



2018 Deloitte Millennial Survey

Millennials disappointed in business,
unprepared for Industry 4.0

Table of contents

Executive summary: A desire for reassurance	1
Survey methodology	3
Are millennials losing faith in business?	5
Diversity defined	10
An opportunity for leaders	13
Outlook for the world and themselves	14
Loyalty, turnover and the pull of the gig economy	17
Empowerment and development in a digital world	22
Conclusion: What do young workers want?	27
References	28

Executive summary: A desire for reassurance

To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers and the communities in which they operate.

BlackRock CEO Larry Fink¹

The millennial generation is feeling uneasy about the future. The growth of Industry 4.0 technologies—from robotics and the internet of things to artificial intelligence and cognitive—has altered the nature of work, while political upheavals challenge the established world order. In this environment, millennials and Gen Z yearn for leaders whose decisions might benefit the world—and their careers.

Building on last year's report,² the seventh annual Deloitte millennial survey delves into respondents' perceptions of the evolving threats and opportunities in an increasingly complex world. For the first time, the survey also includes opinions of Generation Z³—those following millennials into the workplace.

In a fragmenting social and political environment, with Industry 4.0 driving profound changes, many millennials are exhibiting a marked desire for reassurance. They feel pessimistic about the prospects for political and social progress, along with concerns about safety, social equality and environmental sustainability. While young workers believe that business should consider stakeholders' interests as well as profits, their experience is of employers prioritizing the bottom line above workers, society and the environment, leaving them with little sense of loyalty.





Among this year's key findings:

- **Perceptions of business are heading south.** Millennials' opinions about business' motivations and ethics, which had trended up the past two years, took a sharp turn downward. There continues to be a stark mismatch between what millennials believe responsible businesses should achieve and what they perceive businesses' actual priorities to be.
- **Diversity and flexibility are key to loyalty.** Good pay and positive cultures are most likely to attract both millennials and Gen Z, but diversity/inclusion and flexibility are important keys to keeping them happy. Many respondents, especially in emerging markets, view the gig economy as an attractive alternative or adjunct to their jobs.
- **Young workers feel unprepared for Industry 4.0.** Millennials expressed admiration for corporations that are adapting to and advancing Industry 4.0⁴ and developing their people to succeed in this evolving business environment. Respondents lack confidence that they can succeed in an Industry 4.0 environment and are looking to businesses to help them develop the necessary skills, including the "soft" skills they believe will be more important as jobs evolve.

As seen in previous surveys, companies and senior management teams that are most aligned with millennials in terms of purpose, culture and professional development are likely to attract and retain the best millennial talent and, in turn, potentially achieve better financial performance. Loyalty must be earned, and the vast majority of millennials are prepared to move, and move quickly, for a better workplace experience.

The message is clear: Young workers are eager for business leaders to be proactive about making a positive impact in society—and to be responsive to employees' needs.

Millennials want leaders to more aggressively commit to making a tangible impact on the world while preparing their organizations and employees for the changes that Industry 4.0 is effecting.

One silver lining is that far more millennials believe that business leaders are making a positive impact on the world than government or religious leaders. Even so, four in 10 respondents see business leaders having a *negative* impact. Therefore, the timing is ideal for business leaders to step up and take actions that benefit *all* of their stakeholders.

Survey methodology

The 2018 report is based on the views of **10,455 millennials questioned across 36 countries.**

Millennials included in the study were born between January 1983 and December 1994 and represent a specific group of this generation—those who have college or university degrees, are employed full time and work predominantly in large, private-sector organizations.⁵ Millennials are increasingly taking on senior positions in which they can influence how their organizations address society's challenges.

This report also includes responses from **1,844 Gen Z respondents in Australia, Canada, China, India, the United Kingdom and the United States.** Gen Z respondents were born between January 1995 and December 1999. All are currently studying for or have obtained a first/higher degree. More than a third are working either full time (16 percent) or part time (21 percent).



10,455 Millennials

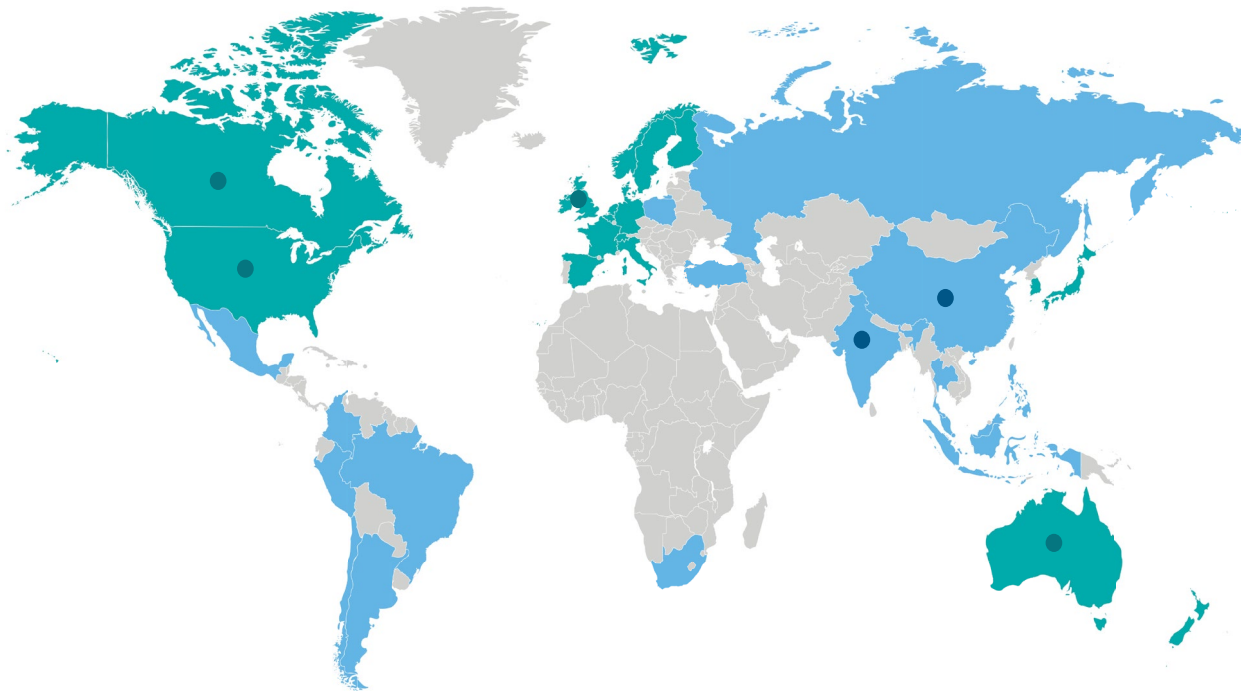
(born between January 1983 and December 1994)



1,844 Gen Z

(born between January 1995 and December 1999)

Survey methodology (cont.)



