

# A world-changing generation.



How the hybrid natives of Gen Z are set to radically transform work and the workplace.



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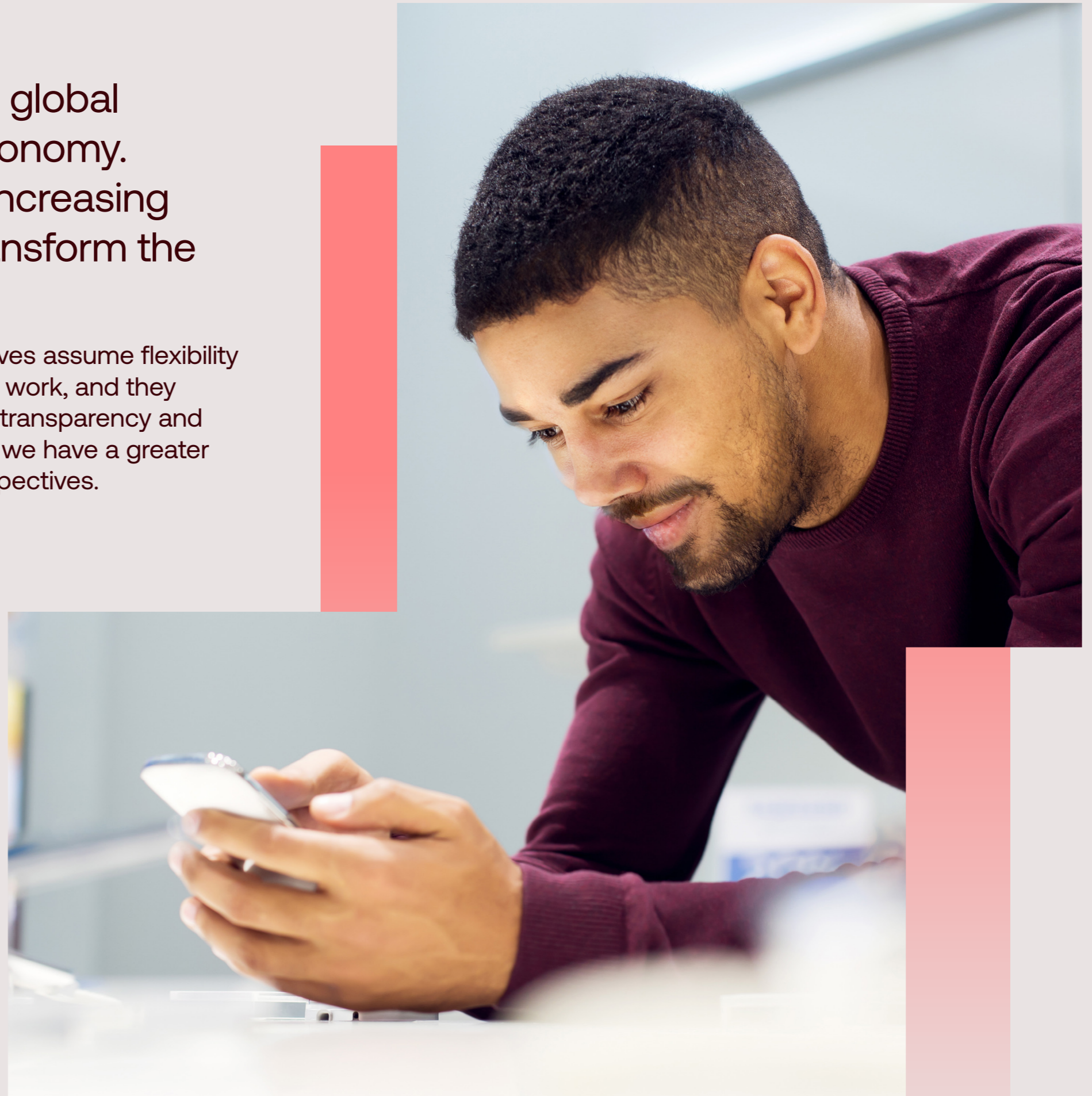
Network

Generation Z is the future of the global workforce and of the world's economy. As they enter the office in ever increasing numbers, they are starting to transform the way that work is done.

