Response of the labor market to the needs and expectations of Generation Z

Abstract

We are witnessing a generational change in the labor market. The baby boomer generation is being replaced by the representatives of Generation Z. The different environment both generations grew up in, as well as technological advancement over these several decades, are reasons these generations have completely different characteristics. The conditions a given generation grew up in influences the needs and expectations in private and professional life. This becomes a challenge for employers who have to adjust workplaces to their requirements. Moreover, a workplace atmosphere can be the important determinant of an employer’s competitiveness in the labor market. Literature studies have shown that, although there are many studies on Generation Y (preceding), there are few studies describing Generation Z (succeeding) in the labor market, thus creating a research gap. The purpose of this study was to explore how companies adapt to generational change in the labor market, i.e. to characterize both the ways and the extent to which enterprises adjust workplaces to the specificity of employees representing Generation Z. The main focus of the study were issues related to a friendly office atmosphere, the latest technology, ambassador programs, internships and apprenticeships, benefit packages, onboarding and CSR. According to the research results, enterprises make changes in order to adapt to Generation Z, however, they do not promote these changes excessively. Firms and organizations should consider developing reports on their efforts to adjust to generational change in the labor market.

Keywords: Generation Z, labor market, workplace, managing generational diversity, competitiveness, human capital, organization management

Introduction

The progress of society as a result of both economic and technological development causes constantly changing conditions of all market segments, including the labor market where entrepreneurs compete for a specific resource. As the result of economic growth, new jobs are created and the demographic decline in Poland (together with the negative migration balance), results in difficulty in finding a person willing to take up employment. Willingness to hire better employees requires competitiveness in the market. Employers are competitive about the components of remuneration (base, bonuses, allowances, anniversary awards) and other material aspects of employment, such as a business cell phone or car (Serafin, 2014, pp. 43–44). However, when the number of these material incentives is similar, intangible assets grow in significance.

Firstly, these assets concern the working conditions and atmosphere in the workplace. Although employee preferences vary greatly, they are similar among a given generation. The word “generation” is understood as “an identifiable group that shares birth years, age, location and significant life events at critical developmental stages” (Kupperschmidt, 2000, p. 66). These features shape common expectations and needs of a given generation’s representatives. Likewise, it is important that the representatives of Generation Z (born after 1995) enter the labor market that respects their habits, preferences and expectations (Kirchmayer & Fratrièová, 2020).
There are still few studies concerning this subject when it comes to Generation Z (Dolot, 2018). Studies in the field of social sciences distinguish common features of Generation Z (the youngest generation in the labor market today). However, as far as is known, there is no scientific study on the initiatives implemented by entrepreneurs in order to encourage representatives of Generation Z to work for them. The reason behind it is the small amount of time since the generation entered the labor market and therefore, an inability to analyze the issue in detail. This study somewhat fills this research gap – its theoretical and cognitive goal is to present selected practices of entrepreneurs competing in the non-material dimension. The practical goal, on the other hand, is to evaluate these practices and prepare recommendations to optimize these activities. Achieving these goals is to answer the following research questions: what common features do the representatives of Generation Z share? What are their expectations regarding the workplace and the atmosphere in it? How do employers meet these expectations? In what processes do changes all result?

The article is structured as follows: the first part consists of the definition of Generation Z and discusses its characteristics. The second, empirical part is based on the analysis of secondary data and involves a description of the implementation of workplace adjustments that will measure up to the expectations of Generation Z in Poland. This is followed by a discussion of the issue and summary.

Literature review

Today, on the labor market there are people representing various generations (Hysa, 2016). They create the market and determine the current situation in it (Hysa, 2016; Luscombe et al., 2013). Among the aforementioned generations, the following should be distinguished: Boomers (Baby Boomers, 1946–1964), Generation X (1965–1979), Generation Y (1980–1994) and Generation Z (1995–…) (Berkup, 2014).

Literature studies have shown that various authors have different approaches to the definition of Generation Z, particularly, determining the years of birth of its representatives. The age range defined in individual scientific studies is presented in Table 1 (see also Dolot, 2018). Although the most common name of this generation is Generation Z, the authors have also been using different names. Table 2 shows alternative names for Generation Z.