EMERGING MARKETS DEVELOPED MARKETS

Interviews conducted:
Millennials: 4,613
Gen Z: 613

Argentina 300	Australia 502 318
Brazil 307	Belgium 201
Chile 312	Canada 525 300
China 523 310	France 507
Colombia 305	Germany 406
India 309 303	Ireland 202
Indonesia 306	Italy 306
Malaysia, Thailand and Singapore 321	Japan 429
Mexico 301	New Zealand 209
Peru 203	South Korea 313
Poland 303	Spain 300
Russia 302	Switzerland 193
South Africa 202	The Netherlands 312
The Philippines 311	The Nordics (Denmark, Finland, Norway, Sweden) 402
Turkey 308	United Kingdom 514 301
	United States 521 312

Total number of interviews:
Millennials: 10,455; Gen Z: 1,844

● ● Indicates a Gen Z market

Are millennials losing faith in business?

Back in 2014, Deloitte asked millennials what they thought about business' motivations and ethics. In each of the next two years, their opinions improved fairly significantly. The most current survey results indicate a dramatic reversal, with each key indicator at its lowest level in four years.

Only a minority now believes that corporations behave ethically (48 percent versus 65 percent last year) and that business leaders are committed to helping improve society (47 percent versus 62 percent). Three-quarters see businesses around the world focusing on their own agendas rather than considering the wider society (up from 59 percent), and nearly two-thirds say companies have no ambition beyond wanting to make money (up from 50 percent), and nearly two-thirds say companies have no ambition beyond wanting to make money (up from 50 percent).

A majority of millennials in every market agrees with the statement that businesses "have no ambition beyond wanting to make money." Across mature economies as a whole, the figure is 67 percent.

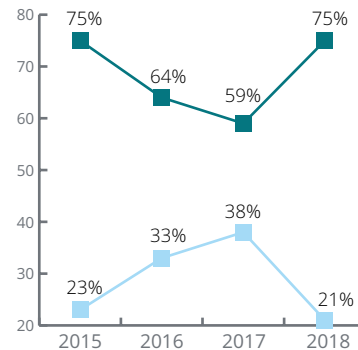
Why the sudden shift? Potential underlying causes are (and have been) evident.

Mismatched priorities

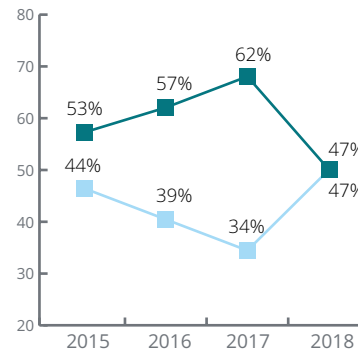
As in each of Deloitte's previous six surveys, millennials overwhelmingly feel that business success should be measured in terms of more than financial performance—a view that Gen Z shares (83 percent and 80 percent, respectively). Millennials aren't naïve—they realize profits are both necessary and a priority. But they believe that

Figure 1. Millennials' views of corporate motives dim

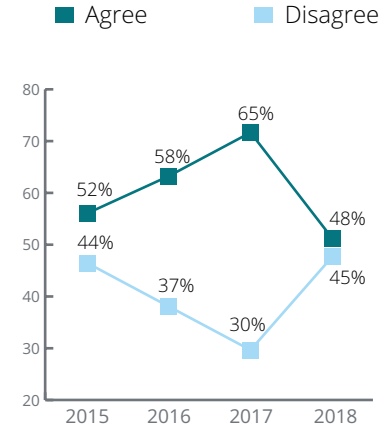
Percent of millennials who say businesses...



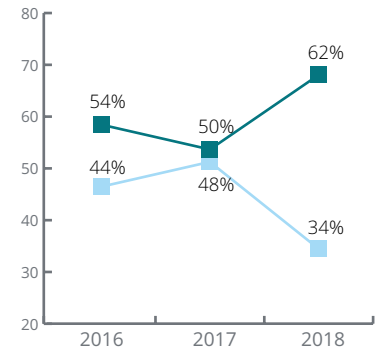
They focus on their own agendas rather than considering the wider society



Their leaders are committed to helping improve society



They behave in an ethical manner



They have no ambition beyond wanting to make money*

Q12. Thinking about businesses around the world, would you agree or disagree that, on balance, the following statements describe their current behavior?
 Base: All millennials 10,455
 **They have no ambition beyond wanting to make money* not asked in 2015

corporations should set out to achieve a broad balance of objectives that include:

- Making a positive impact on society and the environment
- Creating innovative ideas, products and services
- Job creation, career development and improving people's lives
- An emphasis on inclusion and diversity in the workplace

In their collective view, businesses are out of step with these priorities. When comparing what

millennials believe business *should* achieve and what they think their own organizations' main priorities *are*, wide gaps exist in seven of the nine areas surveyed. In fact, the three priorities they say are foremost in their organizations—generating profit, driving efficiencies and producing/selling goods and services—were the last three areas they think should businesses should prioritize, far behind job creation and improving society.

Even among the most senior millennial employees surveyed, there is a sense that businesses could strike a better balance between the pursuit of financial results and “softer” outcomes. For example, 44 percent of millennials occupying

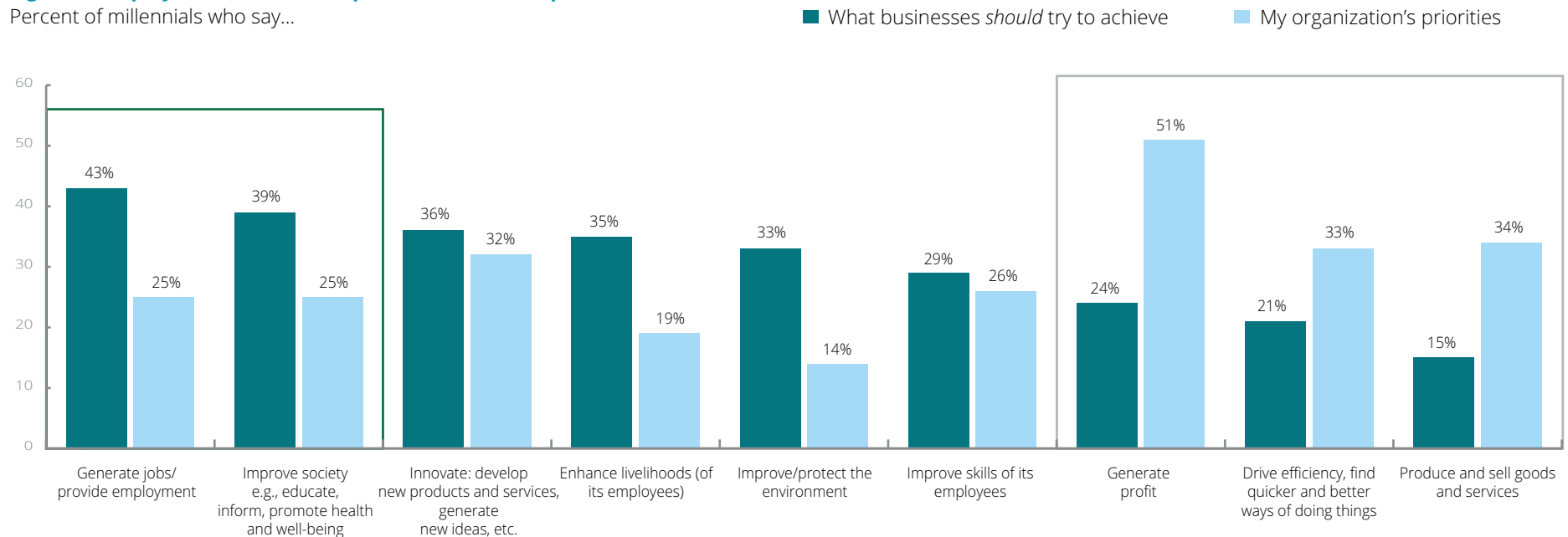
positions on senior management teams or boards say profits are prioritized, but only 27 percent believe profits *should* be companies' primary goal. Senior-executive millennials also say businesses should protect the environment, improve society and innovate more than they believe their own employers are currently doing.

