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Impact of Generation Z on the Future of Business and Management Strategies

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ABSTRACT: This research, Impact of Generation Z on the Future of Business and Management Strategies, encompasses the newest generation which is entering the workforce with a comparison to previous generations. This study is to determine the probable future impact on hiring, managing and effectiveness of the workforce. Then the study will shift to strategies to mold this generation for the future. Within the study it is revealed that Generation Z is impacted by the technological advances, environmental factors, fear of the future and expectations of previous generations both perceived and actual. What is uncovered in the study is employers must focus on retention to make their investment in hiring Generation Z workers’ pay off, and managers from older generations will need to customize their leadership style to increase the retention of Generation Z workers. In addition, to maximize the productivity of Gen Z workers, employers will have to provide training to help them overcome the weaknesses in their skill sets.

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I. INTRODUCTION

The purpose of this quantitative correlation study is to examine the relationship of environmental impacts on Generation Z (Gen Z) which demonstrates a correlation between the retention and productivity of the targeted generation and the impact of the leadership style of different generations on the targeted generation (Generation Z). The understanding of the impact of the environmental factors, which cannot be controlled by Gen Z, must be considered in the questions posed which are; (1) employers must focus on strategies to retain Gen Z, (2) managers of other generations (Generations prior to Gen Z) must customize and develop leadership styles which increase retention and productivity while immersing into a sustainable organizational culture, (3) managers must incorporate training into the management program to enable Gen Z to overcome weaknesses, (4) companies must create a positive workplace experience to create an environment which motivates and develops Gen Z, and (5) employers must provide an environment which meets the expectations of work/life balance, while meeting the requirements and mission of the organization.

The impacting factors of the newest generation (Gen Z) transitioning into the workforce are previous and current environmental experiences such as the technology they have been exposed to and experienced during their developmental life cycle. Also, the expectations of previous generations to include Generation Y (Gen Y) and Generation X (Gen X). Each previous generation who ‘comes of age’ and transitions into leadership roles, expect the next generation to see the world as they do. Thus, this expectation creates an atmosphere which may tend to be unrealistic of other generations based on experiences and changes in the world.

II. LITERATURE REVIEW

Understanding who are the different Generations and the years of their birth is important to differentiate and separate them. Although there are differences in opinion of which birth year is the beginning and end of each generation, generally the differences are within one to three years. It also must be understood that a generation on the tail end of the birth years tend to have many of the similar characteristics of the next generation and it is the same concept with those born at the beginning of the generational cohort. Such as, Generation Y born at the beginning of the generation’s birth year will have similar characteristics of Generation X born at the end of that generation.

For the purposes of this research and study, the Boomer Generation is not included. The rationale is this generation now has minimal impact on Generation Z based on the retirement of the generation and many who at the end of their careers are not as overly concerned with managing and leading, but there is some impact based on the previous impact they had on Gen X. Baby Boomer members feel as though their knowledge and years of experience has earned them a certain level of professional status and as such, they feel they have earned theirs and no longer wish to be involved (Gordon, 2017, p. 241).
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Generation X

There are no precise dates for when Generation X starts or ends. Demographers and researchers typically use birth years ranging from the early-to-mid 1960s to the early 1980s. However, based on the definitive end of the Baby Boomer Generation, the precise dates are 1965 to 1980. This generation is also referred to as Gen Xers, busters and the lost Generation (Clark, 2017). Gen X was a very small Generation as they are positioned between the Boomers and Gen Y which were extremely large. They share characteristics of the generations on either side. Although more politically liberal than boomers, they are more conservative than millennials (Hays, 2015, p. 86).

Environmental factors which impacted their development were Women’s Liberation Movement, first personal computers, AIDS, Challenger Disaster, Fall of the Berlin Wall, Rodney King beating, and they were termed ‘latchkey’ kids. Thus, both parents were working and career oriented and the Gen X basically raised themselves. They were left at home with negligible parental supervision and they were children exposed to daycare and divorce (Clark, 2017). This generation, due to their development and experiences, are not loyal to employers and desire a work/life balance. Generation X'loyally is to friends and they question authority and dislike direct supervision. They are considered independent, self-reliant, and informal. They can multitask and excel on working on individual projects. “They desire to build portable careers by exploring employment opportunities and changing jobs periodically to increase their marketability” (Clark, 2017, p. 381). “According to the authoritative Generation X Report, published by the University of Michigan’s Longitudinal Study of American Youth, Gen X’ers are educated, active, balanced, happy and family-oriented. They are the most educated generation in the current workforce” (Hays, 2015, p. 86).