As our research has discovered, these hybrid natives assume flexibility is a given when it comes to when and where they work, and they also bring important new thinking about diversity, transparency and authenticity. By understanding their expectations, we have a greater chance of attracting their unique talents and perspectives.

**Mark Dixon**

Founder and CEO, IWG



# Introduction.

For Baby Boomers, Gen Xers and Millennials, there's a new kid on the workplace block: Generation Z. This latest cohort to roll off the demographic production line is increasingly making its presence felt. Gen Z, who currently make up 30% of the world's population, will account for 27% of the workforce by 2025.

The term Generation Z refers to those born during the period from around 1997 until the first half of the 2010s. The precise dates are less important than the trends and events that have defined their formative years. These so-called 'digital natives' have never known a time without the internet and have grown up using social media.

"This is a generation that grew up with technology in their hands," says Hana Ben-Shabat, Founder of Gen Z Planet, a research and advisory firm dedicated to Gen Z. "They don't know a world without search engines or mobile phones, and that has shaped everything about them: how they learn, how they process information, how they communicate with one another. And it's also something that they bring as an expectation for the workplace."

Over the last couple of decades they have also been witness to a whirlwind of traumatic world events – war in the Middle East and Afghanistan, and more recently in Ukraine, a global financial crisis and a coronavirus pandemic, to name just a few – and have seen the emergence of an increasingly polarised political landscape.

"They have experienced more change in their brief years than most generations experience in a lifetime," says Marcie Merriman, Cultural Insights and Customer Strategy Leader at EY in the US. "And not only have they experienced all these turbulent events, but they've had to digest them

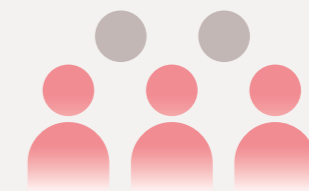
more completely, because of their access to all of it through digital technology."

As a result, Gen Z carries the weight of the world on its shoulders. As well as worrying about their own financial stability, they are also stressed about societal wellbeing and climate change – and they want to put those things right.

They are also the most racially diverse generation in history, at least in western countries. In the

US, for example, 48% of Gen Z is made up of minorities. "Diversity is the cultural lens through which they see the world," says Ben-Shabat. "And that means they want to see workplaces that look like their homes or their communities or their schools."

Research among more than 1,000 Gen Z workers commissioned by Regus set out to understand exactly what they expect from the workplace – and from their employers and colleagues.



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# The hybrid native.

A large number of Gen Zers who are now in the workplace began their working lives during the pandemic. That meant working remotely, not meeting colleagues in person, and often being onboarded in challenging ways.

“It was a difficult time for both companies and new hires,” says Mark Dixon. “While managers were able to use virtual platforms for onboarding, nothing can beat face-to-face encounters for both getting to know colleagues and also getting a sense of a company’s culture.”

With the ending of lockdowns came a return to the ‘norm’ of going to an office, at least part of the time, for the world’s workforce. But this was a norm that Gen Z had mostly never known.

“This is a generation that’s always had every aspect of their life completely interwoven as a result of digital technology,” says Merriman. “They could work on their schoolwork wherever they were – on the bus, at home, at school, even at the sports field. So expecting them to think that there is a specific place where we go to work is very foreign to them.”

As Dixon points out, these digital natives are also hybrid natives, for whom the concept of ‘working from anywhere’ is as natural as breathing.

“If they’re asked to go to an office, they expect to be given a very good reason for doing so,” he says. “What are the benefits for them? How will it help them to be more productive and to advance their careers? This is a generation that wants to do things their own way. And that means

companies can’t expect them to suddenly become nine-to-fivers in a traditional office.”