Table 1
Different estimations of years Generation Z was born in

<table>
<thead>
<tr>
<th>Authors</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gajda, 2017</td>
<td>born after 1994</td>
</tr>
<tr>
<td>Berkup, 2014; Fratričová &amp; Krichmayer, 2018</td>
<td>born after 1995</td>
</tr>
<tr>
<td>Bencsik et al., 2016; Koulopoulos &amp; Keldsen, 2014; Seemiller &amp; Grace, 2016</td>
<td>1995–2010</td>
</tr>
<tr>
<td>Dimock, 2019; Knight, 2014</td>
<td>born 1996 and after</td>
</tr>
<tr>
<td>Bresman &amp; Rao, 2017</td>
<td>born after 1997</td>
</tr>
</tbody>
</table>

Source: authors’ own work.

Table 2
Alternative names for Generation Z

<table>
<thead>
<tr>
<th>Author</th>
<th>Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gajda, 2017</td>
<td>Generation M (Multitasking), Generation C (Connected Generation), net generation (constantly connected).</td>
</tr>
<tr>
<td>Źarczyńska-Dobiesz, &amp; Chomątowska, 2014</td>
<td>Generation “C” (from the words connected, communicating, content-centric, computerized, community-oriented, always clicking), as well as iGeneration, Gen Tech, Gen Wii, Net Gen, Digital Natives, Gen Next, Post Gen.</td>
</tr>
<tr>
<td>Dolot, 2018</td>
<td>C Generation, R Generation, iGeneration, Gen Tech, Online Generation, Post-Millennials, Facebook Generation, Switchers, “always clicking”.</td>
</tr>
</tbody>
</table>

Source: authors’ own work.
Characteristics of Generation Z

The approach of scientists towards determining the age range result from various adopted sociological characteristics that allow it. In his research, while defining common features of people who make up the Generation Z, Dimock (2019) takes into account political, economic and social factors. Generation Z has very similar personality traits to Generation Y (the previous generation) (Kuczerska & Smołag, 2018; Żarczyńska-Dobiesz & Chomątowska 2014). The list of features of Generations Y and Z is presented in Table 3.

The conditions in which Generation Z grew up determine their features. Generation Z consists of people who grew up in the internet world and remained online (Biernacki, 2016). The time of technological development in which Generation Z grew up made them feel at ease when using new technologies (Gajda, 2017). It can even be said that they are used to technology (Żarczyńska-Dobiesz & Chomątowska, 2014). Generation Z is technically fluent, connected to the web, incorporating technology into all aspects of their lives (Kirchmayer & Fratrièová, 2020). What is more, the fact of being surrounded by technology all the time made it a part of them (Gaidhani et al., 2019). Representatives of this generation live simultaneously in two worlds – real and virtual (Lazányi & Bilan, 2017, p. 79; Żarczyńska-Dobiesz & Chomątowska, 2014). Some researchers go further and claim that for Generation Z, the virtual and real worlds are the same reality (Hysa, 2016). The representatives of Generation Z treat cyberspace the same way they do reality. This results in a lack of hesitation when introducing information about themselves to the internet (Pandit, 2015, pp. 17–18).

Some researchers perceive the adolescence of Generation Z as a unique historical context that provided them with many opportunities to enter the virtual world (Fratriéová & Kirchmayer, 2018). The internet breaks the barriers of communication, and network guarantees contacting people around the world. This gives the opportunity to work at any time and on any day of the week, regardless of the time zone (Berkup, 2014; Żarczyńska-Dobiesz & Chomątowska, 2014).

