Challenges and strategies for incorporating Generation Z into the workplace

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ABSTRACT

Generation Z (Gen Z) is about to enter the workforce by the millions, bringing with them new demands and challenges for companies and their corporate real estate (CRE) portfolios. This generation (born within the past 20 years) is more technologically savvy than any previous generation and more likely to collaborate with colleagues to complete a task. But with these talents comes certain drawbacks. Gen Z’s tendency to be always plugged in makes them one of the unhealthiest generations both physically and emotionally. To incorporate this new generation into the workplace (and make them every bit as valuable as their Baby Boomer, Generation X [Gen X] and Millennial colleagues) will require accommodations that allow Gen Z to focus. These include spaces that encourage mindfulness, promote sense of place and foster teamwork. Case studies presented in this paper offer examples of how two companies recently prepared their workplaces to integrate tomorrow’s worker.

Keywords: Generation Z, workplace strategy, mindfulness in the workplace, sense of place at work, multi-generational employees
INTRODUCTION

Millennials

Over the past decade, few groups have attracted as much attention as the generation that came of age in an era defined by smartphones, 9/11 and social media. And while Millennials continue to be of great interest (50m Google results and counting); there’s a new generation that is already capturing the attention of demographers and forward-thinking organisations around the world.

The oldest members of Gen Z, representing those born since 1995, are now creeping into their 20s and becoming the latest generation to enter the workforce. CRE managers need to start preparing now for the arrival of these new employees, who, like the generations that preceded them, will present new workplace challenges and opportunities. Although national and cultural influences will impact how Gen Z behaves from region to region, this generation will also share many commonalities that can guide global CRE managers on how to incorporate them into the workforce. If done correctly and responsively, the result will be workplaces that are not only more efficient and inclusive but also healthier and calmer.

GENERATION Z AND THE CHANGING FACE OF TOMORROW’S WORKFORCE

Workplaces around the world will soon experience a demographic shift with the first wave of Gen Z joining the global workforce alongside Millennials (born between 1980 and 1995), Gen Xers (1965–80) and the last of the Baby Boomers (1945–65). Like older generations of workers, Gen Zers will bring to the workplace their own distinct skills, habits and needs.

As the first true digital natives, Gen Z will expect employers to provide the latest technology and can be expected to be viewed as the technology experts within the workplace. This generation has also come of age during the rise of the coworking model of shared and communal workspaces made possible by advances in digital connectivity that enable workers to un tether from desks and 9–5 schedules.

Gen Z can be expected to favour collaboration and open workspaces more than their colleagues, particularly compared to their traits of the three generations that precede them and make up the bulk of employees:

• Baby Boomers: born in the decades following the Second World War, often described as idealistic, competitive and optimistic. This generation tends to value personal growth and gratification. They challenge authority and can be workaholics. They prefer face-to-face conversations with colleagues and value respect.

• Generation X: employees tend to be more skeptical, entrepreneurial and self-reliant than Boomers. As children, many Gen Xers were the first ‘latchkey kids’ whose parents divorced and whose mothers entered the workforce en masse. Unlike the generations before them, most Gen Xers don’t expect to work for one employer their whole career. They dislike being micromanaged in the workplace and value direct communication.

• Millennials (or Generation Y): are civic-minded, technologically fluent and practical. Forty per cent of Millennials in the US hold bachelor’s degrees, making them the most highly educated generation.1 In the workplace, they prefer to be coached rather than managed, and they value challenging work more than a high salary or job security.
Baby Boomers and Gen Xers, who are more reserved in their collaboration efforts. According to one recent survey, 56 per cent of Millennials and Gen Zers believe their colleagues enable them to do their best work. Despite their collaborative nature, many Gen Z have difficulty interacting with peers and superiors due to low emotional intelligence — also known as emotional quotient (EQ) — which is the ability to identify and manage one’s emotions and perceive the emotions of others. This EQ void, which is a condition of communicating via technology where voice intonation and eye contact are lost, may become Gen Z’s biggest career challenge. An estimated 8 million adults are diagnosed with Attention Deficit Hyperactivity Disorder (ADHD), with a high percentage of Gen Z in this category as the number of adolescents and teens diagnosed continues to rise. Though many of those affected by the disorder have been accommodated in school, most employers do not address accommodations for learning disabilities. For this distracted generation, providing clarity — spaces with clear uses and purpose that are easy to navigate — will be critical.