Businesses don't prioritize issues that matter to millennials

As in last year's report, three-quarters of young workers see multinational corporations as having the *potential* to help solve society's economic, environmental and social challenges; respondents feel that business could be particularly effective in

Figure 2. Employers are “out of step” with millennials' priorities

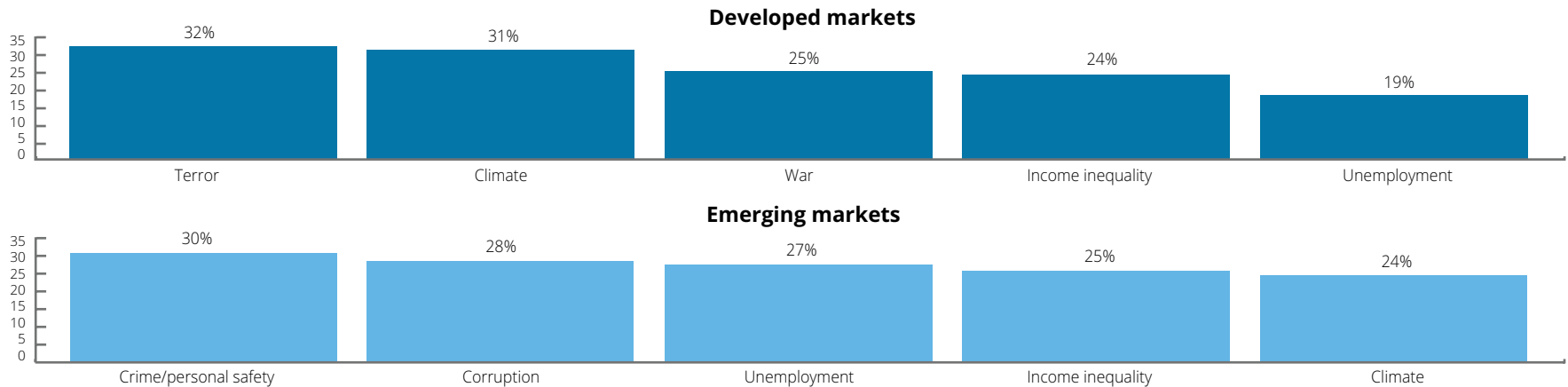
Percent of millennials who say...



Q11a: Which of the following words and phrases match your own belief as to what business should try to achieve? Select up to three.
Base: All millennials 10,455

Figure 3. Climate and income inequality are now among young workers' top concerns

Percent of millennials personally concerned about these issues and challenges



Q4. Thinking about the challenges facing societies around the world (including your own), which three of the following issues are you personally most concerned about? Please select up to three issues...
 Base: Developed-market millennials 5,396; emerging-market millennials 5,059

the areas of education, skills and training, economic stability and cybersecurity. They are less optimistic about business' influence on other issues, including climate change.

That's noteworthy in light of a marked shift: Climate, near the bottom of millennials' personal concerns last year, this year finished in a statistical tie with terrorism as the top concern for millennials in developed markets. Climate also was a top-five concern in emerging markets. Income inequality and unemployment were high concerns in both markets. So it's fair to conclude that while millennials believe business has the potential to solve important societal issues, leaders are not effectively addressing the issues that are of greatest concern to them.

Digging deeper, we observe a strong correlation between the level of concern for environmental

issues and overall attitudes toward business. Among those with a generally negative opinion of business, almost half (46 percent) are also concerned about climate change or resource scarcity, as compared to 34 percent among those with a favorable view of business. Therefore, one might infer that corporate activity intended to improve our climate or to minimize the misuse of resources could significantly help improve millennials' view of business.

Young workers appreciate development and diversity

Beyond telling us where they believe business is falling short of expectations, millennial respondents offered plenty of clues about what they feel businesses are doing right. When asked which companies are having a positive impact on them and the world in general, they expressed admiration for those that are adapting to and

advancing Industry 4.0 and developing their people to succeed in this evolving business environment. Organizations seen as diverse and companies perceived to have diverse senior management teams also rated highly.

Unfortunately, both millennials and Gen Z respondents believe most business leaders, rhetoric notwithstanding, are not truly committed to creating inclusive cultures. Roughly two-thirds of respondents from both generations not only believe leaders simply pay "lip service" to diversity and inclusion, they also believe that only formal legislation can adequately advance workplace diversity.

Millennials and Gen Z correlate diversity with a forward-thinking mindset rather than the mechanical filling of quotas—viewing diversity as a tool for boosting both business and professional

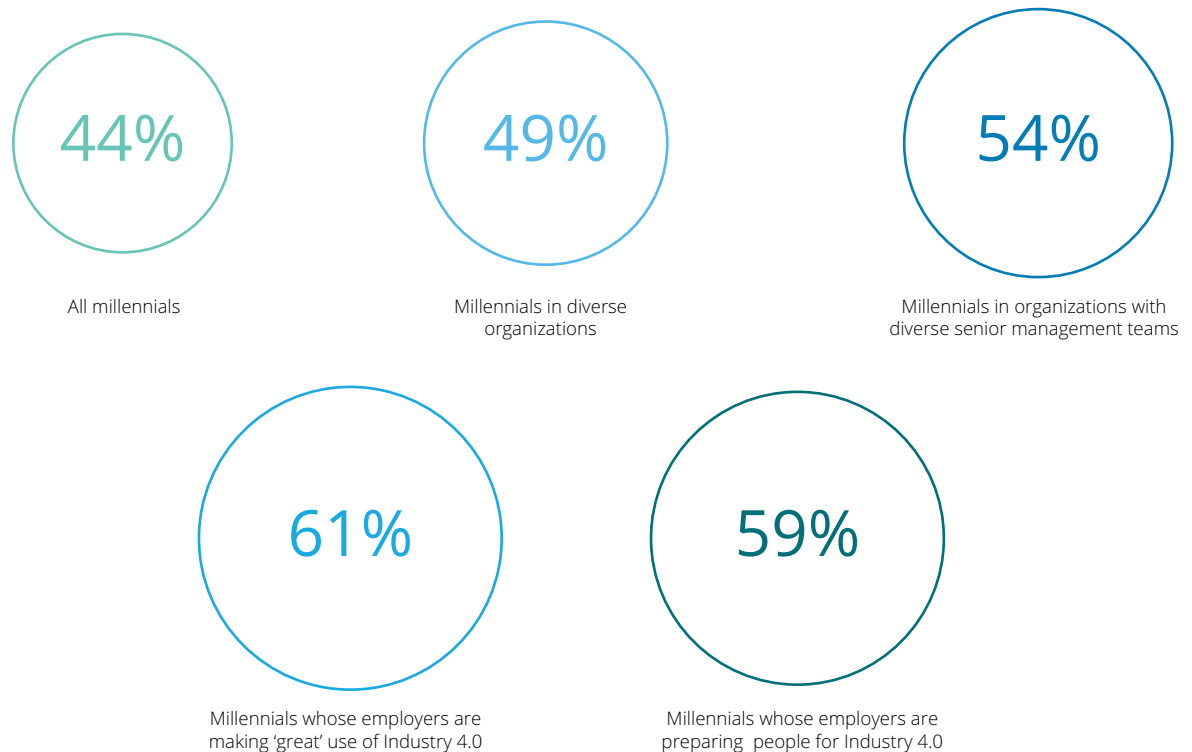
performance, especially when diversity is embedded in the senior management teams. (See section, "Diversity defined.")