On the other hand, communicating with the other representatives of Generation Z only virtually, causes interpersonal skills deficiencies, particularly in the area of establishing contacts and relationships with others. In addition, it makes them bad listeners (Bejtkovský, 2016). Moreover, some of their friends have never seen them in the flesh because they met online and using instant messaging may make it more

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Comparison of Generation Y and Generation Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Y</td>
<td>Generation Z</td>
</tr>
<tr>
<td>Familiar with new technology.</td>
<td>The most tech-savvy generation, born in a digital world. They keep up with the new technology and are really close to it.</td>
</tr>
<tr>
<td>Optimistic about life.</td>
<td>More realistic and cautious, materialistic when it comes to life. They are afraid of the future.</td>
</tr>
<tr>
<td>Confident.</td>
<td>Confident.</td>
</tr>
<tr>
<td>Variety is normal for them.</td>
<td>Even more tolerant and accepting when it comes to diversity, they are themselves as a generation, internally very diverse.</td>
</tr>
<tr>
<td>The “me, for me” generation, looking for fame and fortune. They recognize the problems of corporate social responsibility.</td>
<td>Generation “we”, more socially oriented, strongly interested in the problems of corporate social responsibility. Even more involved in the issues of global warming, hunger, wars, etc. Honesty and non-discrimination are more important to them than money status.</td>
</tr>
<tr>
<td>Learning process, development planned in advance, long-term building of a professional career.</td>
<td>Learning, development according to the principle of just-in-time learning, they want to achieve everything and know everything immediately, at one’s command and preferably online. They don’t like the vision of building a long-term career and have a specific approach to gaining knowledge. It is important for them to find information quickly.</td>
</tr>
<tr>
<td>They strive for balance between professional and private life.</td>
<td>Professional and private life is to exist as a whole. They want to be themselves and be guided by the same values in both.</td>
</tr>
<tr>
<td>Educated, intelligent.</td>
<td>Even more educated. Growing up in “online mode” and social games, they have developed a variety of competences valued on the labor market very early and are not afraid of taking risks and making decisions quickly.</td>
</tr>
</tbody>
</table>

New trends in management

difficult for them to maintain a long-term relationship (Cook, 2015; Gouws & Tarp, 2017; Harber, 2011; Singh, 2014). Zarężyńska-Dobiesz and Chomątowska (2014) called it the impairment of verbal communication skills and establishing interpersonal contacts in the real world.

Generation Z representatives are self-confident, open-minded and creative (Kuczerska & Smoląg, 2018). They prefer to work in a group rather than individually (Hysa, 2016). Moreover, they want to achieve success at work quickly and build their position in a short time (Hysa, 2016). The constant connection to technology and performing several actions simultaneously shaped the multitasking skill in Generation Z (Fratieřová & Krichmayer, 2018; Hysa, 2016). The representatives of this generation are characterized by mobility and knowledge of foreign languages. Unlike the older generations, they do not consider these things a barrier (Hysa, 2016). They are eager to communicate with representatives of other cultures, they like to participate in international internships and strive to constantly improve the processes that surround them (Hysa, 2016).

Generation Z representatives value respect and keenly express their opinion on any subject. They are also energetic and they willingly use their creativity at work (Sidórcuka & Chesnovicka, 2017). Employers can benefit from Generation Z’s commitment to work (Half, 2015), however, if any problems arise, they do not like to be given advice and prefer to solve the problems themselves or seek solutions on various platforms. They search for information on interesting topics on the Internet and use do-it-yourself guides (Gaidhani et al., 2019).

Generation Z dislikes the hierarchical structure of organizations (Kuczerska & Smoląg, 2018) and their routine. To them, the willingness to seek diversity is more important than stability at work (Hysa, 2016). Due to their generation characteristics, they expect a change in the attitude of employers (Gajda, 2017). From the point of view of the study, the fact that they can easily change jobs if an employer is unable to provide them with rapid development, is important (Paszkielewicz, 2017).

The diversity of generations in the labor market translates into challenges in managing teams in organizations. Employers face challenges in terms of both recruiting new staff and managing the current one (Iorgulescu, 2016). The biggest challenge for employers is attracting employees who most closely match the policy of a given company (Sidórcuka & Chesnovicka, 2017). The desire to develop a company creates new workplaces. The generational change forces contemporary employers to change their approach to new employments, and above all, to be more flexible (Kroenke, 2015).

