Shifting Workforce, Shifting Expectations

As we create new workplaces to support organizational goals, those workplaces must do their part to attract and retain top talent and enable team performance. Much has been written about what the newest members of the workforce want and how to design for them. This is only part of the picture. As the workforce evolves – not only by adding the next generations, but also by becoming global and increasingly diverse, flexible, full-time, or contingent – our expectations of the workplace continue to evolve as well. Expectations are and will continue to be a moving target. We now have definitive insights into six significant factors that consistently correlate to knowledge worker performance that we can apply. Our challenge, then, is to design a dynamic, adaptive workplace that embraces diversity in all its forms, and enables the more timeless elements that support performance: relationship building and social cohesion, trust, effective communication, and expertise sharing.

The days of the interchangeable factory-like office worker are gone. The nature of work has changed greatly over the past few decades – it is faster-paced, increasingly complex, ambiguous, unpredictable, and more collaborative and connected. It demands much more than just “showing up.” Today’s highest-value knowledge workers are extremely adept at assessing and analyzing the data that is critical to the task at hand, possess excellent problem-solving skills, and are flexible and agile in order to address unforeseen challenges as they arise. We’re hiring unique and creative minds, not interchangeable workers.

The cost of recruiting, training, and compensating these knowledge workers can be anywhere from 35%-55% of an organizations’ total costs, whereas real estate costs typically range from 5%-15%. Given these statistics, companies that continuously assess and re-align their resources with attracting and developing talent will capitalize on this significant investment. The challenge for designers, strategists, real estate professionals, end users, and other workplace stakeholders – in addition to delivering workplaces that will respond over time to the ever-changing needs of the business – is to meet the diverse needs and preferences of the people and teams working within it. And right now, it’s a seller’s market.

“While physical assets and intellectual property rapidly lose value, workers are the only assets that possess the infinite ability to constantly reinvent themselves and continuously push the limits of performance improvement. The bottom line is that companies need to redefine themselves as platforms for talent development, creating environments where talent can develop and learn more rapidly than anywhere else.”


Generational diversity

We deliberately chose the word “diversity” over “differences.” There’s a lot of buzz in our industry about designing for Generation [insert name of any generation here] – and although understanding common beliefs and values of generational subsets in the workforce is an important consideration, the reality is that we have and will continue to have multiple generations in the workplace for as long as the workforce exists.

1Human Capital: The War for Talent and Its Effect on Real Estate, Cushman & Wakefield.
Generations in the workforce

Let’s take a brief look at how these five generations differ from one another in large part because of their vastly different life experiences.

Traditionalists (“Silent Generation”) – born before 1946
Population: 46 million

This generation was shaped by World War II and the Korean War, and is known for being hardworking, loyal, and patriotic, willing to sacrifice for the common good. By 2020, the youngest members of this generation will be 75 years old and are not projected to be in the workforce. Although we recognize these workers as a viable portion of the workforce today, they are not the driving factor in workplace planning for the future. We have included them as a point of reference to highlight the shift in values between this generation and the Boomers. Often times, generational values are as much a reaction to the previous generations’ as they are a shared experience.

Baby Boomers – born 1946-1964
Population: 78 million

This generation witnessed the rise of the television and the personal computer. Television was a medium that shaped their world view from their living rooms, allowing them to bear witness to such events as the first man on the moon, the Vietnam War, Watergate, the King assassination, and the Kennedy assassination. Although

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known in their youth as radicals and hippies, members of this generation are the original workaholics, focused on achievement and success, putting in 50 – 60 hour weeks to get ahead and climb the corporate ladder.  

**Generation X – born 1965-1976**

*Population: 50 million*

This generation grew up in households where often both parents worked full time, giving them the moniker “latchkey kids.” Known to be largely self-sufficient, this generation has grown up to be independent thinkers. They also expect to have work-life balance, as free time is highly valued by this generation. Technology innovation was still very much driven from the workplace to the consumer – computers were primarily used by their parents at work, although they began to appear in the home as well.


