

FYI[®] In-Depth

For Your Information[®]

Volume 38 | Issue 02 | January 5, 2015

ERISA@40: GenZ & the Workplace of 2054 – No Longer Science Fiction

This is the eighth in a multi-part series of articles celebrating the 40th birthday of the Employee Retirement Income Security Act. ERISA was signed into law by President Gerald Ford on September 2, 1974 — Labor Day. This landmark law regulates many aspects of employer-sponsored retirement and welfare benefit plans. Our series explores how the employee benefits industry has evolved, highlights lessons learned, and looks forward to what employers may expect in the future.

Forty years from now — on ERISA's 80th birthday — Generation Z will begin retiring. By 2054, the workplace and employee benefits will have adapted to a new generation's knowledge and assumptions, expectations and behavior, and ways of learning, working, and exiting the workforce. The workplace and employee benefits will also have adapted to social influences, new legislation, and technological advances. With all these influences, there is little doubt that the workplace of the future will be a different, and exciting, place.

In this article: [GenZ](#) | [The Workplace of 2054](#) | [In Closing](#) | [ERISA@40 Series](#)

GenZ ... We All Know a Few!

2054 used to be the setting of science fiction novels with personal robots, time travel, and commercial drones. Thanks to the likes of iRobot and Amazon, much of that fiction is now reality. While only our imaginations can predict what the world will look like in 40 years, the generation that will have significant influence on that future is today's Generation Z (GenZ).

While there is some disagreement on the exact dates that define the generation (some say "born in the mid or late 1990s" and others say "born from the mid-2000s to the present day"), there is no disagreement that this cohort is already having a disruptive effect on the institutions they touch. They're in high school and college now, and those with college degrees will begin entering the workforce in 2017. They'll be nearing retirement by 2054. While GenZ is still young, what we know about the generation gives us a good starting point from which to speculate how the workplace may need to adapt to their unique characteristics. For instance, this generation:

- Has no recollection of a world without internet on their phones

- Believes “watching TV” means pulling out their tablets and streaming content—live or recorded, but all on-demand
- Expects (instead of balks at) self-service capability for everything — from grocery shopping online and scheduling delivery to checking themselves out at the supermarket
- Tends to exhibit impatience, with short attention spans and are used to having information at their fingertips
- Learns whenever and wherever they want to learn, and often in “byte”-sized packages
- Has heroes who never went to college, while simultaneously are the children of parents who were saving for their college tuition before they were born
- Grew up with “helicopter” parents who are very involved in their lives
- Is more socially connected through web-based platforms than any generation before them, and are consequently simultaneously fearless about connecting with strangers and fearful because of the associated risks
- Is excellent at multi-tasking and even better at filtering through the bombardment of stimulation to find what they want

These characteristics are relevant to how GenZ will function in the workplace, and how the workplace will need to adapt to best position employers to attract and retain a highly productive workforce. The table/chart below shows how GenZ compares to previous generations in some of these work-related characteristics. Many of these characteristics are only accelerations of trends that already exist, such as technological prowess, real-time and on-demand information sharing, intelligence, and global awareness. Others are entirely new and will present exciting opportunities and challenges for their future employers and colleagues.

Characteristics	Veterans, Silent, Traditionalists	Baby Boomers	Generation X	Generation Y, Millennials	GenZ
Years born	Early 1920s to mid-1940s	Mid-1940s to mid-1960s	Mid-1960s to early 1980s	Early 1980s to late 1990s	Late 1990s to now
Work ethic	Work hard; Respect authority; Sacrifice; Follow rules	Workaholics; Work efficiently and desire quality; Personal fulfillment; Question authority	Self-reliant; Like structure and direction; Skeptical	Multitasking; Tenacity; Entrepreneurial; Tolerant; Goal-oriented	Similar to Gen Y, but also idealistic and highly adaptable to new technology
Education	A dream	Expected	Means to an end	Expensive	To be determined
Work is...	An obligation	An exciting adventure	A difficult challenge; A contract	A means to an end; Fulfillment	To be determined, but not “lifers” for any one employer
Leadership style	Directive; Command and control	Consensual; Collegial	Everyone is the same; Challenge others; Ask why	Value open, transparent, diverse leadership	Value honesty, solid vision, and good communication skills

Feedback and rewards	No news is good news; Satisfaction in job well done	Don't appreciate it; Money; Title recognition	Sorry to interrupt, but how am I doing?; Freedom is best reward	Whenever I want it, and at the push of a button; Money; Meaningful work	Prefers in-person communication over technology—wants to know managers are listening and valuing their opinions; Advancement first, then money and meaningful work
Messages that motivate	Your experience is respected	You are valued and you are needed	Do it your way and forget the rules	You will work with other bright, creative people	This is an opportunity for advancement