Respondents who perceive their organizations and senior management teams to be diverse say their employers are able to help employees be more attuned to ethics, be more creative, develop talent more effectively and nurture emotional intelligence.

It's unsurprising, then, that 69 percent of employees who believe their senior management teams are diverse see their working environments as motivating and stimulating (versus 43 percent of younger workers who don't perceive their leadership teams as diverse). And 78 percent of millennials who say their top teams are diverse report their organizations perform strongly in generating profits—13 points higher than among those in which the leadership teams are not thought to reflect the wider society in which they operate.

Figure 4. Better perceptions of leaders of diverse and forward-thinking companies

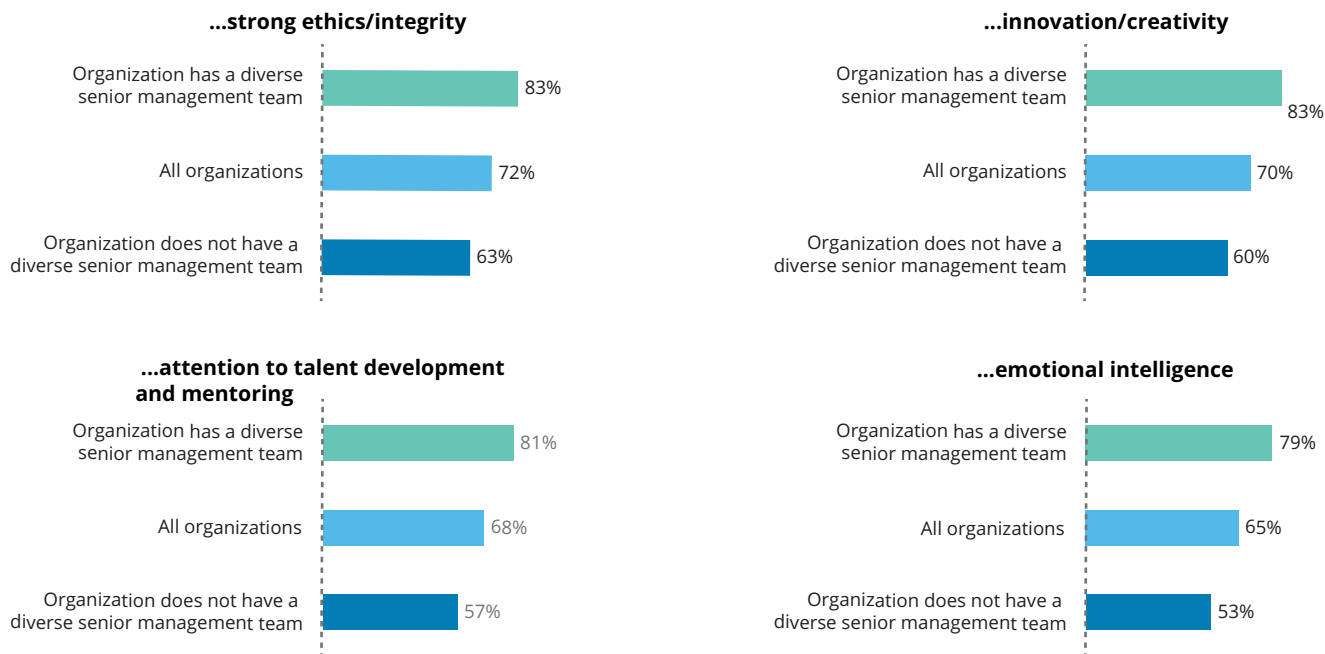
Percent of millennials saying business leaders are making a positive impact on the world



Q6. Do you think the following groups are currently having a positive or negative impact on you and the world in which you live?
Base: All millennials 10,118 (not asked in China); millennials in diverse organizations 6,557; millennials in organizations with diverse senior management teams 4,852; millennials whose employers are making 'great' use of Industry 4.0 1,583; millennials whose employers are preparing people for Industry 4.0 3,493

Figure 5. Companies with diverse senior management teams develop people holistically

Percent of millennials who say their organizations are focused on helping their employees develop their awareness, knowledge and skills in regards to...



Q38. To what extent, if at all, is your organization focusing on these areas and helping its employees develop their awareness, knowledge and skills?
 Base: All millennials 10,455; millennials in organizations with diverse senior management teams 5,031; millennials in organizations that do not have diverse senior management teams 5,060

Diversity defined

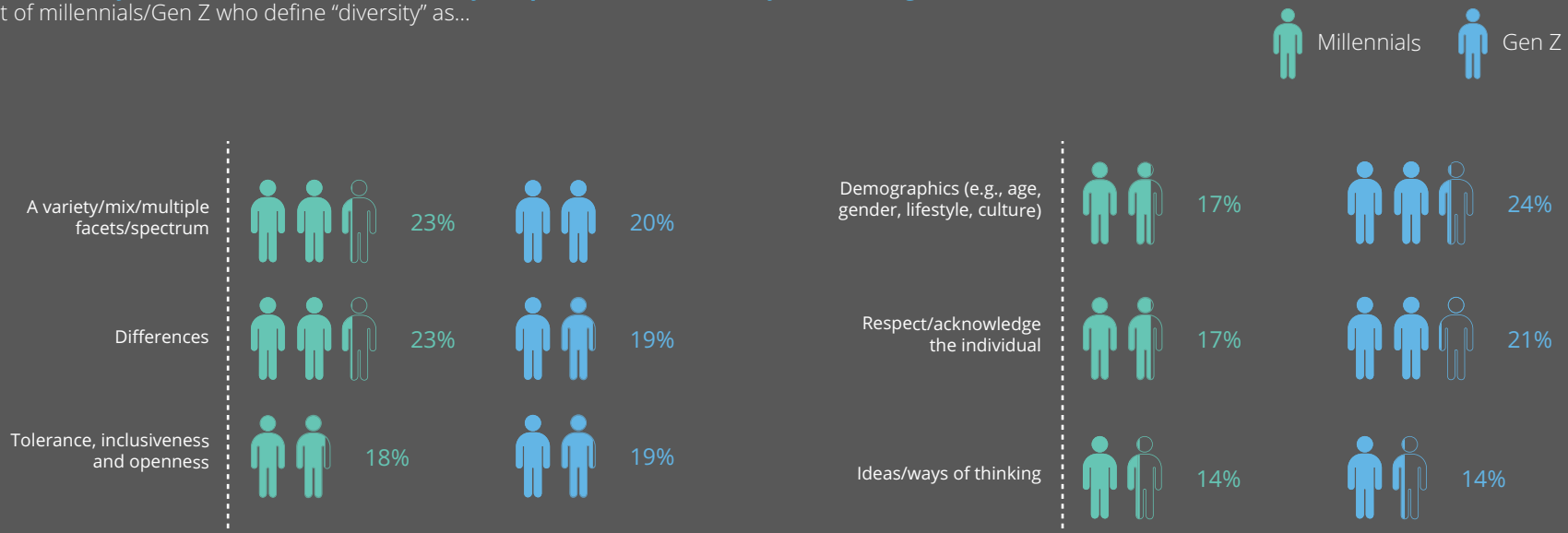
Because we posed questions this year that dealt with issues of diversity, we thought it necessary to determine what the term *diversity* means to younger workers. Their responses were surprisingly, well, diverse. Only 17 percent of millennials and 24 percent of Gen Z respondents mentioned an aspect of demographics, lifestyle or faith. For survey respondents, diversity is as likely to cover:

- Tolerance, inclusiveness and openness (18 percent millennials, 19 percent Gen Z)
- Respect and an acknowledgment of the individual (17 percent, 21 percent)
- Different ideas or ways of thinking (14 percent in both groups)

Less specifically, many spoke of how diversity involves a spectrum, variety or mixture of multiple facets or, more simply, "differences."

Figure 6. Diversity covers tolerance and inclusivity, respect and different ways of thinking

Percent of millennials/Gen Z who define "diversity" as...



We also asked millennials what they think are the aspects of diversity that most need to be addressed by wider society, businesses in general and their own employers. The seemingly obvious areas of age, gender, disability and ethnicity featured prominently in people's responses, but so too did diversity of educational background.

The need to address educational background as a diversity issue was more acute within emerging (52 percent) than in mature (33 percent) markets, and especially so in China (77 percent), the Philippines (65 percent), Turkey (64 percent), Peru (58 percent), India (56 percent), Indonesia (55 percent) and South Korea (51 percent).

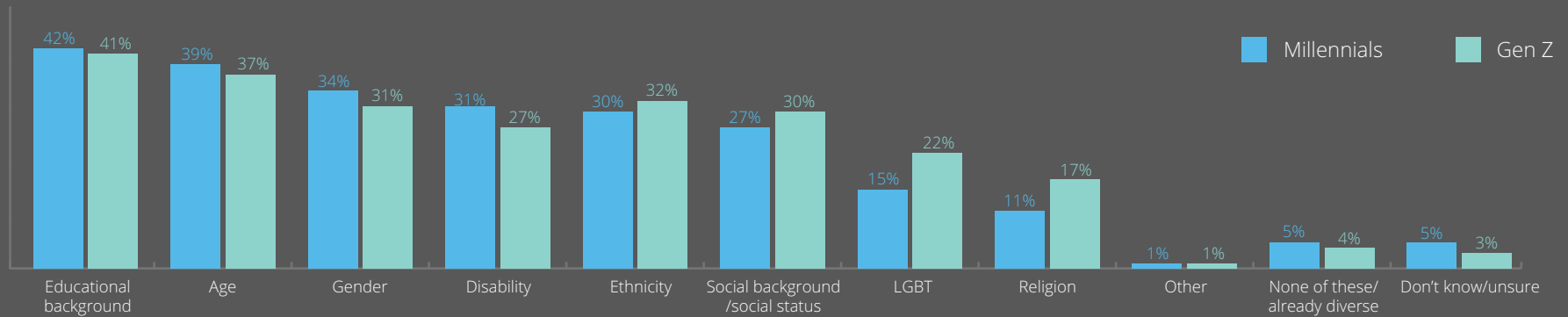
Along with age and gender inequality, diversity of educational background (types of universities/colleges and degrees) was considered something that business, in particular, should address. Indeed, more people said that their own employers, rather than society in general, should be addressing educational (39 percent) and age inequality (34 percent)—yet another indication of young people's belief that business can play a crucial role in helping to improve society as a whole.

Millennials appear attuned to diversity issues when asked to evaluate the extent to which their organizations' workforces and senior management teams reflect the wider society. Two-thirds (64 percent) of millennials regard their organizations as "diverse," but fewer than two in 10 (16 percent) say they are "very diverse and completely reflect wider society." Nearly half (48 percent) believe their leadership teams are diverse; only 11 percent say those teams are *very* diverse. This is important not only from the perspective of doing the right thing, but also because of the very strong correlation between perceptions of workforce diversity and loyalty, and how well respondents say their companies perform financially.



Figure 7. Key diversity issues: educational background, age and gender

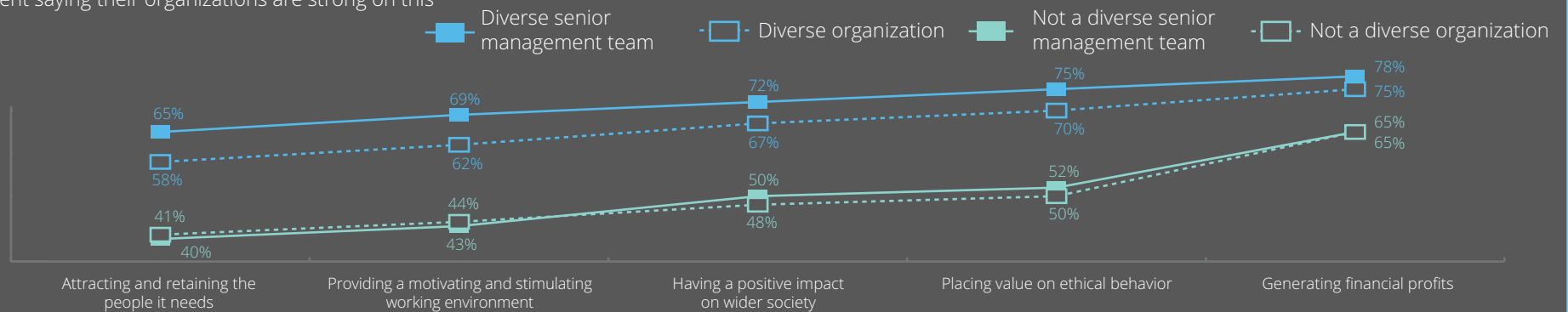
Percent who feel businesses most need to address the following areas of diversity



Q44. Which of the following areas of diversity do you think most need to be addressed by the following organizations or groups of people? Please only consider the situation in (your country) and select the three that you think most urgently need to be addressed. Base: All millennials 10,455, all Gen Z 1,844

Figure 8. Diversity helps attract, motivate and support the bottom line

Percent saying their organizations are strong on this



Q23. Would you say that your organization is strong or weak in the following areas?

Base: All millennials 10,455

Q43. As regards the extent to which it reflects the wider society in which it operates, how would you describe the current level of diversity in your organization's establishment and senior leadership team?