Gen Z is extremely entrepreneurial, with some 37 per cent aspiring to be the leader of a company they start on their own. As such, they will require a balance of space for collaborative and individual work.

Designing for wellness, too, should continue to grow in importance within the workplace. Out of 100 Gen Z kids, 47 are expected to be obese by the time they reach adulthood.

Gen Z has observed Millennials struggle with financial stability and debt and is more careful in choosing education and career paths. Lack of employment and financial security has caused Millennials to delay life events such as purchasing homes and starting families. This trend will likely continue with Gen Z.

Gen Z employees can also expect to stay in the workforce longer than previous generations as life expectancy increases along with the official age of retirement, which in the U.S. has already risen to age 67 and will edge higher in coming decades, according to the National Academy of Social Insurance. Gen Z’s extended time in the workforce, coupled with job insecurity and opportunities, will see this generation working for many employers over their careers. In fact, Gen Zers expect to work for at least four employers during their career. With so many people switching jobs and reinventing their careers, there will be a need to bolster employee training and to accommodate older adults in their efforts to advance their higher education. Acknowledging generational learning styles and information gathering techniques will be important in addressing knowledge transfer across generations. The rise in self-employment, especially among the Millennials and Gen Z, will further alter the social contract between employers and employees, creating new ways of working and benefits for working.

ACCOMMODATING WORKPLACE DIVERSITY

Given what we know about Gen Z, how can CRE leaders across the world prepare a workplace that best responds to the needs of these new employees? The answer is not a simple one — especially when it comes to global firms that must account for multi-generational differences among employees as well as regional and cultural differences across international offices.

As recently as the mid-2000s, most CRE groups followed a decentralised model that allowed workplace decisions to be made regionally. Some regions used private offices to reward individuals, while others chose to maintain open environments that were uniform and equitable. European and Asian locations generally leaned toward more open, dense environments, while North American locations allotted more room
per person and offered additional private, enclosed spaces.

Today most companies want a clear, simple answer when it comes to their CRE portfolio. They are seeking to optimise capital and operations spending on facilities while creating nimble work environments that align with their industry, corporate initiatives, culture and brand.

Some of the benefits to introducing workplace standards include portfolio optimisation, efficient procurement practices and an international real estate platform for ease of expansion and contraction around the world. This, in turn, can provide opportunities to create global partnerships with vendors, suppliers and real estate teams with consistency and efficiency in all locations. Finding the balance between standardisation and customisation in this type of workplace is challenging — especially considering that CRE must respond to more than just multicultural and multi-generational employees. It also must address the needs and preferences of C-suite executives, corporate security, HR and others.

For this reason, many companies are beginning to employ guidelines — instead of standards — to shape their international portfolios. These guidelines offer a deeper understanding of the cultural and generational nuances of a region in order to create more accommodating, productive workplaces. Effective workplace guidelines take into account factors such as a hierarchical structure, which may be embedded within the culture, permeate the business environment and impact the workplace.

Spending on employee salaries and benefits now comprises 80 per cent of expenses for the average company, making it crucial that the workforce is engaged and productive. Yet according to Gallup’s annual engagement survey, only 33 per cent of the US workforce is engaged. Globally the number is even worse, with just 15 per cent of employees actively involved at work.7

Six factors tend to be most important in engaging knowledge workers and boosting their productivity in the workplace:

1. Social cohesion;
2. Perceived supervisory support;
3. Information sharing;
4. Common vision, goals and purpose;
5. External communication; and
6. Trust.

Without these attributes in the workplace, employee engagement and productivity will suffer. Yet a workplace designed to reflect a company’s organisational DNA can be a powerful tool for encouraging social connections, sharing information, and enabling communication and trust. Offering workers a choice about their surroundings and work settings can also elevate their satisfaction.

This is already the case in Europe and Australia, where activity-based working (ABW) is common. In these regions, many companies are leaving workspaces unassigned, allowing employees to move freely to a variety of settings and select those that match their work style for the task at hand. A similar approach to the workplace elsewhere would allow Millennials and Gen Z to interact with older generations of employees and enable the type of social cohesion, information sharing, trust and common vision that are key to fostering organisational DNA.