And that includes commuting a long distance to work. According to the Regus survey, only a quarter of Gen Zers consider a city centre office to be important, while 85% want to work in an office close to home – and that’s likely to be in the suburbs, because that’s where Gen Z professionals tend to live. These are fairly recent graduates with relatively low incomes who therefore gravitate to more affordable areas that tend to be some way from a city centre. It’s not only more convenient for them to work locally but it’s also an important cost-saving: research by insurance company Confused.com suggests that hybrid working can save employees up to \$377 a month on train travel and up to \$147 a month if they commute by car.

Gen Z’s preference for local working is likely to further fuel the existing growth of flexible work spaces in suburbs and small towns as the geography of work shifts inexorably away from city centres. IWG, the parent company of Regus, is currently engaged in a major programme to extend its current global network of 3,500 locations by more than 1,000, and almost all of these will be in suburban and rural locations to cater to this new demand.

Ultimately, what these hybrid natives prize most of all is flexibility. “They value coming to the office and the human interaction, but they don’t want it to be every day,” says Dixon.

So what do they want when they get there?



## Hybrid cuts costs for companies.

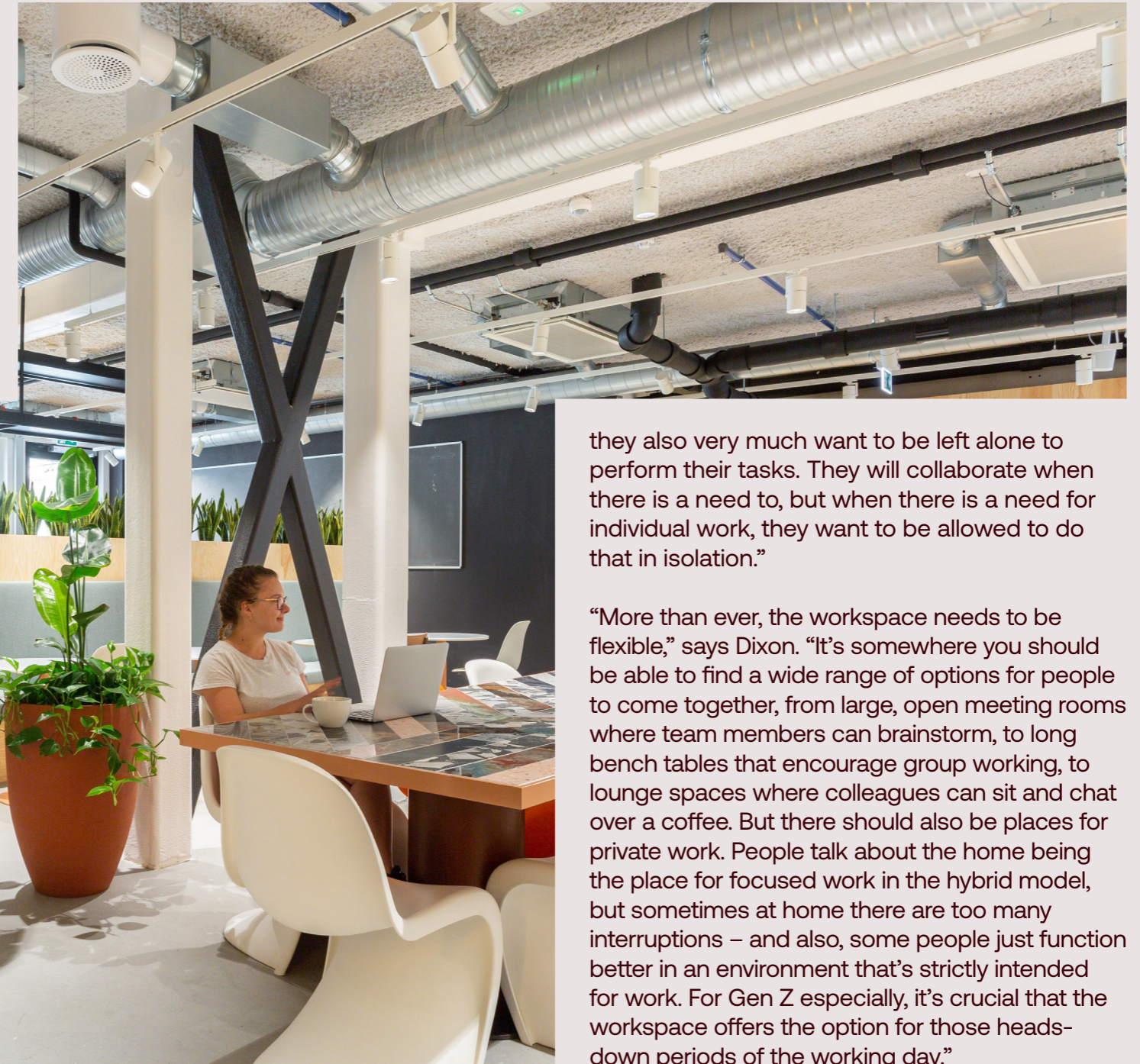
It isn’t just workers who gain financially.



