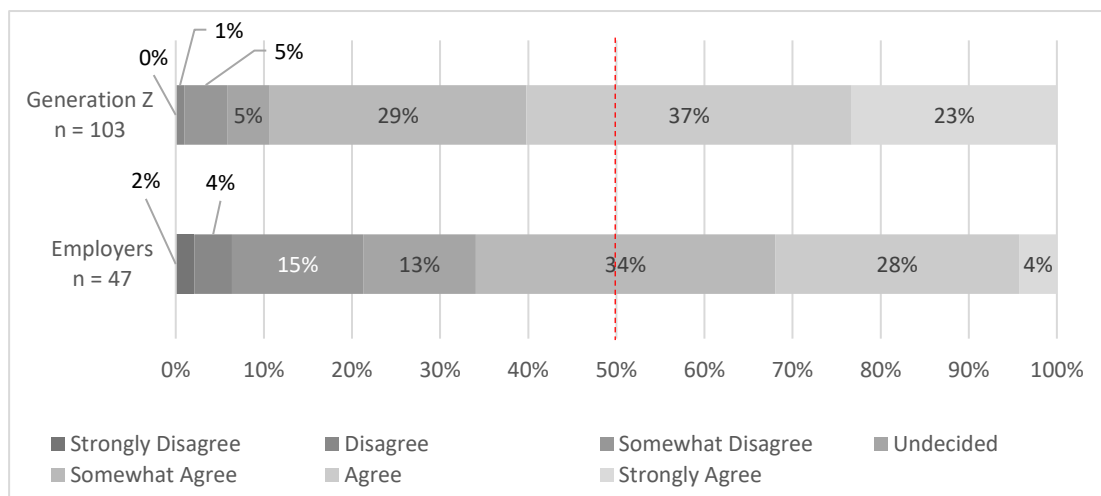


Figure 11: Generation Z's perception of criticism as a chance for improvement

The second question assessed whether they feel compelled to explain themselves once they were criticised. In relation to the first question, it is the other way around: an agreement with this statement, would indicate a low ability to take criticism.

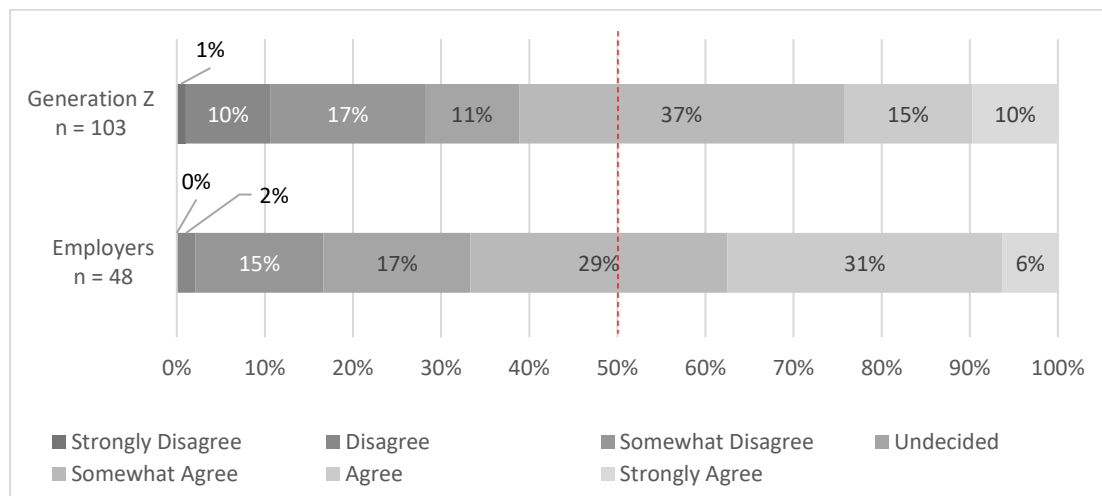


Figure 12: Generation Z and self-justification when faced with criticism

Roughly 60 % of the young generation has difficulties with accepting negative feedback without justifying themselves (Fig. 12). It could be concluded that the young adults are able to profit from negative feedback; however, a majority of them feels unable to receive it without comment. Meanwhile, two thirds of the employers are convinced that their youngest employees need to explain themselves in cases of negative feedback.

The third question tried to reveal whether members of the young generation would feel generally mistreated once they get criticised. However, even with their specific upbringing most of them (73 %) at least claim to not feel ill-treated by criticism while only 9 % would assert the opposite (Fig. 13). In contrast, the employers are by far less in agreement. Only 42 % of them estimate that young adults would not feel badly treated when being criticised. Almost as many (40 %) contradict with that opinion while 19 % are undecided. In general, most of them chose a rather weak agreement or disagreement. So, while the adolescents are convinced of being able to take criticism without feeling personally attacked, employers are undecided.