To keep GenZ employees engaged and productive, employers will need to:

- Keep it flat — Flatten organization structures where possible and build working teams with multiple levels of experience to encourage on-the-job knowledge sharing between GenZ and more experienced employees.
- Keep it short, targeted and accessible on-the-go — Communicate only short pieces of information that are highly targeted, using distribution channels that can be accessed from mobile devices anywhere.
- Keep it “on demand” — Maximize the number and value of activities (including learning and “how to” videos) that can be performed via web-based self-service.
- Make it about experience, not training — In job descriptions, goals, employee development plans, and learning curriculum, focus on the value of experience, not formal education, training, or certifications.
- Make it social — Embed online collaboration tools in how work gets done across the organization and provide in-person social outlets for remote employees to connect with their colleagues.
- Make it challenging — Structure job duties and responsibilities in a way that demands multi-tasking, where there is no “typical” day, and innovative ways of thinking are frequently required.
- Be flexible — While we may see a return of office (versus remote) workers, GenZ will value having the option and the tools to do either or both; policies and technology should enable this.
- Be accessible — Whether for HR, managers, or even the CEO, make phone numbers, email addresses, and chat tools readily available so GenZ knows they can reach out, be heard, and get a response quickly.

We found much of our information about the generations through these sources:

[Greg Hammill, “Mixing and Managing Four Generations of Employees” FDU Magazine Online, Winter/Spring 2005](#)

[Josh Bersin, “Millennials will soon rule the world: But how will they lead?” Forbes Magazine, September 12, 2013](#)

[Millennial Branding and Randstad, Gen Y and Gen Z Global Workplace Expectations Study](#)

In the following section, we explore what the workplace of 2054 may look like, considering not only the influences of GenZ, but also those of change more broadly, including employee attitudes, our government, the labor market, and technology advancements.

The Workplace of 2054 ... Are We Ready?

As the oldest working population 40 years from now, GenZ will have a significant impact on the workplace and employee benefits of 2054 as will a variety of other factors such as the future world economy, political stability, and innovation. Employers preparing for the future should consider the following factors, which are likely to have significant ramifications for their workforce strategies.

Employees as Free Agents

While some surveys have shown that GenZ expects to work for fewer companies during their careers than GenY, we predict GenZ will place less value on being an employee for one employer at a time and more value on the flexibility and stimulation that comes from being a contractor or freelancer who works for several employers at once. It's becoming easier, and in some cases more cost effective, for employees to function as free agents. For instance, some staffing companies have already created platforms for employers to source employees from a global pool of talent, and hire them for specific projects, skillsets, and prices. Crowd sourcing is also becoming a more popular way to find talent. These types of models may include a two-way rating system (à la eBay and Uber) that motivates "good behavior" and reduces risk for both the employer and employee. This staffing model could change the game for some employers, for whom cash compensation (and other financial incentives) will become paramount and traditional employee benefits minimal or nonexistent. For example, benefits may follow the multiemployer plan model, and independent contractors may form collectives, unions, or associations to negotiate favorable terms. Under this model, performance reviews could take the form of online ratings and commentary, recognition could be done via online public forums, and referrals based on degree of connection (think LinkedIn). Training and professional development would be done on an employee's own dime (and time), and vacation would not be paid. Savvy employees will negotiate an hourly rate that covers this lost opportunity cost. This model would naturally appeal to a generation of multi-tasking, self-sufficient employees with an entrepreneurial spirit. That said, employers will need to carefully monitor if such relationships ever cross the line from independent contractor to common law employee, or risk government audit and potential enforcement penalties.

Government's Role

As government-sponsored programs affecting the workforce continue to evolve, employers will regularly re-examine their role in providing what today are considered minimal and typical employee benefits. For instance, some experts believe that small and mid-sized employers will eventually stop offering traditional health insurance benefits and instead offer increased compensation and encourage employees to purchase insurance on the Affordable Care Act's public marketplaces. Employers may also begin to expand the list of perks they offer in lieu of health and retirement benefits, based on Gen Z's personality and expectations. Imagine it becoming standard for employers to offer personal concierge services, portable gyms for remote employees that come with a personal trainer, in-home childcare and dog-walking, dry-cleaning and home cleaning, cooking, VIP status at restaurants and clubs, access to specialized and peer-rated skilled workers for home maintenance and repairs — all ordered and managed through an app.