Base: Have a diverse organization 6,741, do not have a diverse organization 3,399, have a diverse senior management team 5,031, do not have a diverse senior management team 5,060

An opportunity for leaders

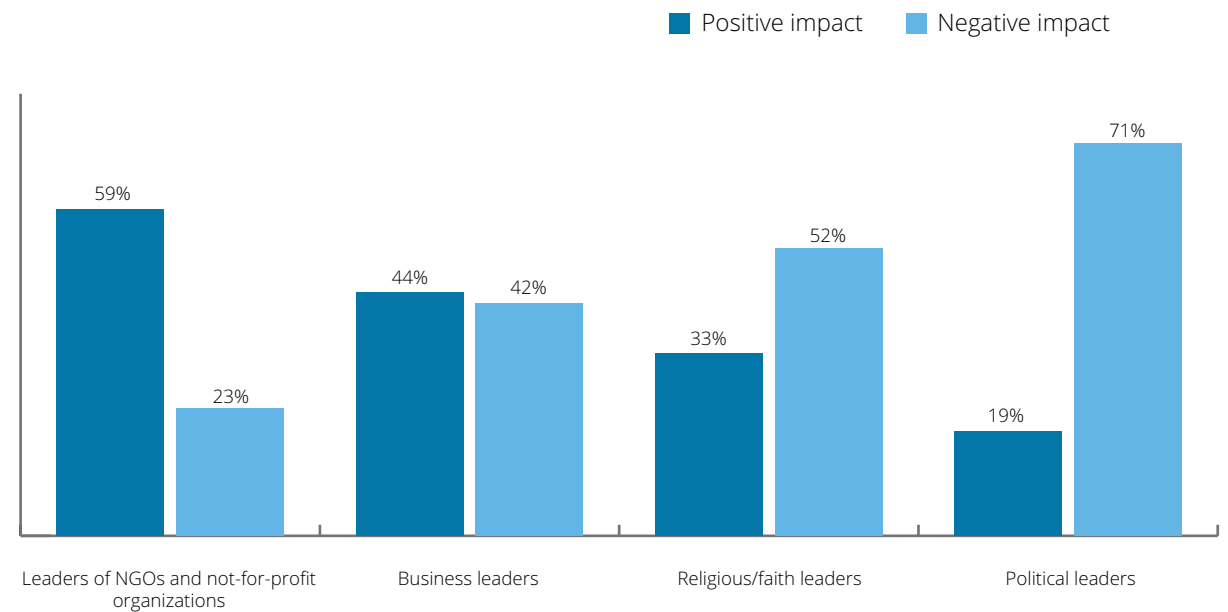
In last year's survey report, we noted that millennials were "pro-business" but expected more from leaders and corporations. This year's respondents send a strong signal that those higher expectations are not being met—and that the "pro-business" sentiment has deteriorated. Rather than accepting that as a negative, we view an opportunity for leaders to fill what younger workers see as a stark leadership void.

When asked whether particular groups were having a positive or negative impact on the world, millennials delivered a harsh assessment of both political and religious figures. The judgment of political leaders was particularly brutal, with only 19 percent of younger workers saying they make a positive impact, versus 71 percent negative. Business leaders do much better, with 44 percent positive impact.

That's why now is the time for business leaders to prove themselves as agents of positive change. Millennials could hardly be clearer about their priorities and concerns—and about how business' priorities match up.

Figure 9. Millennials see business leaders having a more positive impact than religious or political leaders

Percent believing these groups are having a...



Q6. Do you think the following groups are currently having a positive or negative impact on you and the world in which you live?
Base: All millennials 10,118 (not asked in China)

Outlook for the world and themselves

Each year, we ask millennials for their opinions on economic and political trends in their countries. We also attempt to gauge optimism about respondents' personal prospects in light of their social views.

We saw no movement from last year in overall economic optimism. Across all 36 markets, 45 percent expect the economic situations in their countries to improve over the next year, a figure almost double those predicting a deterioration (24 percent). As has usually been the case,

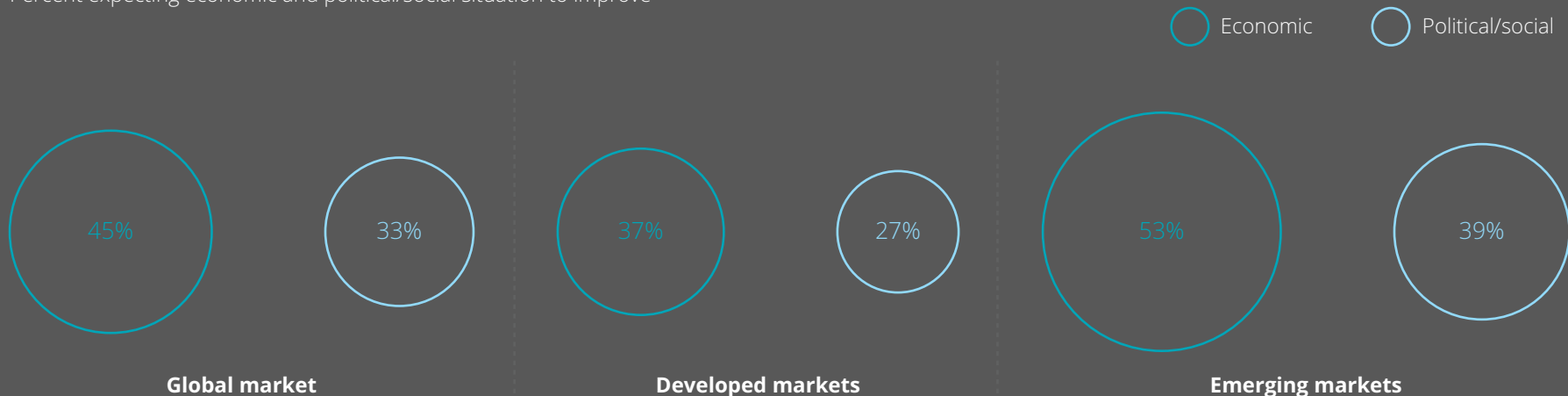
respondents in emerging markets feel much more economic optimism than those in mature economies (53 percent versus 37 percent). However, the gap of 16 points has closed a bit from last year's 23-point difference.

By contrast, only a third believe that their countries' overall social and political situation will improve, with another third predicting things to worsen. Overall, the sentiment regarding social progress has fallen compared to last year.

Our sample of Gen Z respondents also shows more optimism about the economic future than about social progress. Recognizing that our sample covered a narrower range of countries, Gen Z respondents seem slightly more pessimistic in developed markets and significantly more optimistic in emerging markets. When asked to think about the world in general and how they feel about the future, only 43 percent of millennials expect to be happier than their parents. This is slightly

Figure 10. Millennials are optimistic about the economy, less so about the social and political situation

Percent expecting economic and political/social situation to improve



Q1. Taking everything into account do you expect the overall economic situation in (your country) to improve, worsen or stay the same over the next 12 months?

2018 Base: All millennials 10,455, developed-market millennials 5,396 emerging-market millennials 5,059

Q2. Taking everything into account do you expect the overall social/political situation in (your country) to improve, worsen or stay the same over the next 12 months?