More than four-fifths of CFOs polled by IWG said they believe hybrid is a more affordable business model than one in which employees spend five days a week working at a central office. It allows companies to eschew the fixed costs of long leases and to scale up or down as needed. For smaller companies, the real estate cost savings brought by hybrid are particularly advantageous, bringing added agility and allowing them to focus more resources on growth.

In purely financial terms, analysis by research firm Global Workplace Analytics has shown that hybrid working can save organisations more than US\$1,000 per employee a year on average. Technology giant Cisco, which has a long-established tradition of flexible working, says its shift to hybrid working saved the company in the region of US\$500m over a five-year period.

# The Gen Z workplace.



**80%**  
of Gen Z want to work with 'cutting edge' technology in the office.

The first thing Gen Z expects to find in an office is the kind of tech they're used to at home. A Gen Z survey by Dell found that 80% want to work with 'cutting edge' technology in the office, while 91% said the technology offered by an employer would be a factor in choosing among job offers.

Bad or unreliable technology can have a greater negative effect on Gen Z than on older generations. While most of us have become accustomed to software glitches and undependable hardware in the workplace, Gen Z is more used to a seamless experience of downloading entertainment and video-calling with friends.

"For them, the idea that things don't work, or they've got to try and make them work, is the fastest way for them to become frustrated and for them just not to participate," says Merriman.

"I think many employers don't understand the extreme challenges and unhappiness that that will cause for them, compared to what the rest of us are willing to put up with."

This is a generation that's keen to collaborate, and to learn and build new skill sets. That means offices need to be intentionally designed for collaboration, as well as providing spaces for one-to-one encounters for learning and mentorship. A local flex space can cater for all of these needs, while also offering the opportunity

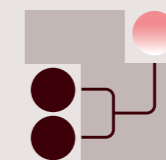
to meet employees from other companies, enabling these fledgling workers to begin forming new networks.

But private space for individual work is also important for Gen Z. "Imagine a teenager in their own room with their headphones, doing things on their computer – that's how they grew up," says Ben-Shabat. "Yes, they're connecting, they're on WhatsApp, they're doing video calls with their classmates. But they are by themselves. And because they got used to that,

they also very much want to be left alone to perform their tasks. They will collaborate when there is a need to, but when there is a need for individual work, they want to be allowed to do that in isolation."

"More than ever, the workspace needs to be flexible," says Dixon. "It's somewhere you should be able to find a wide range of options for people to come together, from large, open meeting rooms where team members can brainstorm, to long bench tables that encourage group working, to lounge spaces where colleagues can sit and chat over a coffee. But there should also be places for private work. People talk about the home being the place for focused work in the hybrid model, but sometimes at home there are too many interruptions – and also, some people just function better in an environment that's strictly intended for work. For Gen Z especially, it's crucial that the workspace offers the option for those heads-down periods of the working day."