*Population: 88 million*

This is the first generation of “digital natives,” a generation that has grown up with the internet and digital media since birth. Tremendously conversant in all things technology, this hyper-connected generation is currently the driving factor in expectations of the workplace of tomorrow. Their priorities in joining the workforce are different. Numerous studies, including one completed by the Pew Research in 2010, indicate that Millennials place a higher priority on helping people in need (21%) than having a high-paying career (15%). As they will soon represent 50% of the workforce, it will be important for organizations that are led by Boomers and Gen Xers to understand and stay ahead of these expectations as competition for top talent will continue to be critical.

**Generation Z – born after 1997**

*Population: 41 million*

This generation will enter the workforce in 2020. Also digital natives, this generation differs from Millennials in that in addition to being “digital natives,” they also grew up with social media. For the first time, technology innovation has become consumer-driven as opposed to workplace-driven. This is the most socially networked generation yet. How that manifests in the workplace remains to be seen, although we know that this will be a very well-connected generation, particularly in the virtual realm. The media has already begun to speculate on what this generation will bring to and expect from the workplace; however no empirical data yet exists.

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Other types of diversity

The workforce is becoming more diverse, driven primarily by immigration. There are also additional dimensions, including diversity in gender and worker type, in addition to racial and cultural backgrounds of an increasingly global workforce. Much is changing. The percentage of women in the workforce ages 25 to 64 with college degrees has risen from 25% in 1992 to 38% in 2012.¹ Foreign-born workers represented 16.5% of the U.S. labor force in 2014, up from 14.8% in 2005.² All of these trends lead to a changing workforce composition, as shown in Figure 2.

In 2015, women represented 5.2% of CEOs in Fortune 500 companies. Twenty years ago, that percentage was zero.³ If the pace remains consistent over the next twenty years, by 2040 women could represent 30% of Fortune 500 CEOs. It will be interesting to see how this percentage continues to shift, and what modifications to organizational policies shift along with it, as women outpace men in attainment of bachelors and masters degrees (as shown in Figure 2) over the coming years.

Although a volatile number that will change as immigration policies change over time, immigration accounts for about 40% of U.S. population growth.⁴ Based on U.S. Bureau of Labor Statistics numbers, foreign-born workers comprise about 16% of the workforce. Figure 3 shows a quick snapshot of our foreign-born workforce population compared to the native born population, illustrating the cultural diversity of our workplaces.

Figure 2. Sources: Bureau of Labor Statistics and Digest of Educational Statistics, National Center for Education Statistics

Figure 3. Source: U.S. Bureau of Labor Statistics.

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immigration continues to contribute to the workforce, and as our foreign-born population starts families of their own here in the U.S., there will be a continued shifting of the ethnic composition of our workplaces.

Another force to consider is the rise of the contingent worker. Although there is insufficient data to quantify the number of knowledge workers within this growing population (government funding that tracked the various entities within the contingent workforce ended in 2005), we do know that it is a growing percentage of the overall labor market. The reason for this growth is threefold:

- **Worker Choice**: our workforce is seeking more flexibility in work arrangements. For many, freelancing allows for a more flexible schedule, thus enabling a better integration of work and life. It also allows workers to participate in the projects in which they are most interested.

- **Organizational Agility**: organizations are seeking to bring in the right subject matter experts, just in time, for certain projects. This enables organizational agility versus taking on a full-time employee that may or may not have the skill set required for a particular project.

- **Economic Pressures**: since the most recent downturn, companies and workers are doing more with less. Hiring contract workers on a short-term project basis can be beneficial to the bottom line.

One of the potential challenges we face is how to effectively integrate this contingent workforce into our company culture to ensure that individual and team performance is enhanced.

**Yet we have much in common**

In spite of our differences, when it comes to thinking about work and the workplace, there are definite similarities across generations. Based on their generational research, SHRM found that when it comes to rewards determining happiness, outside of compensation and “security,” people of all generations tend to cite most often the same five non-financial conditions of work: schedule, relationships, task choice, learning opportunities, and location (or workspace).