Generation Y (Millennials)

There are no precise dates for when this cohort starts or ends; demographers and researchers typically use the early 1980s as the beginning birth years and the mid-1990s as the end of the cycle. The precise birth dates of the cohort can be tied to the end of the Gen X age group. For practical purposes the dates are 1980 to around 1995. Millennials are sometimes referred to as “echo boomers” due to a major surge in birth rates in the 1980s and 1990s.

This generation was impacted by overbearing or protective parents who were concerned about child kidnappings, school violence and drugs. They grew up “using computers, mobile phones, tablets, and other electronic devices; Generation Y individuals are extremely technologically savvy and highly connected to the Internet” (Clark, 2017, p. 381). However, their exposure to these devices and very protective parents has created a generation of individuals who are not independent, community oriented and seek a deeper meaning for their existence and what they can contribute to the world. They are also motivated by money, ambition, have a short attention span, and want instant gratification. They are more social that the previous generations and more open to experimenting to explore alternatives. They need a good work/life balance, and are easily bored and impatient (Clark, 2017).

“They have grown up with what is possible changing on a yearly, monthly, or even weekly basis. We know and accept what was true yesterday may not be true tomorrow” (Southwick, 2016, p. 2). And, since this is the largest generation in the workforce, the competition is severe and inevitable.

Generation Z

Born between 1995 and 2012. While we don’t know much about Gen Z yet…we know a lot about the environment they are growing up in. This highly diverse environment will make the grade schools of the next generation the most diverse ever. Higher levels of technology will make significant inroads in academics allowing for customized instruction, data mining of student histories to enable pinpoint diagnostics and remediation or accelerated achievement opportunities.

Gen Z kids will grow up with a highly sophisticated media and computer environment and will be more Internet savvy and have developed more expertise than their Gen Y forerunners. When the environment is ever changing, and rapid change is desired and expected, the impact on any cohort is exponentially profound.

This generation (at the high school level) is focusing on being independent and entrepreneurial spirited. They are more inclined to forgo traditional formal education (Murphy & Hutterer, 2018). They grew up with digital technology and rely on it. They will depend on their parents for career advice. There is a need for social contact, however is not usually face-to-face. They like to collaborate in small groups but wish space to focus in private. They are concerned they will not be able to gain employment after school and have no doubt that they will work past 65. Their expectation is companies will not provide retirement plans. Although money is important they want to work for a company which is ethical and will make a possible impact on the world. They are looking for a company which meets their values (Trend 4, 2016; Generation Z, 2017).

III. METHODOLOGY

The research method used was a two-fold opinion-based research of surveys and interviews. The surveys and interviews were subjects chosen, then data was collected on their past experiences and the cross-
section was randomly solicited in which a population was sampled on all proposed measures at one point in time. Five Hundred and forty-one surveys were sent to companies in 13 states (within the United States). The cross section of companies was small to medium size and encompassed the industries of construction (10%), manufacturing (20%), retail (10%), education (20%), recruiting and staffing (20%), government (10%) and finance (10%). The participants were either first line manager (30%), middle manager (30%) and executive (40%). Although, the age cohort nor the race and gender were captured. This study is unique, as the seven factors from an extensively used and highly respected quantitative research instrument were applied as the basis for this qualitative inquiry into managers’ experience and perceptions within the work environment for Generations X, Y, and Z.

Survey and Interview questions

The survey/interview questions used in this study were sent to a diverse population of business professionals whose positions are at different levels of leadership. The survey questions are as follows:

Age groups in this study. Gen Z 6 to 22 (Birth years 1996 – 2012) Gen Y (millennials) 23 to 37 (Birth years 1981 to 1995); Gen X, between the ages of 38 and 53 (birth years 1965 to 1980);