“A corporation’s success and competitiveness depend on its ability to embrace diversity and realize the competitive advantages and benefits” (Bejkovský, 2016; Osoian & Zaharie, 2014). It is necessary to get to know the generation’s values, needs, motivations and apply adequate human resource management methods (Zarężyńska-Dobiesz & Chomątowska, 2016). Adapting workplaces to the generation’s individual needs and career opportunities are the most important non-material factors influencing the decision-making process (Fratieřová & Krichmayer, 2018; Gajda, 2017). Gaidhani et al. (2019) reviewed the literature and presented the following Generation Z expectations towards employers and the place of employment. The representatives of Generation Z:

- prefer to work for a leader with qualities such as honesty and integrity;
- expect that the channel of communication is recognized and comfortable environment is present;
- prefer transparency, and treat self-reliance, flexibility and personal freedom as non-negotiable aspects;
- have to be given adequate freedom to ascertain themselves and get immediate acknowledgment;
- favor face to face communication and want to be taken seriously;
- wish managers listened to their ideas and valued their feelings;
- prefer work environment that nurture mentoring, learning and professional development opportunities;
- consider technology a crucial part of their private lives and work.

Research methodology

Literature review proves that there are many publications concerning Generation Y and their specific situation on the labor market. However, to the best of our knowledge, there are no studies regarding specificity of Generation Z with particular reference to Poland. Therefore, the research consisted of two stages, of secondary and primary character, respectively. The first was aimed at exploring the processes of adapting enterprises to the specificity of Generation Z. Rich and diversified sources of secondary data, such as 11 company reports, 4 industry analyses and information available on the websites of 21 companies were used. After conducting a critical analysis of the collected data, it was possible to identify the most common techniques used by enterprises to meet the needs and expectations of Generation Z. The second stage supplemented and extended the results of the first, and its aim was to recognize motives behind the processes of workplace adjustments to the needs of Generation Z. In four companies that were earlier identified as those implementing adaptation processes, an in-depth interview (IDI) was carried out with representatives of HR departments. Such a choice of enterprises was explained by the results of the first stage indicating which companies conduct the most intensive activities. The interviews with companies consisted of the following questions: does the company notice the need to adapt to Generation Z? Are
Response of the labor market to the needs and expectations...

there any changes made in the company in view of Generation Z entering the market? If so, what are these changes? Are the applied solutions innovative or are the existing solutions modified?

**Results**

Entry of any new generation to the labor market forces employers to adapt to new, specific attitudes, expectations, and a particular style of work and cooperation. It is worth noting that currently, despite the coexistence of several generations on the labor market, enterprises focus primarily on the needs of Generations Y and Z. Generation Z, although similar to Generation Y, pays attention to other things when it comes to the work environment than their older colleagues do. What is more, Generation Z is perceived as being the most demanding. On the basis of the mentioned requirements of Generation Z and interviews with HR departments of large employers in Poland, the following enterprise changes, resulting from the entry of Generation Z into the labor market, are listed:

- creating a friendly atmosphere at work;
- making the latest technologies and equipment available in the company;
- creating ambassador programs;
- offering internships and apprenticeships for students and graduates;
- offering benefit packages;
- enabling supervisory support during the first days of work;
- involving employees in CSR activities, e.g., corporate volunteering.

An example of a competition that selects the best employers in the country is “Top Employers Poland.” Top Employers Institute examines employers in terms of their personnel policy. The priorities for companies in 2020 were primarily organizational and cultural changes, employee involvement and talent strategy. In 2020, as many as 61 Polish employers became laureates of this study. These included Accenture Polska, Bank Pekao, Coca-Cola Poland Services, DHL Polska, Kaufland Polska Markety, Orange and Polski Koncern Naftowy ORLEN S.A. (Top Employers Institute, n.d.). Employers want to be perceived as offering a friendly workplace atmosphere, respect for the employee and understanding. Based on the interview with several companies, it appears that the atmosphere at work for the youngest generation is extremely crucial, as hierarchy is uncomfortable for them.

