Gen Z on the Horizon: The Importance of Strategic Change Within the Organization

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The American workforce is a fusion of individuals from various backgrounds, who carry divergent perspectives regarding what is most valued in the workplace. While a number of factors may contribute to the heterogeneity of workplace values, generational differences are at the root of understanding workplace behavior. With Generation Z (Gen Z) newly entering the workforce, organizations must strategically adapt to ensure they authentically embody the values of the generation who will hold most entry-level positions in the upcoming years (Pichler et al., 2021). By spearheading strategic change according to Gen Z's expectations and values, the organization's human resources (HR) will be privier to modernizing HR functions—such as recruitment, the onboarding process, and performance management—while improving psychological safety and organizational culture.

An Overview of Each Generation in the Workforce

Understanding Gen Z is key to strengthening an organization's competitive advantage, and in order to pursue effective strategic change, the organization must first contextualize each generation's behavioral trends. While it is important to avoid accepting these trends as absolutely canon—as generations should serve as lenses rather than labels (Dimock, 2019)—generational behaviors offer a helpful, generalizable representation (Smith, 2021). In considering the negative response to Millennials entering the workforce, "approaching generational differences with a blame mentality…only fosters complaints and derision toward the group instead of focusing on growth-oriented solutions" (Schroth, 2019, p. 5). Generational understanding and acceptance are critical for organizations to properly modernize processes of

recruiting, onboarding, and retaining the new generation, amidst a workforce of diverse

mindsets.

While many are currently retired, Traditionalists (aged 76 to 99 years) are still involved

in the workplace. They are known to be loyal to the organization and to value long-term career

commitment (Smith, 2021). They generally have respect for a hierarchical system and prefer to

be directly told what their tasks are and how to complete them (Smith, 2021). In following a

clear structure, Traditionalists prefer linear work styles and believe that change is only needed to

fix something broken (Smith, 2019). Like Traditionalists, Baby Boomers (aged 57 to 75 years)

demonstrate team loyalty, though they may work beyond their ordinary tasks to add team value,

and see their career defining their self-worth (Smith, 2021). Baby Boomers prefer a democratic,

flat organizational structure, and want to show what they can offer to the team, rather than be

told how to do their work (Smith, 2021). This generation is willing to challenge authority, but is

still cautious around change (Smith, 2021). Generation X (aged 41 to 56 years) is characterized

as loyal to management and to exceed expectations but does not identify their self-worth with

their career (Smith, 2021). The generation expects respect and support from authority; and they

are more comfortable with change, which they view as an opportunity (Smith, 2021).

Millennials (aged 26 to 40 years) also view change as an opportunity and expect to fuel change

in their careers to improve the workplace (Smith, 2021). They have respect for authority and

perceive their careers as an opportunity to offer their skills and value via flexible work styles

(Smith, 2021). The newest in the workforce, Gen Z (aged 25 years and younger) views a career

as an opportunity for growth, as they respect managerial direction but seek mutual engagement

and feedback (Smith, 2021). Members of Gen Z understand that change is unavoidable but

demonstrate agile work behaviors to adapt to an environment of constant change (Smith, 2021).

All of these generational work behaviors are attributable to the psycho-social characteristics which developed from impactful events and contexts. Gen Z is the first generation to be born into a digital age, making its members agile and mobile due to accessible communication methods (Maioli, 2016). With their greater reliance on the Internet, the increased access to digital communications has contributed to an emphasized interest in global issues—such as inequality and climate change—and the expansion of collaboration to resolve such issues (Maioli, 2016). As such, these collaboration opportunities and efforts have led to the generation's openness to diversity, adaptability, and change (Maioli, 2016).

According to Chillakuri (2020), Gen Z employees generally seek fair treatment, learning and development opportunities, and immediate feedback; and per Schroth (2019), Gen Z is characterized by a lack of work experience in their teenage years, which may lead to an idealistic perception of work experiences. Reasons for a lack of work experience may include living in a household of above-median incomes; spending more time pursuing educational growth due to increased competition for higher education; and seeing less of an opportunity to be hired into entry-level jobs, which tend to be reserved for recent graduates (Schroth, 2019). Gen Z is additionally characterized by an augmented risk to suffer from anxiety and depression. According to Schroth (2019), "[67%] of Gen Z in the United States and 85% worldwide say that stress prevents them from taking on leadership responsibilities" (p. 10). Gen Z's future leaders must be welcomed into organizations that value their workplace expectations and foster the psychological safety that will support their professional development.