Interview questions –
1. Are you a first line manager, middle manager or executive manager?
2. What is the industry you work in? construction, manufacturing, retail, transportation, healthcare, education and agriculture, technology, engineering, administrative, law, banking, hospitality?
3. What age group based on your experience is more career oriented and reliable? (Z, Y or X)
4. What age group based on your experience is less career oriented and reliable? (Z, Y or X)
5. Which age group has the best work ethic? (Z, Y or X)
6. Which age group has the worst work ethic? (Z, Y or X)
7. When hiring Generations Z, Y, and X, which group is more likely to meet the standards of the position hiring into?
8. Do you tend to “shy away” (not hire) from the Z Generation based on your previous hiring experience? Yes or no.
9. In your opinion which Generation is the most ideal in your hiring practices? (Z, Y or X)
10. Using Generations Z, Y and X which group are you more likely to hire?
11. Which Generation group (X, Y or Z) is the easiest to manage?
12. Provide one word to describe Generation Z
13. Provide one word to describe Generation X
14. Provide one word to describe Generation Y
15. If hiring Generation Z, what is the average length of employment? Less than 1 year; 1-2 years; 3-4 years; 5-6 years; 7-8 years; 9-10 years; 11-15 years; more than 15 years; Not sure.
16. If hiring Generation Y, what is the average length of employment? Less than 1 year; 1-2 years; 3-4 years; 5-6 years; 7-8 years; 9-10 years; 11-15 years; more than 15 years; Not sure.
17. If hiring Generation X, what is the average length of employment? Less than 1 year; 1-2 years; 3-4 years; 5-6 years; 7-8 years; 9-10 years; 11-15 years; more than 15 years; Not sure.
18. What is the main reason for terminating employees from Generation Z? (Pick one word from the list – Tardiness, poor performance, behavior, drugs, absenteeism, attitude, violation of policy, safety issues, other)
19. What is the main reason for terminating employees from Generation Y? (Pick one word from the list – Tardiness, poor performance, behavior, drugs, absenteeism, attitude, violation of policy, safety issues, other)
20. What is the main reason for terminating employees from Generation X? (Pick one word from the list – Tardiness, poor performance, behavior, drugs, absenteeism, attitude, violation of policy, safety issues, other)
21. How likely are you to mentor and coach an employee from Generation Z? Highly likely, likely, unlikely, highly unlikely, never
22. How likely are you to mentor and coach an employee from Generation Y? Highly likely, likely, unlikely, highly unlikely, never
23. How likely are you to mentor and coach an employee from Generation X? Highly likely, likely, unlikely, highly unlikely, never

IV. RESULTS
The results of the questions were separated and categorized based on the type of question and identification of areas of inquiry. Questions one and two captured information pertaining to the level of authority the respondent held in the organization and the type of industry employed. Thirty percent of the
respondents were identified themselves as a first line manager, 30% stated they were middle managers, and 40% indicated they were executives. The respondents indicated their industries were diverse in nature and 10% were managers in construction, 20% manufacturing, 10% retail, 20% education, 20% recruiting/staffing, 10% government and 10% were finance managers.

The next grouping was questions 3, 4, 5, 6, 7, 9, 10 and 11 which required an answer to identify the cohort the respondent felt best resembled or based on their experience was a cohort which best met the model of the question asked. The results indicated the respondents felt that Generation X (100%) was more career oriented and reliable. The respondents replied based on the question of less reliable and who was less career oriented were 30% Generation Y and 70% Generation Z. Question 5 was based on who has the best work ethic. The respondents indicated they felt that Generation X fit this model with one respondent writing in Boomers (this was not part of the survey). Those they felt had the worst work ethic were Generation Y (30%) and Generation Z (70%). When asked which Generation was more likely to meet the requirements of advertised positions they were hiring for, 80% felt Generation X was best suited and 20% felt Generation Y. Based on the respondents’ opinions 60% felt Generation X was best suited for their hiring strategy and 40% felt Generation Y was best suited. When asked who they would most likely hire, 50% responded that Generation X would be the choice and 50% responded Generation Y. The respondents indicated (90%) that Generation X was the easiest to manage and only 10% felt Generation Y was the easiest to manage.

Question eight was based on a yes or no response. The question posed asked if the respondent would avoid hiring Generation Z. Fifty percent indicated they would and 50% indicated they would not. This question was used to determine if the respondents had a bias toward this generation and would not afford them the opportunity to seek employment. Further research is necessary to determine the reasoning of avoidance of hiring Generation Z.

The next category of three questions are based on would each respondent coach and mentor each cohort. The choices were highly likely, likely, unlikely, highly unlikely, or never. The responses for Generation X were 50% highly likely and 50% likely. Generation Y responses indicated the same results. As for Generation X, 20% of the respondents indicated they are highly likely to mentor and coach this cohort, 50% stated they are likely, but 30% indicated they are unlikely.