Employers today, wishing to meet the requirements of Generation Z, must also adapt their technologies and equipment in their enterprise. Generation Z, having extensive experience with the latest technologies, require from the employers, the newest technological solutions at a workplace. An example of how companies adjust to these requirements is the leader of Polish banking – PKO Bank Polski. Thanks to the cooperation with the Emplocity start-up, the bank implemented a tool that uses artificial intelligence in the recruitment processes. Emplobot is an intelligent recruitment chatbot which, during an interview with a candidate, asks about professional experience, skills, availability and financial expectations, and based on the questions asked, it creates a candidate’s profile and adjusts it to recruitment conducted by the bank (PKO BP, 2019). Generation Z prefers online training. An employer that offers such a solution is, among others, Tauron Group. Most of the training provided by this employer takes place on a special e-learning platform. E-learning is a solution that is used nowadays in many companies in Poland.

Ambassador programs are one of the popularity-gaining forms of cooperation between students and employers. The ambassadorial program is designed to promote a given enterprise at universities or job fairs. The work of a brand ambassador includes: organizing events promoting an organization on university campuses and informing students about job offers or internships via social media. In return, the ambassador usually receives a given company’s gadgets, electronic equipment, trainer support, free training or the possibility of an internship after the completion of the ambassador program (Albrychiewicz-Słocińska & Robak, 2017). The most popular ambassadorial programs visible at Polish universities include programs of companies and organizations such as: PZU, ING Bank, Pekao Bank, Santander Bank Polska, BGŻ, BNP Paribas Bank, Skanska, Capgemini, NIVEA Polska, Tiger, Red Bull, KPMG, PwC, Delloite, EY, Maspex and Grupa Azoty. One of the most attractive ambassadorial programs is the program of PZU. This program offers ambassadors not only training, integration, networking, consultations with recruiters and the possibility of further cooperation, but also an academic scholarship (PZU, n.d.).

Young people entering the labor market do not often have professional experience. Therefore, entrepreneurs organize internships and apprentice- ships for students and graduates to help them gain their first experience. Today, most Polish companies offer internship programs. They provide flexibility that is valued by the Z generation. Internships are often implemented according to a student’s schedule or by mutual agreement considering working hours between the employer and the trainee or apprentice. This form of employment may be paid or unpaid. Payment, however, is not the most important thing for the representatives of Generation Z, as they want to gain valuable experience. National Bank of Poland is one of the institutions where it is impossible for a person without experience and appropriate knowledge to get employed. NBP offers young people both paid and free student internships. The student internship lasts 2 or 3 weeks and is aimed at obtaining materials for diploma theses in the field of economics, banking and finance. On the other hand, “Internships of the NBP President” is an annual program aimed at preparing the most talented graduates of domestic and foreign universities to take up employment on the Polish and European labor market (NBP, 2019).
New trends in management

Another form of employer adaptation is in the offering of benefit packages. The information obtained from the companies interviewed proved that benefits are one of the most crucial things for Generation Z. Currently, employers offer an extensive range of benefits: from medical insurance, through prepaid cards to even tuition fees. When competing for an employee, the employer wants to provide the best non-wage benefits. According to research, as many as 90% of employers in Poland offered some of these benefits (Staszic Institute, 2019). The bank that has a wide “Well being” package in its employment offer is ING Bank. The additional benefits that the bank offers its employees include a dozen or so additional days off from work, the possibility of using sabbatical, the possibility of working from home, medical care, employee pension plan and group insurance, cancer prevention program, cafeteria program or multisport packages and the co-financing of language courses or training as a part of employee development (ING, n.d.).

Onboarding, defined as the process of an employee being supported by their employer in adapting to the new workplace and it is extremely important from the perspective of a newly hired person. One of the types of adaptation to a new workplace is assigning a “company buddy”. This person’s task is to, among other things, familiarize the employee with a company, its policy, structure, rules and organizational culture, as well as answering all questions, explaining tasks and conducting integration processes with this company’s team (Kaźmierczak, 2017). The presence of a “company buddy” is one of the ways for employers to adapt to the Z generation. PwC is an example of an enterprise where the employee is accompanied by a buddy during the first days of work. As part of the WEX summer internship program for 1st and 2nd year students, the offer gives them the opportunity to gain their first professional experience (PwC, n.d.).