Base: All millennials 10,118, developed-market millennials 5,396, emerging-market millennials 4,722 (not asked in China)

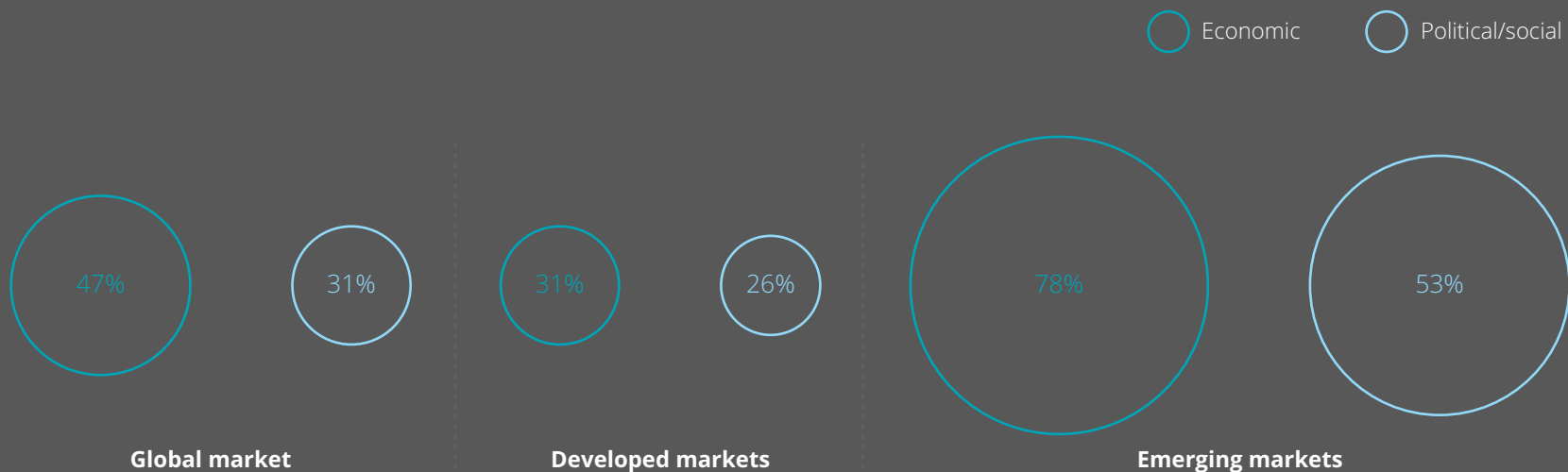
Same questions used in 2017 among millennials. 2017 Base: All millennials 7,900, developed-market millennials 3,950 emerging-market millennials 3,668

lower than the 2017 figure. While the figure for emerging markets (57 percent) remains above that in developed economies (31 percent), even here it is declining. A majority of millennials in only 10 of the 36 countries surveyed predicts they will be happier than previous generations.

Gen Z respondents anticipate being slightly happier than their millennial counterparts. In China and India, 70 percent of the younger group expects to be happier than their parents. However, across Australia, the United Kingdom, Canada and the United States (39 percent), the outlook is much

less optimistic. Interestingly, although half of Gen Z respondents predict they will be better off than their parents, many anticipate having fewer opportunities for a fulfilling career than millennials, their parents or their grandparents.

Figure 11. Gen Z respondents show more economic optimism
Percent expecting economic and political/social situation to improve

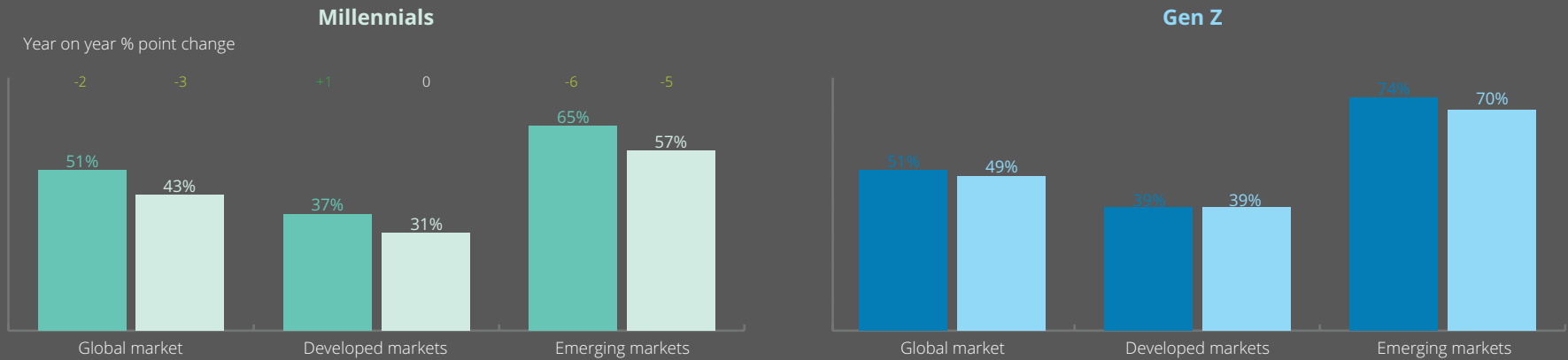


Q1. Taking everything into account do you expect the overall economic situation in (your country) to improve, worsen or stay the same over the next 12 months?
Base: All Gen Z 1,844, developed-market Gen Z 1,229, emerging-market Gen Z 615
Q2. Taking everything into account do you expect the overall social/political situation in (your country) to improve, worsen or stay the same over the next 12 months?
Base: All Gen Z 1,537, developed-market Gen Z 1,229, emerging-market Gen Z 307 (not asked in China)

Figure 12. Only in emerging markets are younger workers confident about the future

Percent expecting to be financially better off/happier than their parents

■ Better off ■ Happier



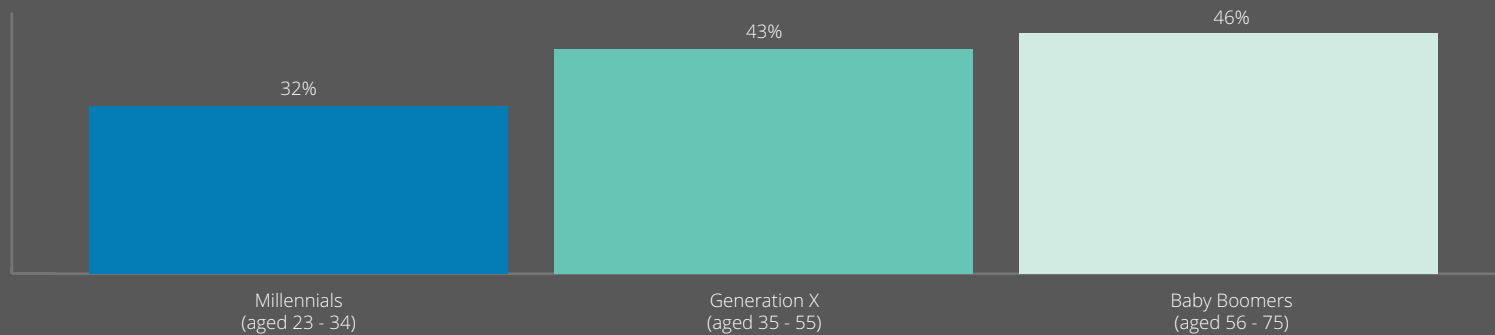
Q3A. Thinking about the world in general how do you feel about the future? Compared to your parents do you think you will be financially/materially better off, worse off or no different to your parents?

Q3B. Thinking about the world in general how do you feel about the future? Compared to your parents do you think you will be happier, less happy or no different to your parents?