The next group of questions were 12, 13, 14, 18, 19 and 20 which required a written one-word response to either describe the cohort or indicate a reason. Questions 12, 13 and 14 required a one-word response to describe the cohort. The respondents described Generation X (summarized and compiled) as technology adept, inexperienced, lazy, entitled, self-centered, determined, unmotivated, and inconsistent. The descriptions for Generation X were cautious, contention, responsible, reliable, focused, resilient, driven, and dependable. The word which appeared more often for Generation X was reliable. Generation Y was described as entitled, opinionated, ambitious, useful, self-centered, flaky, self-assured, and technological advanced. The consistent word which appeared was entitled.

Questions 18, 19 and 20 focused the main reasons for termination of the cohorts. The different one-word responses for Generation Z were policy violations, attitude, performance, and absenteeism. The one word which appeared most of the time was performance. Generation Y’s categorization was tardiness/absenteeism, attitude and drugs. The two consistent responses (most responses) were tardiness/absenteeism and attitude. The indication for Generation X was attitude, performance, violation of policy, and tardiness. The recurring reason presented was violation of policy.

The questions 15, 16 and 17 on the survey posed the questions of the projected time or actual time the respondents experienced each cohort would remain with their company. The options provided to the respondents were less than 1 year; 1-2 years; 3-4 years; 5-6 years; 7-8 years; 9-10 years; 11-15 years; more than 15 years; Not sure. The responses indicated that Generation Z was 10% less than a year, 40% one to two years, 30% three to four years, and 20% were not sure. Generation Y resulted in 30% less than a year, 30% one to two years, 10% three to four years, 10% five to six years, 10% nine to ten years and 10% not sure. Finally, the results for Generation Z were 10% three to four year, 40% five to six years, 20% nine to ten years, 10% 11 to 15 years, 10% more than 15 years and 10% not sure. The results of Generation Z are expected as they are just coming of age to enter the workforce.

V. DISCUSSION

The survey did not address or include the race, gender or age of the respondents. Although, the race and gender should not be a contributing factor to the results of the survey or the final analysis, the age of the respondents could have an impact on the overall results. The rationale based on understanding the different cohorts could result in a bias toward another cohort. An example is the likelihood of Generation X being bias toward both Generations Y and Z is directly related to their experiences and expectations. It is known that Generation X are considered independent, self-reliant, and informal. They can multitask and excel on working on individual projects. Generation Y is a generation of individuals who are not independent, community
oriented and seek a deeper meaning for their existence and what they can contribute to the world. They are also motivated by money, ambition, have a short attention span, and want instant gratification. They are more social that the previous generations and more open to experimenting to explore alternatives. They need a good work/life balance, and are easily bored and impatient (Clark, 2017). Thus, the desires, values and expectations which are different between the two generations may result in a conflict.

Generation Z on the other hand is focusing on being independent and entrepreneurial spirited. They are more inclined to forgo traditional formal education (Murphy & Hutterer, 2018). They will depend on their parents for career advice. They need social contact however it is not usually face-to-face. They like to collaborate in small groups but wish space to focus in private. They do not expect companies to provide retirement plans. Although money is important they want to work for a company which is ethical and will make a possible impact on the world. They are looking for a company which meets their values (Trend 4, 2016; Generation Z, 2017). The differences between Generation X and Z are extensive and Generation X view this Generation as lazy and not educated and feel they do not have a desire to learn.

Based on the survey results the conclusion can be drawn that there is a causal connection between the Generation X’s opinion of Generation Y and Z which in many cases is negative. Since both Generation Y and Z want instant gratification, meaning to life and want a company which meets their personal desires and values, there can be a conflict between the generations. Especially with Generation Y, Generation X feels this generation is pushing them out of the way. Currently, 33% of the workforce is comprised of Generation X, 35% is comprised of Generation Y and about 5% are Generation Z (Wright, 2018). The major confliction is between generation X and Y.

Another point which may impact the results of the surveys is the maturity of Generation Z. They are young, have limited life experience and in most cases their brains are not at the maturity level. Generally, the brain does not fully mature until the age of 25. Two areas which would appear to create a conflict with Generation X is Generation Z is foregoing formal education and dependence on their parents for advice. Since Generation X were “latchkey” kids and very independent, they tend to have little tolerance for this cohort. What also must be considered is that Generation Z does not have the experience of Generation X or Y. It is beneficial to companies whose managers and leaders are in the cohorts of X and Y to mentor and coach Generation Z. The survey indicated that there was a low propensity to mentor or coach Generation X as compared to Generations Y and Z. This may be the result to the environment in which Generation X was developed whereas they tend to be highly independent and it may be assumed that Generation X is well into their careers and there may be a feeling this generation may not need the level of coaching, mentoring and development of Generations Y and Z.