But beyond an office that suits their needs, what do Gen Z want to get out of their work?



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# Financial security.



Gen Z's number one priority is a good salary: in the Regus survey, nearly three quarters (73%) said it's the most important factor when it comes to accepting a new position. And when it comes to quitting a job, insufficient pay is the main motivator (53%), with lack of progression also in the top three (41%).

A focus on financial security is perhaps not surprising if we bear in mind that this is a generation that has grown up seeing how precarious personal finances can be in the face of outside forces. In that sense, Gen Z's focus on salary isn't about getting rich for its own sake – it's about hedging against risk.

“Gen Z are the kids of the Great Recession, and the graduates of the pandemic,” says Ben-Shabat. “These are the two major events that shaped their views and values around money. When they were kids growing up, they saw their parents either losing a house or losing a job, or even just being anxious that this could happen to them. Then comes the pandemic, and many of them experienced first hand layoffs, furloughs, reduced hours. So they saw how the world can change in a minute, and as a result they need to have their financials secured.”

**73%**  
of Gen Z said salary is the most important factor when it comes to accepting a new job.

Another factor at play is the experience of their immediate generational predecessors. Gen Zers will be all too aware of the huge debts racked up by many Millennials: one recent survey in the US found that the average Millennial currently owes more than \$100,000 in non-mortgage debt.

Gen Zers also tend to have their fingers in more than one financial pie, so it's likely that your new office colleagues will have at least one other source of income. The latest annual global report by Deloitte on Gen Z and Millennials found that 42% of Gen Zers have a side hustle going on. Deloitte attributes this to their concerns about the cost of living and their financial security. In other words, it's another hedge against risk. However, Merriman believes there can be another factor at play: “Maybe they have a day-to-day job that forces them to do things that they think are boring, but, you know, it pays the bills,” she says. “But they can also do this other thing that fulfils their creative needs.”

# A place for growth.



“

In a recruitment world that increasingly values skills over qualifications, Gen Z has much to bring to the table.”

Although they may not yet be trained, this is a generation that brings meaningful skills to the workplace based on their many non-curricular hours of digital engagement while growing up, and they want to put those skills to good use. They're likely to be fluent in social media trends and early adopters of new technology, and they'll feel comfortable around data and analytics. They may also have coding skills that they've developed on their own.

“In a recruitment world that increasingly values skills over qualifications, Gen Z has much to bring to the table,” says Dixon.

And they're keen to get on. The second most important factor after salary for Gen Z when it comes to getting a new job is promotion opportunities. 54% of those in the Regus survey stated it was important. But this isn't about naked ambition or climbing a career ladder, as for previous generations. For Gen Z, promotion means an opportunity to add to skillsets. While a good salary is a priority, Gen Z's ambitions are ultimately as much about personal growth as they are about growing a bank balance.

“This is one of the things that make them unique,” says Ben-Shabat. “This is the first time we're hearing very young people talking about personal growth and looking to grow as individuals.”

Job satisfaction is very important to Gen Z. Nearly half (46%) of those surveyed by Regus said interesting work was crucial to them staying in their current job, and the same number said they would quit their job if their work was unsatisfying. Deloitte found that while salary is the most important factor for them in deciding on a job, if given the choice of accepting a better-paying but boring job versus work that was more interesting but didn't pay as well, Gen Z was fairly evenly split.

# A question of values.



Utilising flex space can drastically reduce a company's carbon footprint.



Gen Zers want to work with a company whose values they share. In the Regus survey, nearly two thirds (61%) said strong leadership and direction from management was important, with almost a third (30%) saying they would quit if they felt their employer's values didn't align with their own.

Environmental and social responsibility are of particular importance to Gen Z, with 55% saying employers should take them seriously, and almost half (48%) refusing to join a business that doesn't have clear environmental and social goals. Half said they would leave their job if their employer backtracked on social or environmental targets.