Gen Z's Workplace Expectations

Gen Z employees hold an idealistic perspective that their work will be meaningful and compelling and that their ideas will be heard and pursued by their managers (Schroth, 2019). In

a study by Chillakuri (2020), participants claimed that when the purpose of their work is established and shared, their work ethic increases. Therefore, an organization's values, mission/vision, and strategic goals serve as critical considerations for Gen Z during the recruitment and onboarding processes—with a particular preference for ethical and social values that mirror their own (Chillakuri, 2020). In order to address Gen Z's expectation and desire for meaningful work, managers must ensure that their employees understand the value of the work they do, and how their contributions support the organization's strategic goals and values. Additionally, according to a survey conducted by the Network of Executive Women and Deloitte, 77% of Gen Z respondents said they would choose an organization for its values, rather than its products (Chillakuri, 2020). Thus, Gen Z employees are more motivated by a clear alignment between personal and organizational values than the work itself.

For example, one key value generally held by Gen Z is the opportunity for growth. To Gen Z, performance management has the potential to provide constructive feedback to enhance their personal learning and professional development. According to Inc., high-quality feedback magnifies quality of performance; as a study has shown that participants responded more positively to feedback containing high standards and assurance (Jenkins, 2019). Effective workplace feedback may be structured by high standards and assurance, combined with direction and support for future performance (Jenkins, 2019). Additionally, as "digital natives," Gen Z employees prefer instant feedback on their performance, rather than annual feedback via bell-curve performance reviews (Chillakuri, 2020). They believe that such real-time feedback is critical to their learning, which would enable them to work on current improvement areas (Chillakuri, 2020). To accommodate immediate feedback, large companies such as Microsoft have disposed of the bell-curve method of performance management and adopted a future-

oriented approach (Chillakuri, 2020). Gen Z prefers future-oriented performance management and instant feedback to better understand how they can develop goals quickly to climb to higher levels within the organization. Thus, by embracing this approach, organizations are fostering an environment for fast-paced growth for an ambitious generation entering the workforce.

Gen Z also values a work environment that supports a work-life balance. In their study, Chillakuri (2020) discusses the complexity of Gen Z's perception of work-life balance, as despite valuing work-life balance, Gen Z employees have noted feeling stressed that any time off work would open an opportunity for their work to be judged. The study further identifies that Gen Z seeks flexible work arrangements in order to meet personal needs in addition to work requirements, and to increase productivity (Chillakuri, 2020). Gen Z wants to have a trusting relationship through frequent communication with their manager, who supports flexible arrangements and trusts that their employees are high-performing and highly productive with such flexibility.

In line with their expectation of having a trusting relationship with management, Gen Z values personal connections with managers and coworkers, especially early in their career. Although their affinity for digitalization and desire for flexibility would seem to contradict this expectation, Gen Z understands that "technology often overshadows the personal experience that the new hire can have through in-person discussions with the colleagues and the leaders" (Chillakuri, 2020, p. 11). Being that they are ambitious in career development, personal connections with managers and peers will prove valuable for professional development and career advancement. Therefore, organizations should emphasize the importance of interpersonal connections to support collaboration and improve retention (Chillakuri, 2020).

Lastly, perhaps one of Gen Z's most important expectations is the availability of learning and development opportunities. Gen Z has developed in a culture of safety due to overprotective parenting, according to Schroth (2019), which has made it challenging to become autonomous. Learning and development experiences will help strengthen employee autonomy as participants of these opportunities will enhance their professional skillsets. Specifically, Gen Z prefers hands-on participation in learning opportunities that will help them achieve autonomy and absolute knowledge about their work (Chillakuri, 2020). Organizations must offer continuous learning options for employees to pursue skill development and career advancement, as this provides a safe, stable arena to learn and grow their professional independence. Supporting employee development improves employee morale and engagement, and as a result, enhances the quality of performance (Rodriguez & Walters, 2017).