Another factor which must be considered is within five years, based on maturity and experience, Generation Z will be different in their cognitive abilities and approach to life. Although money is important, they want to work for a company which is ethical and will make a possible impact on the world. They are looking for a company which meets their values (Trend 4, 2016; Generation Z, 2017). As with every generation that enters the adult phase of their life cycle, they are full of energy and have ideas and expectations which are grandiose. As they gain experience and are faced with the realities of life, some of the energy and expectations will become more realistic. In addition, Generation Z is entering a work environment which is experiencing the lowest levels of unemployment which have not been prevalent the last ten years. The employment market is more applicant/employee friendly and businesses must become more strategic and appealing to compete for human talent.

Businesses must attract, retain and mentor both Generations Y and Z. As presented by Martin Zwilling (2018), it is necessary to use certain strategies which appeal to these cohorts and meet their needs. Zwilling defined a seven-point presentation for businesses to implement to do this. It is “help them strengthen character by finding balance, build more determination by capitalizing on values, activate a broader awareness of real-world drivers, provide deeper knowledge to solidify moral fiber, nurture a realistic optimism for overcoming obstacles, be a role model for integrity to validate trustworthiness, and demonstrate positive action and accountability” (Zwilling, 2018, para. 4-10). What businesses do now is an investment in the future.

As Generation Y moves into their thirties, they will have matured and there will be a shift in expectations. The new threat will be Generation Z and Generation Y will join the ranks of the boomers and Xers as experiencing disgust with the newest generation entering the workforce. What has been provided to Generation Y and what is expected by that generation was more and better feedback, more fluid adoption of technology, more flexibility and fewer rules, and higher demands for brand values and company culture (Alton, 2018). “Millennials are aging and will likely be looking over their shoulder as the next generation—usually referred to as “Generation Z” or the “post-Millennial” Generation—as they start rising through the ranks themselves. Millennial values are starting to fade, and workplaces won’t remain under their firm vision or leadership for long” (Alton, 2018, para. 12).
VI. CONCLUSION

Each generation which enters the workforce have different ideas of how the workplace should be operated and managed. Steven Rice (Moss, 2018), chief human resource officer of the Bill and Melinda Gates Foundation, contends that Generation Y and Z “want access to their organization’s leadership and key data about the business” (p.37). The concept provides insight into the needs of these two generations. Leaders must be open and transparent and use these generations to be more creative and innovative. Capturing the knowledge and experience of vacating boomers, using the experience gained by Generation X and then capitalizing on the ideas, desires and needs of Generations Y and Z can be a challenge, but one which will make an organization stronger, relevant and competitive.

The probable future impact on hiring, managing and effectiveness of the workforce is based on understanding the needs and environmental impacts of Gen Z and the needs of the organization. Organizations need to shift strategies on hiring practices to attract Gen Z and understand that old management strategies used with boomers and Gen X will not work. In addition, the complexity of the management of the cohorts is multifaceted based on the mixing of four generations in the workforce. Strategies to mold this generation for the future and continuation of mentoring and developing of Gen Y need to be a focal point. Part of this balance will fall upon Gen X to become aware of the contributing factors of development of Gen Z and Y and to apply strategies of intervention to mold these generations and change the culture of the organization to capitalize upon the traits and talents of younger generations. Organizations need to help Generation Z understand how they can be beneficial to the organization’s bottom line and helping to establish and maintain the brand of the company. Organizations need to help Generation Z to understand how they are a vital part of the organizational structure and culture and to help them learn to use their talents to be a vital part of the company.

It is in the best interest of business leadership to prepare for the future. The leveraging and developing of the future workforce will be based on understanding each cohort in the workforce or those entering the workforce. As each generation was different because of experiences and the impact of environment factors, the balancing of each generation within the workforce is a unique challenge. Thus, what is seen today will be different in five years. The future must be viewed through a rear-view mirror to see what is ahead. It is also wise to use a 360-degree approach. There are many motivational theories and many leadership theories which may be applied, but to apply the right strategies is based on the individual needs, values, expectations, experiences and balanced with the need of the organization. The approach will be based on further study, observation and changes.

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