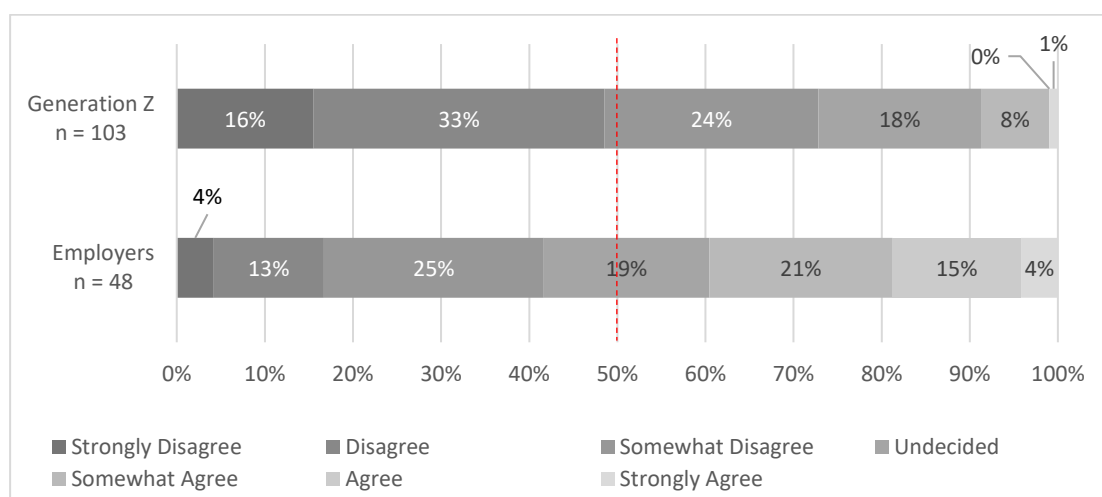


Figure 13: Generation Z and feelings of ill treatment by criticism

Finally, the last question dealt with an undesired scenario for most employers: the employee terminates the labour contract; respectively in this specific case: Generation Z leaves their company due to criticism. The results to this question are mixed; especially the young generation is divided.

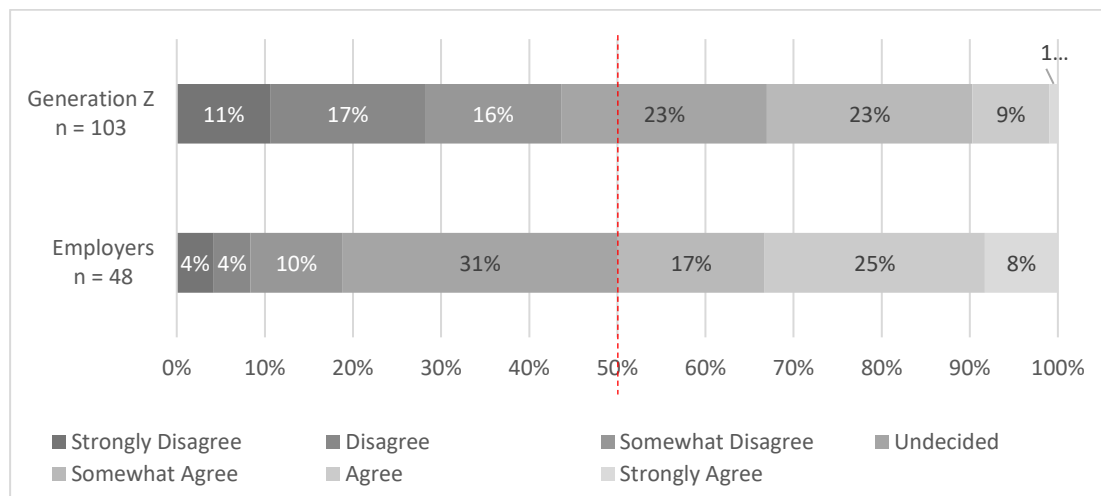


Figure 14: Frequent criticism as a cause to terminate the employment contract

While 44 % state frequent criticism would not be a cause to terminate the employment contract, 33 % would consider it to be a reason (Fig. 14). Round about 23 % were undecided. However, it should be mentioned, too, that the formulation of the question included the term ‘frequent criticism’, so it must not be conjectured that already a one-time or occasional negative feedback would lead to similar results. Once more, the employers appear to be more sceptical. Exactly half of them estimates that Generation Z could leave the company due to frequent criticism. Further 31 % are undecided while only 18 % consider it unlikely that young employees terminate the labour contract after being criticised repeatedly. Though half of them agree to different extents with the statement, nearly one third chose the middle answer option; more than in any other question.