Why Organizations Must Adapt to Gen Z

Given the numerous expectations and values of Gen Z, organizations must understand the purpose and the advantage that would ensue if they adapt accordingly. According to Maioli (2016), "understanding generational differences can be a tool for managers of organizations to create environments with greater productivity, innovation and attitude of corporate loyalty" (p. 2). With competitive advantage becoming more challenging to reach due to constant change in technology and globalization, organizations will be able to appeal to valuable employees, their best assets, if they can provide a workplace that matches their personal values and expectations (Graczyk-Kucharska & Erickson, 2020). The person-organization fit theory refers to the alignment between organizational values and employee values; and Graczyk-Kucharska & Erickson (2020) claim that a strong person-organization fit may impact job satisfaction, organizational citizenship behavior, turnover, and performance. Thus, as Gen Z will soon be the

most-highly represented generation in the workplace, the organization's focus on a Gen Z-organizational fit through strategic change will serve to ensure that its newest and perhaps most vulnerable employees will experience increased job satisfaction, demonstrate increased performance, and be less motivated to resign.

Marked by permanent crisis—or "permacrisis," which is defined as "an extended period of instability and insecurity" amidst war, inflation, and political instability, in the Collins Dictionary—Gen Z is plagued with high stress and anxiety levels that have led to "quiet quitting," a popularized term that signifies dissociating energy from their jobs and relocating this energy elsewhere (Suliman, 2022; Telford, 2022). In the workplace, quiet quitting may display as withdrawal from the team function and limited communication to only that which is necessary; apathy, which would result in lack of idea contribution and voluntary collaboration; and frustrated colleagues, who feel they must pick up the quiet quitter's responsibilities (Telford, 2022). Quiet quitting has the potential to plague the entire organization. According to the Society of Human Resource Management, 83% of HR professionals who are concerned for the negative implications caused by quiet quitting, believe it will decrease morale; 70% believe it will decrease productivity; and 50% believe it will reduce the quality of work products (SHRM, 2022). Additionally, of professionals who claim their organization is actively being affected by quiet quitting, 72% report that their Millennial employees are quiet quitting; and overall, 43% of HR professionals hold that employee productivity is currently a troubling issue in their respective organizations (SHRM, 2022). To proactively prevent employees from becoming quiet quitters—and to save the organization from poor employee morale, motivation, performance, and productivity—organizations must focus on strategic change that will attract potential and current employees. Namely, such strategic change must focus on the current and future Gen Z

employees who seek belonging and value alignment with the organizations for which they choose to work.

An organization may choose to adapt to Gen Z's various characteristics by understanding and aligning to their workplace motivators. For example, Graczyk-Kucharska & Erickson (2020) recommend an emphasis on transparent communication in recruitment and selection processes. Such transparent communication, including digital communication through social media and communication of the organization's values and mission, will be beneficial to the organization in attracting and recruiting top Gen Z candidates. Additionally, immediate and assuring feedback during the selection process, for successful and unsuccessful candidates, will encourage a positive relationship between the prospective candidate and the organization (Graczyk-Kucharska & Erickson, 2020). According to a Talent Board survey, 52% of participants said they would be more likely to bolster their relationship with an organization that provided feedback, by reapplying for future roles with the company and referring individuals from their network to apply ("Refusing to give interview feedback is a luxury employers cannot afford," 2020). As such, organizations should pursue a brand that is accepting, strengthening, and supportive through adjustments to their strategic processes, to attract and retain Gen Z employees. "Employee competencies can be a competitive advantage for companies" (Graczyk-Kucharska & Erickson, 2020); therefore, by approaching strategic change through the person-organization fit model, organizations will enhance their competitive advantage.

How Organizations Can Strategically Adapt to Gen Z Entering the Workforce

Recruitment

Due to Gen Z's characterized lack of work experience in their teenage years, it is especially important for an organization to provide a realistic job preview during the recruiting

process. Schroth (2019) notes that, without prior work experience, Gen Z may enter the

workforce with unrealistic expectations, which may decrease commitment levels and increase

turnover. Thus, through a realistic job preview, incoming employees will be well-prepared to

encounter and overcome any obstacles their work may create, as well as validate whether this job

and organization is the right fit for them (Schroth, 2019). An effective job preview will include

job responsibilities; expectations of working conditions (including flexibilities offered); a list of

positive and negative characteristics of the job and organization; a realistic picture of working for

the manager; a description of organizational culture; and opportunities for career growth

(Schroth, 2019). Incorporating a realistic job preview will provide candidates with a clear image

of what to expect from the role and the organization, which will strengthen the opportunity for an

effective person-organization fit assessment. Potential candidates have the opportunity to best

determine if the job will support their expectations of meaningful work, openness to new ideas,

flexibility, and positive relationships (Schroth, 2019); and likewise, the organization can narrow

down their pool of applicants to those who best align with their culture and expectations.