Echoing several of the ideas expressed above, what we also have in common are the factors that contribute to our productivity as knowledge workers. Allsteel recently sponsored research that uncovered six factors that are scientifically proven to correlate to performance. In order of the strength of that correlation, they are:

- **Social cohesion**: camaraderie and interpersonal comfort with one’s teammates makes one willing and motivated to contribute their knowledge, ideas and energy to the greater good of the team.

- **Perceived supervisory support**: team members’ belief that their boss “has their back” impacts their organizational commitment, job satisfaction, and turnover intentions.

- **Intra-team information sharing**: the comfort level with which teams utilize each member’s distinctive knowledge for the team’s benefit – and the extent to which members “know what each other knows” – is indicative of success.

- **Vision and goal clarity**: clearly stated goals help team members channel and prioritize their efforts; they also give their work meaning. In turn, they motivate teams to enhance their performance.

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• **External communication/outside resources:**
  communicating with outside teams or other subject experts encourages workers to expand their boundaries and to build bridges between teams, both within and outside of the organization. Networks of professionals may be particularly helpful to knowledge workers, since they are valuable sources of new ideas.

• **Trust:** developed horizontally throughout teams and vertically with respect to management, trust in team members promotes a shared direction towards common goals over personal interests.

How these are supported will likely vary from organization to organization, and even from manager to manager – colored by the values, culture, and circumstances of that organization. But the data tells us these factors matter most; and are even more powerful “proxy measures” than engagement and employee satisfaction. Read more about these six factors and the research process in our *Measuring Knowledge Worker Productivity* white paper.

**So, what now?**

Our expectations of what the workplace can deliver to knowledge workers and our organizations are constantly evolving – influenced by social trends, technology, and demography. Our workplaces will continuously evolve along with these macro shifts, as it will always be a reflection of the culture within it. As the face of the U.S. workforce changes to reflect the rise of multi-cultural backgrounds, female leaders, longer careers, and an increasingly contingent workforce, so will the face of our organizations. We must embrace this change and adjust our physical workplaces, talent strategies, management styles, and workplace policies to be inclusive of various cultures, beliefs, generations, genders, and backgrounds.

And what does this mean for those of us focused on designing and implementing new workplaces? What are the keys to success? First, understand and acknowledge the similarities and differences that your workforce brings to the workplace – they are not predicated on generational stereotypes alone. Talk to your peers in Human Resources to ensure that your workplace and talent strategies are in alignment. Most importantly, focus on maximizing team performance and the work to be done by supporting individual work and collaboration, nurturing interpersonal relationships and trust-building, and enabling relevant technology.
References + Suggested Reading


Workplace Advisory at Allsteel

The Workplace Advisory team listens. And we apply research and our extensive workplace experiences and insights to assist organizations develop and implement a situationally appropriate workplace strategy: one that aligns with their organizational culture and business goals, supports their workers’ ability to work effectively, utilizes their real estate assets as efficiently as possible, and is highly adaptable to changing business and work practice requirements.

INSIGHT from Allsteel

The INSIGHT mark identifies material – papers, presentations, courses – created specifically by the Workplace Advisory team to share our workplace strategy knowledge and perspective. Additional INSIGHT material may be found at allsteeloffice.com.

About the Author

Amy Hill is a member of the Workplace Advisory team at Allsteel. She gravitated to the emerging profession of workplace strategy to understand, uncover, and enable the “levers” of high performance and their impact on people – whether they’re spatial, wellness-based, interpersonal, or social. Currently living in Los Angeles, Amy is a member of the CoreNet Southern California Chapter. She regularly attends CoreNet Global and WORKTECH conferences, and tracks various online workplace groups to stay abreast of the latest workplace knowledge and trends – adding to the rich interactions with clients that remain her primary source of insights and experience.