Engaging the Workforce of the Future
the emergence of Generation Z

SHRM: Thought Leaders Retreat

Jim Link
Chief Human Resources Officer
Randstad North America
agenda

- Introduction
- Disruptive Trends Impacting Working World
- Globalization
- Generation Z
- Transformations in How and Where People Work
- New Rules for Global Employer Branding
- Q&A
Jim Link
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global workforce trends
“TODAY, THE NUMBER OF PEOPLE LIVING OUTSIDE THEIR COUNTRY OF BIRTH IS LARGER THAN AT ANY OTHER TIME IN HISTORY.”

international migrants would now constitute the world’s fifth most populous country if they all lived in the same place.

- United Nations Population Fund
the mobile population in large organizations is increasing

Mobile employee type mix has evolved from 50% executive to 10% executive

Source: PwC international mobility database – sample 900 companies
younger generations have a strong appetite for working abroad

I would like to work outside my home country in my career

Graduate respondents by current location

Source: PwC Talent Mobility 2020 and Beyond Study
baby boomers will file for retirement benefits over the next 20 years – an average of 10,000/day

- Social Security Administration
This year, one-third of China’s population will be over the age of 50 and annual workforce growth will be less than 5 percent.

- Towers Watson

Source: UN report World Population Aging 1950-2050
Only a few of the top world economies will be in the West by 2050

- International Monetary Fund
world’s most admired companies zero in on globalization

- 72% report that globalization will have a “very important” or “important” impact on their organization.
- 61% see globalization as one of the top three megatrends impacting their strategic workforce planning.
- 58% see globalization as one of the top three megatrends impacting their employee engagement strategies.
- 95% say “getting the right talent in different markets to support growth” is the most critical human capital priority.

Source: World’s Most Admired Companies
the quest for workforce capability
create a global skills supply chain

- Corporations now compete globally for increasingly scarce technical and professional skills
- Deep capabilities drive performance – and take years to build

The gap is wider in major economies

75% of respondents rate workforce capability as “urgent” or “important”, however only 15 percent believe they are ready to address it

talent acquisition revisited
deploy new approaches for the battlefield

- A new battlefield has been shaped by new global talent networks and social media
- It is being defined by employment brands and changing views of careers

Most companies reviewing or changing sourcing and recruiting

“When did you last revamp or reengineer your talent acquisition process and strategy?”

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Updated in past 18 months</td>
<td>489</td>
<td>29%</td>
</tr>
<tr>
<td>Currently revamping</td>
<td>535</td>
<td>31%</td>
</tr>
<tr>
<td>Considering changes</td>
<td>454</td>
<td>27%</td>
</tr>
<tr>
<td>No plans to review</td>
<td>185</td>
<td>11%</td>
</tr>
<tr>
<td>Not applicable</td>
<td>40</td>
<td>2%</td>
</tr>
</tbody>
</table>

60% of respondents have updated or are currently revamping their talent sourcing strategy, another 27 percent are considering changes.

Source: 2014 Deloitte Development LLC. All rights reserved.
your future workforce: generation z
By 2020 it is projected Gen Z will make up 36% of the global workforce.

Source: Department of Labor
globally, many of the Z’s live in China and India

Source: International Data Base, US Census Bureau
why employers need them

Children entering school today that will work in jobs that do not currently exist. Members of Gen Z are assets that many industries don’t even know they need yet.

- Cathy N. Davidson, Professor, Duke University
why employers want them

1 in 2

Gen Zs will be university educated, compared with 1 in 3 Millennials and 1 in 4 Gen Xers

Source: JWT Intelligence 2012
• Gen Z will be America’s last generation with a Caucasian majority.
• 55% are Caucasian, 24% are Hispanic, 14% are African-American and 4% are Asian.
• +50% increase in multiracial youth population since 2000 (to 4.2 million)
• Multiracial children are the fastest growing youth group in the U.S.

Gen Z is the most diverse and multicultural of any generation in the U.S.

Source: Census: The Two or More Races Population: 2010 Census Brief
globally-minded

47%

Gen Z envision a world in 2020 where China, India and Russia will have more economic influence than the United States and Europe.

*Fortune Magazine/Hay Group Survey 2015*
entrepreneurship on the rise
Gen Z is more entrepreneurial than Gen Y

More Gen Z (17%) than Gen Y (11%) want to start their own business
38% of Gen Z’s said they want their future employer to give back to the community. The most impactful way their future employer can give back is by:

- Creating new jobs locally (41%)
- Donating money (17%)
- Starting a fundraising event for charity (14%)

- Randstad Survey

Source: Randstad/Millennial Branding Generation Z Study, April 2014
Gen Z feels it is very or extremely important that their future employer give back to the community.
how and where future talent will work
Gen Z – digital natives

100% Gen Z - connected online for 1+ hours per day. But...

46% are connected 10+ hours per day.