Declining Labor Pool

Every year after 2000, the size of the US workforce has decreased and according to the Bureau of Labor Statistics, this trend is [expected to continue](#) — and even accelerate — in the 2012-2022 timeframe. Globally, difficulty recruiting workers with basic skills is of top concern in Canada, Brazil, Mexico, France, and Germany, while, according to a recent study by Oxford Economics/SAP, there is an influx of younger workers in Australia, China, India, Japan and Russia. With the best talent in short supply, employers will need better and more efficient ways to find, attract and keep the right people. Furthermore, employers who understand and have access to global talent

pools are likely to enjoy a distinct competitive advantage. Data analytics used to better predict workforce needs and characteristics exist today, and in 40 years will be commonplace and essential. That data will give employers necessary recommendations for talent based on algorithms analyzing current employee and labor market data, and improved mechanisms for collecting and integrating global workforce data into analytics will enable organizations to identify talent outside of local or regional markets. Individual interests, past work and life experience, location, and salary requirements will help employers identify future talent pools, while current employee population metrics will be used to identify the best future leaders and contributors.

Other trends will impact the labor pool and workplace of 2054. For instance, if immigration policy is adjusted to allow for “guest workers” or tiers of citizenship based on work status, the market may expand in certain industries. Trends towards increased urbanization could have an impact on where companies are located (and what they have to pay) to be near talent pools. The tension between commuting and environmental concerns will grow and employers will need to address employee priorities. For instance, employers in New York City and San Francisco currently address commuting challenges by sponsoring company shuttles from Manhattan to Jersey City and Connecticut and private busses chartered by the likes of Google, Apple, and Facebook running from downtown San Francisco to Silicon Valley. Corporate housing in city centers may be offered to enable employees to own property outside of the city to suit their personal or family needs while avoiding a long commute during the week.

Competing for limited resources could mean employers will turn to technology to get the job done. Factories are expected to use more robots and offices may see their first forms of artificial intelligence. Employers will need to employ strong management skills to keep the people they have happy. They will also need to manage the use of technology in order to achieve the “right workforce mix” — which will now include full-time, part-time, contractors, and technology/robots. The next section discusses the expansion of technology and its effect on the workplace.

Technology Changes Jobs

GenZ has grown up as early adopters of new technology and are generally eager and adept at applying the latest tools. This nimbleness will propel quicker technology developments in both personal and professional environments. As technology continues to advance, experts, in Office of the Future: 2020 Survey and Report from OfficeTeam, predict:

- More sensory-recognition software
- “Knowbots” that pull relevant information from databases
- Increased employee and employer mobility and remote work environments
- Increased around-the-clock workforce access
- Smarter devices with better language and search capability
- Miniature multi-function wireless tools
- Global wireless access
- Increased wearable technology for both personal and professional use
- Office spaces with sensors to adjust temperature, lighting, modular workspace — and even furniture that adjusts to each individual including height adjustments, and tension-triggered massages
- Virtual conferencing with 3-D images of participants

- Automated cloud-based process management with collaborative workflow tools that eliminate the need for email

In addition, improved global collaboration capabilities will further reduce travel budgets and the need for physical office space, which may simply become conference rooms or private offices available for rent by the day or the week (think a hotel model). These technological advancements will increase the need for privacy and security rules that employers will need to incorporate into their daily workforce activities, requiring training, policies, and procedures.

In Closing

Employers planning for the future should not only look to their current employee population for hints, but also future generations, disruptive technology, and global demographics and economic trends. While GenZ will have both shaped the workplace of tomorrow and been shaped by the influences of external factors, being nimble and open to change will be a requirement for all successful businesses. If the trends we see today continue to evolve as quickly and intensely as they have in the past, by 2054 the workforce and employee benefits landscape will need to support self-service, individualism, and entrepreneurialism; need to be smarter and faster with the help of technology; and need to be globally aware, social, and collaborative. Buckle up for real life in what was once science fiction!

ERISA@40 Series

Check out earlier ERISA@40 articles:

[ERISA@40: A History Lesson](#)

[ERISA@40: ERISA Preemption and the ACA](#)

[ERISA@40: ERISA, COBRA, and the ACA](#)

[ERISA@40: Happy Birthday, ERISA!](#)

[ERISA@40: ERISA, Nixon, and the ACA](#)

[ERISA@40: Revisiting a Key Concept](#)

[ERISA@40: Then and Now](#)

Authors

Rebecca B. Atamian
Tami Simon, JD

Produced by the Knowledge Resource Center of Buck Consultants at Xerox

The Knowledge Resource Center is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive or email fyi@xerox.com.

You are welcome to distribute *FYI*® publications in their entirety. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.