"This isn't a new trend," says Dixon. "When Millennials first entered the workplace, we talked a lot about the importance they placed on company values. But with Gen Z, the volume has been ramped up. They want action from employers and they want to see impact."

The environmental benefits of companies switching to the hybrid model are considerable. Buildings currently account for 40% of societal energy use, and a single unused desk creates a tonne of CO2 each year, which is the equivalent of driving a car 6,000 miles. By downsizing their central HQ and using flex space according to demand, companies can drastically reduce their carbon footprint. A further reduction in emissions comes as a result of less commuting.

## Building a better future with hybrid working.

The switch to the hybrid model can help companies support a number of the UN's Sustainable Development Goals for 2030.



### Good health and wellbeing

Fewer commutes mean less stress and a generally healthier lifestyle.

### Gender equality

Hybrid working offers a future of more equal opportunities and more equitable sharing of family responsibilities.

### Affordable and clean energy, and climate action

Fewer car and plane journeys lead to reduced greenhouse gas emissions, while companies can reduce their carbon footprint by downsizing offices and working from more sustainable buildings.

### Decent work and economic growth

Increased productivity comes when workers choose to work when and where they're happiest and most effective.

### Sustainable cities and communities

Hybrid working revitalises communities as more time is spent working at or close to home, and this can also increase community spirit.



# Working with Gen Z.

The Regus survey found that only one in ten Gen Zers think it's important to dress like one's colleagues in the workplace, and only a quarter said they would dress to impress. These are findings that go to the heart of one of the most fundamental traits of Gen Z, and one which other generations must learn to take on board: the quality that they value above all others is authenticity.

And this goes far beyond the question of whether it's OK to wear a hoodie in the office. As Merriman says, "It's about being able to bring your whole self to the workplace. They are the most diverse generation yet, both demographically and psychographically. So whether it's a question of race and being able to wear their hair the way it naturally is, or if it's gender or sexuality and being able to express that they have a wife or a husband of the same sex, that's the authenticity they want to be able to bring."



**Gen Z are the most diverse generation yet, both demographically and psychographically.**

Furthermore, for Gen Z, it's not just a question of their authenticity simply being tolerated in the workplace, which is something Millennials have long sought. What they expect is "radical inclusion" – to have their differences valued and understood as an asset.

Along with authenticity, Gen Z also demands transparency. "This is a generation that openly shares just about everything," says Merriman. "So issues that older generations may think of as taboo or would prefer to put under the rug, Gen Z is talking about openly." This covers a wide range of issues, including race, gender, sexuality, mental health and financial matters.

Working processes may need to be adapted for Gen Z, too. As we've already seen, they value technology that works seamlessly, but they're also used to communicating quickly with short messages and emojis. That means they're likely to be as frustrated by a long, dense email as they are by a laptop that fails to work. To make them feel at home, procedures need to be simplified and streamlined.

And they need sympathetic guidance from managers. It's become a truism since the pandemic to say that the most important qualities of line managers in the workplace are compassion and empathy, but for Gen Z this is doubly true.

"We have to understand that this generation has grown up in a very different way to ourselves," says Dixon. "So we need to show them understanding and we also need to give them empathetic guidance."

They need feedback too, adds Ben-Shabat. If they're doing a good job, they need to be told. But not because they're insecure. It comes back to their ambition: they want to know where they stand, so that they can be better and exceed expectations.



# Conclusion.

It's clear that this is a generation that questions how things are done. They want to put the world to rights, and they want to approach work on their own terms. They're not afraid to challenge what we've come to see as the norms of working life, they're focused on the future and they want to grow. They want to make their lives secure but they also want a job that offers them meaning and has a positive impact on the world.

“By better understanding Generation Z, we can begin to understand what the future holds for business,” says Dixon. “It's a future of flexibility – in terms of where we work, how we work, and how we collaborate with others. And it's a future that's already begun.”

We help more than eight million people **work the hybrid way** in thousands of locations worldwide. Find out more about what we do today at [Regus.com](https://www.Regus.com).