The last type of adaptation of employers to the Z generation is the commitment to corporate social responsibility (CSR). CSR in relation to sustainable development means maintaining the balance point between caring for a company to achieve its goals in terms of ecological, social and economic aspects. Corporate social responsibility develops its idea by focusing primarily on the natural environment, external shareholders and general social welfare (Kazojć, 2014). Generation Z consists of people who spend a lot of time on the Internet and are filled with information about the need to care for nature and their community. In Poland, BNP Paribas Bank became the leader of the Responsible Companies Ranking in 2019. The bank’s Corporate Social Responsibility and Sustainable Development Strategy consists of 12 commitments under four pillars of responsibility – economic, workplace, social and environmental. All the activities undertaken by the bank are carried out in accordance with the principles of corporate governance and include, among others, openness to customer needs and initiatives for local communities, limiting the negative impact of operating activities or long-term financing of the economy (BNP Paribas, n.d.).

Discussion and conclusion

Every two generations that are successive share some common features. It is no different in the case of generations Y and Z. Managing generational diversity becomes significantly more visible among employers, especially within the area of adaptation to Generation Z. The analysis of the information available on portals of different companies, as well as conclusions drawn from the reports of the companies being interviewed, allow one to conclude that the adaptations for Generation Z are becoming more and more prevalent. As companies emphasize, these adaptive changes have existed for years, but they are constantly improved and modified in connection with the new generation in the labor market.

Generation Z includes people born after 1995 who are characterized primarily by multitasking, openness, creativity, mobility, entrepreneurship and what is more, they willingly use the latest technologies. It should be noted that features that distinguish them from other generations the most are: self-reliance, freedom, individualism and addiction to technology and speed. It is believed that they spend little time in the real world because they are always online. Generation Z primarily demands a work-life balance, a friendly atmosphere at work, support of development and the opportunity to prove themselves. The analysis showed that new employees, who start their adventure in a new workplace, can count on the support of a “buddy”. It has also been noticed that in companies, employees do not categorize themselves by position and everyone calls each other by their first name. As a result, the atmosphere in a company is more relaxed and friendly.

More and more companies focus on developing the best possible atmosphere in their workplaces and invest in the latest equipment and technologies that are provided for employee use. Thus, enterprises more and more often use remote work solutions or offer flexible working hours. Enterprises are more willing to create internships and ambassador programs. It is an interesting offer among Generation Z due to their frequent lack of professional experience. What employers also offer is a benefit package perceived positively by the representatives of Generation Z. A noticeable adaptation of employers to the changing generations is their social responsibility. Z’s also pay attention to whether a given company is involved in CSR. It is noticed that the number of employers who care about CSR and are involved in social initiatives is increasing.

All of these are only part of all the changes and adjustments that can be observed in enterprises operating in Poland. The reason for these adjustments is employers’ competition for employees based on intangible assets, as they create jobs adapted to the Generation Z. It should be noted that not every em-
Response of the labor market to the needs and expectations of different generations


Further research could be aimed at finding the importance of an implementation adjustment process concerning generational change, especially focusing on small and medium-sized enterprises. An analysis of large company reports showed that although some of them try to adapt to Generation Z in the labor market, they do not promote them excessively. Firms and organizations should consider developing reports on their efforts to adjust to generational change in the labor market. Information concerning this subject could become a strong advantage in the area of competing for an employee. These reports should be publicly available so that all interested parties have access to them.

References


New trends in management

Manager, 19(1), 65–76. https://doi.org/10.1097/00126450-200019010-00011


Martyna Bielen is a PhD student (specializing in economics and finance) at the Department of Economics of the University of Economics in Katowice. Her scientific specialization is the development economics of African countries. Currently, she is an intern in the general audit department at KPMG Sp. z o.o.

Jakub Kubiczek is a PhD student (specializing in economics and finance) at the Department of Economic and Financial Analysis of the University of Economics in Katowice. He completed MA studies in economic analytics and BA studies in finances and accounting. He is interested in everything that is related to economic sciences, especially money and customer behavior within its spending.

We recommend

The voice of Generation Z