WORKPLACE AS A RECRUITMENT AND RETENTION TOOL

Large companies today are facing more dynamic markets than at any time in history. Today the typical lifespan of companies listed in the S&P 500 is under 20 years.8 In the 1920s the average lifespan for similar firms was 69 years. This ‘speed of business’, catapulted by advances in technology and globalisation, is requiring organisations to be more flexible
and agile to manage the demands of the market and future unknowns. This mandates that CRE teams provide space that is more responsive than ever, with an emphasis on business agility. At the same time, CRE is a key component in the ‘war for talent’ to attract and retain the best employees.

To respond to these market forces, many organisations are using the Talent Attraction, Retention, Productivity and Engagement (TARPE) framework to understand which amenities are important to employees. According to a recent study, workplace satisfaction is linked to the amenities provided to employees. But as a workplace’s demographics shift, so do the amenities offered to cater to different life stages and styles. In the near future, amenities will focus more on well-being, relaxation and recreation, with companies providing meditation spaces (growth of 26 per cent), game rooms (growth of 19 per cent) and outdoor work and recreation spaces (growth of 18 per cent).9 These amenities accommodate the needs of all generations, but particularly appeal to the Millennials and Gen Z who are concerned with wellness and work-life balance. Childcare will become an important addition as Millennials are delaying starting families and many have both parents working.

In lieu of offering expanded amenities, some companies are moving their suburban campuses to urban areas. These vertical campuses use the city itself as a key amenity. The specific amenities provided by vertical campuses are usually shared among different tenants (rather than just belonging to one) and can range from food services and co-working spaces to fitness and health offerings. Companies in urban areas can also draw from the area’s amenities and offer employees memberships or allow employees to take advantage of eating options surrounding the campus. Millennials and Gen Z are drawn to urban environments and prioritise working where they live just as Baby Boomers were once drawn to the idyllic, collegiate feel of the suburban corporate campuses of the 1960s and ’70s.

One in three members of Gen Z say they would not consider employment with more than a 30-minute commute and just one in five would be willing to travel longer than an hour to work.10 Moving campuses to urban areas creates a high concentration of knowledge workers, which attracts talent and also creates competition for these knowledge workers.

WORKPLACE CLARITY THROUGH MINDFULNESS

Gen Z’s desire to be constantly connected and plugged in is already leading to anxiety and emotional detachment, and will likely result in interpersonal difficulties within the workplace. Physical inactivity and sleep disturbances due to excessive screen time and connectivity are also weighing heavily on this generation. If left unchecked, the World Health Organization predicts that ‘technostress’ — the feeling that you need to be connected 24/7 — will be a major health epidemic over the next decade.11

Employers that want to help these distracted, next-gen workers maintain focus must create workspaces that help Gen Z dial down, not amp up. Companies including Google, Apple, Procter & Gamble, General Mills and Deutsche Bank recently have responded to this trend by implementing mindfulness programmes into their workplaces.

Spaces that promote mindfulness, in which employees are calm and present in the moment, could prove particularly beneficial to companies attempting to help Gen Z improve its emotional intelligence, self-awareness and capacity to manage distressing emotions. Practicing mindfulness also reduces stress, lowers blood pressure, improves memory and lessens the chances of depression and anxiety.
Workplace design can promote positive mental and emotional health by creating quiet areas, technology-free zones and meditation rooms. Not only can these spaces result in more focused and healthier employees, they can also have an impact on a company’s bottom line. Aetna, for example, estimates that since launching its mindfulness programme, it has saved about $2,000 per employee in healthcare costs and increased productivity by $3,000 per employee.12

Quiet areas and meditation rooms can aid in creating a sense of place for employees, particularly within a large and diverse organisation. These tech-free areas allow people to connect with each other and their surroundings — visually, culturally, socially and environmentally — and are key to creating a sense of place within the workplace. Studies have shown that belonging to something improves people’s motivation, health and happiness.13

The challenge for CRE executives can be in convincing sceptical CFOs that incorporating wellness programming and design into the workplace justifies the costs. Yet an increasing number of case studies suggest that it does. From the World Green Business Council’s 2016 report, Building the Business Case: Health, Wellbeing and Productivity in Green Offices:

- Skanska reduced sick days by two-thirds at its office in Doncaster, UK, after it improved layout and noise, indoor air quality, and lighting — helping the firm save $36,000 in staff costs.
- Heerema Marine Contractors sees a net present value of $47m over 20 years in improved productivity, staff retention and reduced absenteeism due to better air quality, thermal comfort and daylighting in its new Amsterdam office.
- Saint-Gobain’s doubled the productivity of its call centre staff after moving into its new North American headquarters, which includes a fitness centre, 1.3 miles of walking trails, more than 100 collaborative workspaces, and outdoor views from 92 per cent of its offices.

MINDFUL OF EMPLOYEE NEEDS — A CASE STUDY

One media organisation wanted to use its New York office to promote its global presence and create an energising environment that encourages its clients to spend time within the workspace. The company also wanted to support a flexible, nimble and faster delivery process with a more energetic, inspiring workplace.

With an open plan design and unassigned seating for most, a neighbourhood concept offered a sense of belonging for staff while maintaining flexibility for project teams to grow and connect with business changes. Several different space types were introduced to support the variety of work-setting preferences generally seen in a multi-generational workforce. Innovation labs to develop and test content, upgraded studios and editing suites — including the addition of a photo studio and a digital library — support content generation and fuel creativity.

Designing for and providing a balance of space types to support both focused work and collaboration is important across generations. Giving employees choice also encourages increased productive collaboration across generations.

For example, focus booths within this space provide uninterrupted time for concentrative work while the ‘dream rooms’ encourage team collaboration. White boards, pin-up space and touchscreen technology support the communication of ideas across all levels of technological preferences, which can vary across generations.

Creating spaces and opportunities to make informal meetings easier led to the creation of connection points throughout the new workplace. Meeting spaces were outfitted with easy-to-use, touchscreen technology.
Figure 1  A stairway and open layout encourages movement and allows employees and clients to find the right space for the task at hand.

Figure 2  Casual meeting rooms and information booths promote brainstorming and collaboration.
and strategically located to promote movement. Amenities and the placement of pantries within the environment encouraged the spontaneous interactions the client sought.

**A KIT-OF-PARTS APPROACH TO SENSE OF PLACE**

A common strategy for helping companies address the needs of all generations and creating a sense of place is to provide employees with a choice of work settings. Sustainability, real estate costs, technological innovation, globalisation and management culture are important drivers of this change.

Open plan offices encourage younger and older generations to approach each other with issues and questions. The ability to collaborate and hear what others are working on also helps in the transfer of knowledge and natural mentoring.

Informal areas with soft seating that provide acoustic and visual privacy and the ability to connect to technology provide spaces for mentoring and meetings that help employees build networks organically. Formal spaces for training, such as training or learning centres with ample break-out and collaboration areas accommodate different types and styles of learning and can be easily transformed into ‘innovation spaces’ for brainstorming and idea generation. Amenities such as cafes, coffee bars and fitness centres allow employees to interact in informal ways which creates transparency and breaks down hierarchical barriers that hinder knowledge transfer.

Instead of giving everyone a desk, many of which may go unused for the majority of the day, alternative choices offer a hybrid environment that provides people with shared spaces and amenities. Offering this ‘kit-of-parts’ gives employees a choice about...
how, when and where they work, with each setting designed for different tasks. It essentially focuses on streamlining the worker’s experience in the office environment and transitioning staff from a ‘me’ to a ‘we’ mindset.

Regardless of which method is better suited to an organisation’s needs, a kit-of-parts approach can be especially useful in terms of regional application and scalability to support a global strategy. While the workplace programme is often owned by a global team, local implementation teams should be leveraged to build each roll-out plan, using pieces from the kit that are culturally appropriate.

Encouraging innovative ideas from the local team may increase the probability of success, as they have inherent insight into the local office culture and understand how to best communicate that message. As part of the strategy and kit-of-parts definition, programme teams must define which items are non-negotiable and which are open to interpretation.

The new generation of workers has a drastically different perspective on what they expect from their employer and office environment. Now more than ever, people want to be who they are, and the work environment can serve as a tool for self-actualisation.