Source: Wikia Study, 2014
Gen Z - digital natives

technology is their fifth sense

53% of 16-22 year olds would rather give up their sense of smell than an essential tech item (most often laptop or phone).

Source: Wikia Study, 2014
work is more about what you do, less about where you do it

Q

In today's world, being able to work remotely is...(Select one)

Among End Users

<table>
<thead>
<tr>
<th>Country</th>
<th>Privilege</th>
<th>Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>36%</td>
<td>54%</td>
</tr>
<tr>
<td>US</td>
<td>20%</td>
<td>64%</td>
</tr>
<tr>
<td>MEX</td>
<td>46%</td>
<td>74%</td>
</tr>
<tr>
<td>BRA</td>
<td>26%</td>
<td>78%</td>
</tr>
<tr>
<td>UK</td>
<td>22%</td>
<td>74%</td>
</tr>
<tr>
<td>FRA</td>
<td>26%</td>
<td>79%</td>
</tr>
<tr>
<td>DEU</td>
<td>21%</td>
<td>77%</td>
</tr>
<tr>
<td>SPA</td>
<td>23%</td>
<td>79%</td>
</tr>
<tr>
<td>ITA</td>
<td>21%</td>
<td>59%</td>
</tr>
<tr>
<td>RUS</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>IND</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>CHN</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>JPN</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>AUS</td>
<td>31%</td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: The 2010 Cisco Connected World Report
work is more about what you do, less about where you do it

60% of employees work in multiple locations during the work week

98% of companies have employees who work outside of the corporate office part-time or occasionally

Source: Forrester Forrsights Workforce Employee Survey 2011
collaborative workers

Gen Z workers collaborate best within a variety of workplace environments

- 28% Corporate Office
- 27% Coworking Space
- 19% Home Office
- 26% No Preference

Source: Randstad/Millennial Branding Generation Z Study, April 2014
entering a collaboration revolution

2020
Collaborative Revolution

2010
Information Revolution

1990
Internet Revolution

1980
Computer Revolution

1880
Industrial Revolution

“The information revolution will empower individuals and democratize everything…”

- Steve Jobs, Apple
entering a collaboration revolution

51% of executives view performance as linked to collaboration on both a STRATEGIC and an OPERATIONAL level.

60%+ agree/strongly agree that collaboration is an important driver of the following dimensions:
- Employee effectiveness (68%)
- Efficiency (67%)
- Creativity and Innovation (67%)
- Operational performance (67%)

The use of team spaces that have built-in collaborative technologies will increase from 20% to 52% towards 2020

Source: Collaboration in 2020 Survey, Johnson Controls
entering a collaboration revolution

Those that have been impacted to at least some extent by the millennial shift are more likely to think Globalization will shape business strategy over the next year versus those impacted to a little extent.

Source: Randstad Technologies and IDG Study
there is a gap between current and projected needs of knowledge workers and workplace infrastructure

COLLABORATION NETWORKS will be to enterprises what social networks are to consumers
employers need improvement

55%

Employees worldwide currently give their organizations high marks for effective collaboration across departments and functions.

Source: Hay Group Global Employee Opinion Norms, Leadership 2030
employers need improvement
Less than a quarter of companies have a strategy in place to specifically address the needs of the next generation of employees from an IT perspective.

Q Does your IT organization have a formalized plan or strategy specifically aimed at addressing changes in the workforce that IT is supporting?

Formalized plan by it which addresses changes in workforce

- **YES**: 24%
- **SOMEBEWHAT**: 43%
- **NOT REALLY**: 31%
- **DON’T KNOW**: 3%

Source: Randstad Technologies and IDG Study
best practices to effective collaboration

- Training
- IT systems
- Knowledge-sharing tools
- Management & leadership principles
- Workplace design

Source: Collaboration in 2020 Survey, Johnson Controls
global employer branding & engagement strategies
Gen Z are truth hunters 
transparency a leading employment trait

Personality traits most desired in an employer.

- **78%** honesty
- **71%** reliability
- **62%** financial security

Gen Z will demand that companies be honest and transparent.

Source: Randstad/Millennial Branding Generation Z Study, April 2014
Gen Z leadership qualities
what do you believe is the most important quality of a leader?

Men rank “HONESTY” higher than women
Women rank “CONFIDENCE” higher than men
if you are not online, you do not exist.

LinkedIn adds 2 new members, EVERY SECOND!
There are 39 million students and recent college graduates on LinkedIn

If Facebook were a country, its population would be LARGER THAN THE U.S.!

8 TRILLION text messages sent, PER YEAR!

The number of Twitter users grew to 316 million, sending out 500 million Tweets per day!

300 Hours of Video are uploaded to YouTube EVERY MINUTE!
connect with them

8 seconds
The average attention span of Gen Zs

top attraction drivers for Gen Z

Healthcare care coverage is most important employee benefit to Gen Z (16%); followed by training (15%); workplace flexibility (14%)

Source: Randstad/Millennial Branding Generation Z Study, April 2014
top attraction drivers for Gen Z, by country

Source: Randstad/Millennial Branding Generation Z Study, April 2014
important workplace attributes
which of the following workplace attributes would enable you to do your best work?