## 4. Limitations

First, though not a basic limitation, but rather an inevitability of generational research, it shall be stressed that statements upon generations are based on averages and do not depict the characteristics, preferences, and attitudes of every member (Scholz, 2014a, p. 16; Twenge, Cambell, Hoffman, & Lance, 2010, p. 1138). The second limitation is that there is no differentiation of the answers between the genders. Thirdly, although the method of a web-based questionnaire was an efficient choice, it brings one disadvantage: the researchers are not able to ask further questions to generate additional information. Finally most participants are still in the educational system so that their touch points with the work environment are low so far. Their opinion might change once they enter the labor market.

## 5. Recommendations

If all the hypotheses about the young generation that were the basis for the survey would hold true, employers would await an indolent, immature generation that needs a lot of attention from the supervisor, that strives for security and rejects arrangements towards a work-life blending. The overall result of the study is, however, that the majority of these concerns cannot be substantiated. Generation Z seems to have a good fitting to the world of work, at least those with higher levels of education of whom the sample predominantly consisted.

### 5.1 Becoming an Employer of Choice

Generation Z seeks companies that can offer economic stability and security. It may be sensible to provide the young employees with certain predictability. The study demonstrates that young adults are interested in starting a career and for the most part are willing to accept sacrifices to obtain one, however employers estimate this willingness by far lower than Generation Z themselves. Companies should offer them a clear structure and a career perspective, preferably already during the application process to respond to the wish for clarity.

Another aspect for the young generation’s quest for security are company pensions, which are desired even more than a high income by Generation Z. Companies should offer pension schemes accordingly.

In contrast to the hypothesis that the adolescents would insist on a fixed income, the survey indicates that they are open towards PRP systems, however, a considerable share of the young adults is undecided or takes a reluctant attitude. Therefore the supplementary character of PRP shall be stressed.

### **5.2 Creating a pleasant Work Environment for Generation Z**

The adolescents are surprisingly tolerant towards modern working time arrangements, tending to approve flexible working hours and be willing to fulfill vocational tasks at home. However, emphasis is placed on the word 'tend'. Generation Z is, in fact, undecided, while employers are not aware of this.

Despite the assumption Generation Z would rigorously refuse all home office arrangements, the study indicates that a majority of them would approve these offers. However, again the employers overestimate the young generation's enthusiasm for it.

The young generation is less tolerant towards flexible desk sharing concepts. This might be surprising to employers of whom a considerable share, though not the majority, is convinced of the attractiveness of such agreements to adolescents. The traditional setting of one fix desk for every employee seems to be still the method of choice.

### **5.3 Leading Generation Z**

Giving instructions to young employees has been seen as a problem for two reasons: they appeared to be dependent on exact directions; thus, a time-consuming task for their managers. The study indicates that Generation Z is easier to manage than feared. Nevertheless, supervisors should plan to spend a considerable amount of time with the young employees, at least in the beginning.

A regular performance appraisal is part of most employers' routine activities. In addition to the regular annual or semi-annual performance appraisal process, manager should be encouraged to give further feedback, not necessarily always in a formal setting (Gold & Mortimer, 2017, p. 198).

Whether a person accepts negative evaluations depends on their capability to critically assess their own performance without a significant distortion (Gold & Mortimer, 2017, pp. 185–191). Another reason to reject negative feedback is the manner in which the criticism is expressed. In the study the young adults demonstrate a considerable willingness to see criticism as a chance to learn, yet in cases of negative feedback, they feel the urge to justify themselves and some of them would contemplate leaving the company.

These inconclusive and partly contradictory findings indicate that it is highly important how the adolescents are appraised. Therefore it can be recommended to conduct general evaluator trainings to help managers with giving a fair assessment of their subordinates and teach them rhetorical as well as diplomatic skills to announce and justify their evaluation.

## **6. Conclusion**

In the scope of this paper central occupational attitudes of Generation Z have been examined and compared to the assumptions of employers. The two central outcomes are that, firstly, the majority of the prior expectations are not supported, so that the feared difficulty with employing this generation cannot be verified. Secondly, the employers show an astonishingly good understanding of the young generation; although, concerning some aspects, their assessments differed tremendously from the adolescents' opinion.

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