Focusing more on flexibility and less on uniformity provides workers with more alternatives that improve work/life balance, enhance job satisfaction and reduce absenteeism. Using universal parameters to set boundaries instead of mandating one-size-fits-all uniformity can accomplish both by giving employees more discretion in customising their workplace.

The following workplace features reinforce a sense of place and help retain and recruit employees:

- Culturally rich
- Walkable
- Vibrant
- Accessible to public transportation
- Space and time for social and professional experiences
- Authentic

Additional elements that add to sense of place but can vary according to regional preferences include:

- **Variety in workspaces:** This strategy seeks a balance in closed and open, formal and informal spaces to accommodate all work styles. An example of this ABW creates specific neighbourhoods within the workspace. Some might promote collaboration or socialisation, while others support heads-down work or quiet one-on-one meetings.
- **Sustainability:** In addition to looking for value and return on investment and complying with government regulations, many companies now are pursuing Leadership in Energy and Environmental Design (LEED) and other sustainability certifications to create a more appealing workplace for next-gen employees.
- **Health and well-being:** While LEED largely focuses on the health of the planet, initiatives such as the WELL Building Standard targets the health and well-being of building occupants. More and more studies show that workspaces with abundant natural light, clean air and layouts that encourage movement lead to more productive, healthier and happier employees.
- **Flexibility for technology:** Ever-changing technology is one of the strongest drivers and success factors for workplace change. Flexibility and options for ease of future modifications due to growth, churn and advancements in technology routinely play a large role in the design for most global firms.
- **Security and safety:** One of the first stages of Maslow’s hierarchy of needs, and it’s just as applicable in the workplace as the home. Safe workplaces educate and
protect workers against internal threats such as harassment and intimidation, as well as external concerns, be they virtual or real.

Prioritising these initiatives can be difficult, and each provides a different return on investment. To begin developing a kit-of-parts suitable for a global portfolio, a business must look at its overall objectives and develop guiding principles that align these initiatives with its overall goals.

KIT-OF-PARTS IN PRACTICE — A CASE STUDY

Recently a global information services corporation set about to both modernise its work environment and reduce capital costs. The company’s workplace, which accommodates many specialised engineering roles, needed to enhance organisational agility by fostering knowledge transfer across multiple generations of staff. The company’s new president and CEO also desired a significant workplace change to help attract and retain experienced staff. While the company’s physical workplace conditions were substandard, a bigger issue was that the type and quantity of workspaces did not align with the needs of employees.

The design team’s response was to develop a workplace effectiveness strategy that aligned space standards with best practices. The strategy reduced the proportion of private offices, providing a variety of focused and collaborative work settings for all employees. The design team also developed a change

Figure 4 A study of the workplace and its impact on performance, prompted this company to reduce the size of private offices and increase the amount of space for focused and collaborative work
management framework and partnered with the client’s HR and facilities teams to embed those capabilities across the company. This solution maximised performance, facilitated collaboration and fostered innovation while supporting the principles of urgency, ownership and openness.

**SUMMARY**

Like the generations they’ve followed, Gen Z will — in time — adapt to and thrive within the workplace. The practices discussed in this paper are put forth in an effort to hasten that success and encourage inter-generational collaboration within the workplace. CRE managers should also consider national and cultural influences before implementing guidelines or standards across workplace portfolios, as those factors will impact Gen Z behaviour and attitudes on a region-by-region basis. Moreover, multi-generational interaction may not be a priority for some businesses. Workplace managers will want to weigh how a change to the workplace layout and design could negatively impact older generations, particularly Baby Boomers and Gen X, who don’t necessarily share the same work habits as younger generations.

It could be, too, that Gen Z’s tendencies and habits will change over time. A generation that now favours collaboration and open workspaces may eventually desire private offices and more formalised workspaces. Yet the main ideas presented here — mindfulness, wellness and sense of place — are concepts that transcend the workplace and are becoming an ever-larger part of society. Increasingly our tech-addled minds need the time and space to disconnect and focus. At the same time, people today are accustomed to greater choice and seek out spaces where they can share their interests and be themselves. Workplaces that can cater to these growing needs are the ones most likely to assist in the recruitment and retention of tomorrow’s workforce and ensure that it remains both satisfied and engaged.

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