Simultaneously, Atay et al. (2022) suggest organizations should establish their workplace

as a brand, as developed via social media outlets. As Gen Z is more easily persuaded by visual

information, organizations may gain traction on certain social media platforms by sharing the

organization's story visually, including their culture and values (Atay et al., 2022). Since online

presence is becoming increasingly prevalent for the recruitment process, the organization should

focus on modernizing its virtual outreach strategy. On social media platforms, its own website,

and popular job-search channels such as LinkedIn and Indeed, the organization should showcase

a clear visual of its values and culture through images and video(s). Activity on social media

through videos, highlights, and limited-view stories, for example, will facilitate Gen Z's

determination of person-organization fit; globally share information about the organization; and ideally, popularly establish the organization as an industry leader (Atay et al., 2022).

Onboarding

In addition to recruitment improvements, the organization must adopt a new list of practices for its onboarding process. Given Gen Z's heightened anxiety risk, effective onboarding helps alleviate the unavoidable stress that new employees experience when entering a new organization and culture (Schroth, 2019). The organization should provide a checklist of information—including materials, resources, timeline, and goals—for the first day, first week, first month, and at three months (Schroth, 2019). To support Gen Z's expectation for a positive, trusting relationship with management, managers must meet with each new employee to welcome them to the team and walk through the checklist. These initial discussions will provide clarity on expectations and increase transparency beginning on the employee's first day, and eventually determine goals beyond what is established by the checklist (Schroth, 2019). These discussions should not be limited to one meeting, but rather weekly meetings that allow for uninterrupted discussion, mutual feedback, and an opportunity for addressing questions and concerns.

The onboarding process must also facilitate communication in an orientation program to increase connections between new employees. This program will offer a Question and Answer session to engage senior leaders and new hires, and a session engaging key staff and HR with the new hires, to connect new employees with the current colleagues and leaders who have a crucial role in supporting their success (Schroth, 2019). This program will reinforce organizational culture by sharing opportunities for growth and why the new employees made the right decision

by joining the company. Managers will also reinforce each new employee's sense of purpose at the individual level by affirming the personal value each employee brings to the team.

Performance Management

The organization's performance management may be adjusted to Gen Z through the implementation of a psychological contract, which, according to Schroth (2019), is "an unwritten set of expectations about the employment relationship that greatly impacts their attitudes, feelings, and behaviors" (p. 7). While unwritten in nature, adding a concrete element of the psychological contract to the performance management process will enforce expectations of both employees and managers. The organization should conduct performance reviews on a more immediate and fluid basis, removing the traditional bell-curve method, so that there are no surprises regarding future promotions, demotions, etc. Concrete goals may be established on an annual or bi-annual basis, and one of these elements should include mutual psychological contract expectations. Schroth (2019) notes that key expectations from Gen Z of their managers include positive attitude and clear goals; and those from Millennials include transparent communication and feedback. Implementing a personalized psychological contract as part of the performance management process will increase psychological safety, improve employees' performance and job satisfaction, and decrease turnover risk (Schroth, 2019).

Psychological Safety

Managers should foster a culture of trust and support, in which employees are encouraged to make their own decisions for processes like time management and task completion. This support of employee autonomy also enhances an opportunity for professional growth, as this facilitates a shift in ownership and accountability from the manager to the employee (Schroth, 2019). As the shift occurs, the manager is responsible for modeling the process and providing

resources for the employee (Schroth, 2019). Autonomy is best learned through such role modeling behaviors, so when the manager demonstrates effective processes, the new employee will be better equipped to take ownership of projects in the near future.

Since Gen Z has identified a fear of failure and lack of confidence when given leadership opportunities (Schroth, 2019), managers should also foster an environment that accepts failure and cultivates a growth mindset. Individuals who carry a growth mindset believe in the learning process and understand that abilities can be developed (Schroth, 2019); so, through coaching, the organization can transform incoming fixed mindsets to growth mindsets. This coaching opportunity will essentially train new employees to understand that all parties within the organization, even its leaders, are constantly learning and improving on the job; that the organization values learning and perseverance to overcome mistakes; and that feedback is valuable and constructive (Schroth, 2019). To continuously reinforce the value of a growth mindset, managers within the organization should be coached to emphasize effort over results and provide a safe environment for their employees to exercise their growth mindset and take risks.