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Gen Z</th>
<th>Gen Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ability to listen to music/wear headphones while working</td>
<td>29%</td>
<td>24%</td>
</tr>
<tr>
<td>The ability to personalize my work space</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>The privacy of the work space</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>The type of work I do</td>
<td>65%</td>
<td>62%</td>
</tr>
<tr>
<td>The people I work with</td>
<td>65%</td>
<td>69%</td>
</tr>
<tr>
<td>The size of the workplace</td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>The location of the facility/building/office where I work</td>
<td>36%</td>
<td>47%</td>
</tr>
</tbody>
</table>

**The type of work matters most in:**
- U.S.
- UK
- Germany
- South Africa
- Canada
- India
- Brazil

**The people they work with matters most in:**
- Turkey
- China
- Sweden
What types of workplace diversity would you value most at your future employer?

- **54%** fields of specialty
- **31%** genders
- **28%** cultural backgrounds
- **22%** income levels
- **18%** religious beliefs
- **17%** ethnic backgrounds

Gen Z wants to be around people from whom they can learn.
Gen Z retention driver: advancement

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Gen Z</th>
<th>Gen Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity for advancement</td>
<td>34%</td>
<td>30%</td>
</tr>
<tr>
<td>More money</td>
<td>27%</td>
<td>38%</td>
</tr>
<tr>
<td>Meaningful work</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>A good boss</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Fast growing company</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Nothing, I’m currently happy with my job and my career path here</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Nothing, I’m currently looking for another job</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Randstad/Millennial Branding Generation Z Study, April 2014
Gen Z retention drivers by country

Source: Randstad/Millennial Branding Generation Z Study, April 2014
Retention major challenge in India where both local and global employers competing for talent

<table>
<thead>
<tr>
<th>% Agreeing they must leave organization to advance career</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Overall</td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td>U.K.</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
</tbody>
</table>

- Global Overall: 42%
- Brazil: 39%
- China: 38%
- Germany: 37%
- India: 56%
- U.K.: 41%
- U.S.: 43%

Source: Towers Watson 2010 Global Workforce Study
closer Look: India

Gen Z at particularly high risk of turnover

66% of 16-24 year old workers in India are seriously considering leaving their jobs.

Source: Mercer Study

Indian Gen Z Workers expect to work for 5 companies in their lifetime (4 for overall)
Job security is number one reason Indian employees join organizations, salary is number one retention driver

<table>
<thead>
<tr>
<th>Attraction Drivers</th>
<th>Retention Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Job security</td>
<td>Base pay/salary</td>
</tr>
<tr>
<td>2  Base pay/salary</td>
<td>Career advancement opportunities</td>
</tr>
<tr>
<td>3  Career advancement opportunities</td>
<td>Length of commute</td>
</tr>
<tr>
<td>4  Learning and development</td>
<td>Job security</td>
</tr>
<tr>
<td>5  Organization’s reputation as good employer</td>
<td>Retirement benefits</td>
</tr>
</tbody>
</table>

Source: Towers Watson 2010 Global Workforce Study
closer look: India
what incentive would motivate you to work harder and stay at your future employer longer?

- more money: 31%
- opportunities for advancement: 27%
- meaningful work: 24%

Source: Randstad/Millennial Branding Generation Z Study, April 2014
Retention is a particular concern in Asia, where hiring levels and resignation rates are almost twice that in the West, and the churn rate of high-performance employees is also significantly higher.

**Resignation rate by region**

- Latin America: 6%
- Western Europe: 7%
- US: 8%
- UK: 9%
- CEE: 10%
- Asia-Pacific: 15%

Source: PwC Talent Mobility 2020 and Beyond Study
However, while workers from emerging economies have historically placed a high value on education, experience and skills earned in the West – that is fading.

By 2020, domestic multinationals in China, India and other emerging markets will match and even exceed Western multinationals in terms of remuneration and career development.
closer look: China
what incentive would motivate you to work harder and stay at your future employer longer?

- fast growing company: 12%
- meaningful work: 27%
- opportunities for advancement: 39%

Source: Randstad/Millennial Branding Generation Z Study, April 2014
big ideas to leave with you
Coming to America

The U.S. is Falling Behind in the Global Race for Talent
globalization requires mastery in talent mobility
new battlefield requires new organizational warfare

the war for talent is back but the rules have changed
and the digital natives are restless
this decade’s largest sea change

collaboration
study your global workforce...

from A to Gen Z
The U.S. is no longer the top source for talent.

Mobility strategies need to become more strategic, complex.

New tools, methods to build global skills supply chain.

Prepare now for how Gen Z will change the workplace.

We are entering a collaborative revolution.

Understand the generational composition of your global workforce.
THANK YOU