The DITTO Framework

The DITTO framework is a model developed by Pichler et al. (2021) that provides best practices for managing Gen Z employees. DITTO—which is a mnemonic for diversity, individualism and teamwork, technology, and organizational supports—holistically addresses strategic changes that will benefit the organization in the long-term, as it seeks to adapt to Gen Z entering the workforce (Pichler et al., 2021). Each principle's short-term and long-term goals will successfully prepare the organization for Gen Z.

Beginning with diversity, it is important to understand that diversity cannot exist without an inclusive environment; therefore, support from senior leadership is needed to ensure the entire organization is equally involved in promoting an inclusive environment (Pichler et al., 2021). As Pichler et al. (2021) propose in their roadmap, the organization can implement diversity taskforces for generational diversity in the short-term, which—when combined with diverse recruitment and nondiscrimination policies—will lead to an inclusive organizational culture in the long-term. In addition to the generational taskforce, developing and implementing other inclusive taskforces will support a multitude of groups within the organization and enhance organizational attraction and belonging (Pichler et al., 2021).

Pichler et al. (2021) highlight that Gen Z trends demonstrate a preference for individualistic learning, which signifies that working in teams may be an inherent challenge. Since teamwork is increasingly essential for collaboration and the overall function of an organization—and Gen Z is newly entering a work environment that is a mix of remote, hybrid, and in-office—the generation's teamwork ability must be as flexible as the work environment itself. In accordance with the DITTO model's suggestion, the organization should implement socialization programs that support group work. These programs will create a sense of common purpose, retain top talent, and emphasize the importance of teamwork in the organization amidst a consistent focus on person-organization fit (Pichler et al., 2021).

While the digital age has reduced the amount of face-to-face conversations Gen Z and Millennials experience (Schroth, 2019), there is an increasing reliance on technology as a platform for communication and learning opportunities. As such, in support of learning and development opportunities that allow for flexible participation, the organization should leverage asynchronous learning opportunities, which would adapt to the individualistic learning styles of

Gen Z (Pichler, et al., 2021). According to Pichler et al. (2021), despite potential disagreement from older generations, "it is important to realize how these things are ingrained in the behavior of Gen Zers and how ignoring these can cause dissonance" (p. 606). Virtual trainings can be used to instruct all individuals across generations to use various methods of communication to facilitate virtual collaboration, as necessary. Improved technology use over time will enhance flexible collaboration, and ultimately, the organization's competitive advantage (Pichler et al., 2021).

Finally, to initiate a strategic change for the importance of mental health, the organization should offer a wellness program that helps employees stay healthy. Google, for example, is known to have gyms on-site and healthy cooking classes; so, in adapting a similar support program, employees will be further engaged knowing that they are a part of an organization that values their health and wellness (Pichler et al., 2021). Perceived organizational support contributes to lower stress levels and increased well-being, and mutually benefits the company by improving performance levels (Pichler et al., 2021).

Escaping the Status Quo

In considering these recommendations, organizational leaders may be concerned with the risks of focusing on a particular generational demographic. It is important to note that each organization may vary in generational diversity and, as such, not all aforementioned strategic change opportunities may be appropriate. However, given that Gen Z employees are the future of the workforce, such organizational change will inherently serve to benefit the organization, as Gen Z would ultimately become more attracted to serve an organization that values them as individuals. While prioritizing its adoption of new technologies to maintain competitive advantage, for example, the organization must not neglect the strategic changes to attract,

support, and maintain its most important assets. Finding belonging within an organization that holds shared values and emphasizes psychological safety will motivate Gen Z, increase performance, and decrease attrition. Furthermore, it is important to note that each organization may demonstrate unique strengths and weaknesses across its HR functions. With this knowledge, which arises from gathering and analyzing organizational data, the organization can best identify the necessary strategic changes that will bolster its success in appealing to Gen Z, at the employee-level and, ultimately, at the organizational- and industry-level.

By integrating strategic changes in the organization's HR functions according to the values and behaviors of Gen Z candidates, organizations will attain competitive advantage in their respective industries, by directly improving upon employee performance levels and job satisfaction. Specifically, by modernizing recruitment methods, onboarding programs, and performance management considerations to accommodate Gen Z expectations—whilst cultivating psychological safety and socialization opportunities—organizations will become more attractive to the competitive pool of Gen Z applicants. Organizations are only as effective as their best assets—their people. As such, being attentive to the generation newly entering the workforce by implementing organizational, strategic change will expand strength and stability for the human capital, and fundamentally, the success and performance of the organization.

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