Base: All millennials 10,455, developed-market millennials 5,396, emerging-market millennials 5,059, All Gen Z 1,844, developed-market Gen Z 1,229, emerging-market Gen Z 615

Figure 13. Gen Z respondents expect fewer opportunities than older generations

Percent of Gen Z who expect to have fewer opportunities for a fulfilling working life/career than...

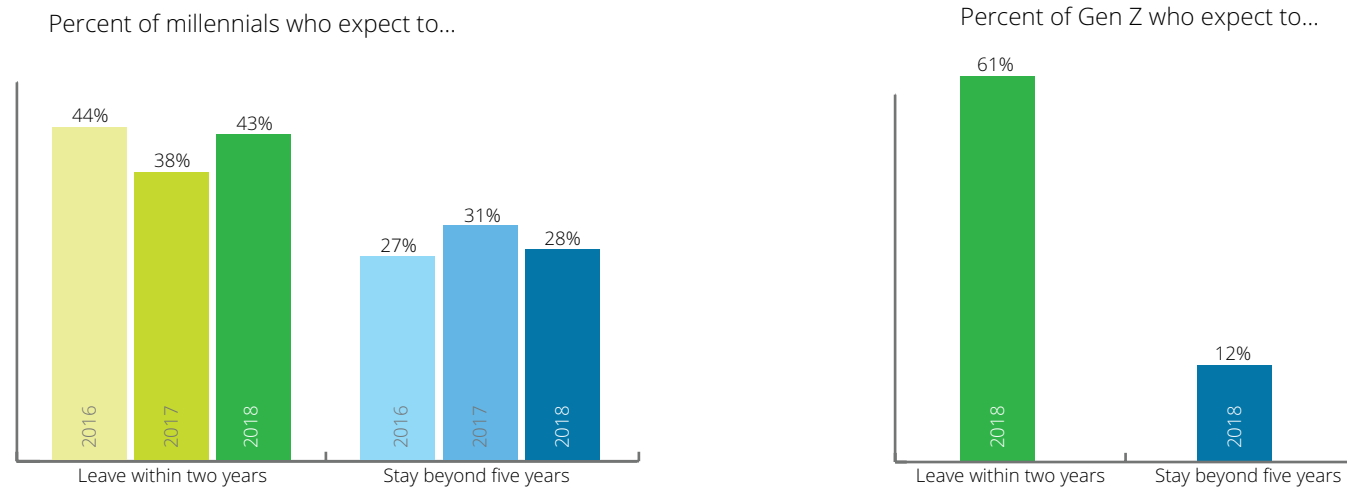


GZ1: Compared to people in the following age groups/generations, do you think that you will have more or fewer opportunities to have a fulfilling working life/career?

Base: All Gen Z 1,844

Loyalty, turnover and the pull of the gig economy

Figure 14. In an uncertain environment, turnover will likely remain high



Q4. If you had a choice, how long would you stay with your current employer before leaving to join a new organization or do something different?
 Base: 2018 all millennials 10,455, 2017 all millennials 7,900, 2016 all millennials 7,867, 2018 all Gen Z in work 684

The difference between what millennials believe companies should do and what they observe firsthand is not without consequence. Business' actions appear to strongly influence the length of time millennials intend to stay with their employers.

Before we delve into the factors that influence loyalty, it's important to note that loyalty levels have retreated to where they were two years ago. Among millennials, 43 percent envision leaving their jobs within two years; only 28 percent seek to stay beyond five years. The 15-point gap is

up from seven points last year. Employed Gen Z respondents express even less loyalty, with 61 percent saying they would leave within two years if given the choice.

Younger workers need positive reasons to stay with their employers; they need to be offered the realistic prospect that by staying loyal they will, in the long run, be materially better off—and as individuals, develop faster and more fully than if they left.

Factors that influence loyalty

As we've seen in previous surveys, the lack of alignment between millennials' perceptions about corporations' motivations and their own priorities is reflected in allegiance to employers. Companies that are perceived to be fixated on profits, for example, do not engender loyalty.

Overall, 51 percent of millennials say their organizations prioritize the pursuit of profit; this is significantly higher among those hoping to leave within two years (57 percent) than for those

intending to be with their employers five years or more (42 percent). Conversely, the prioritization of innovation (35 percent) and societal improvement (31 percent) is more strongly perceived among “loyal” millennials than those wishing to soon leave (28 percent and 21 percent).

Beyond philosophical differences and agreements, millennials and Gen Z respondents identify several tangible factors that engender loyalty to employers.

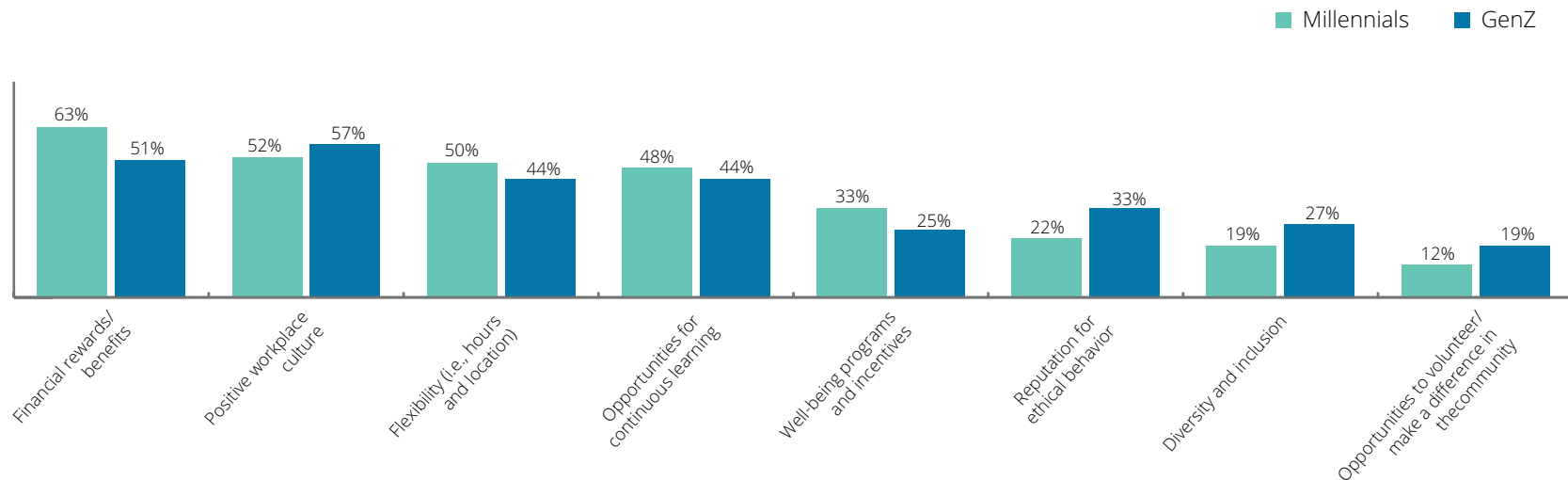
At the top of the list for millennials—at least in terms of considering to work for an employer—is the financial rewards. That may seem hypocritical given the group’s feelings about companies that are primarily driven by profits, but it actually is consistent with the idea that employers should “share the wealth,” provide good jobs and enhance workers’ lives. It also reflects that maturing millennials may be saving for their children’s postsecondary educations and struggling to

purchase big-ticket items—especially housing, the cost of which has far outpaced salaries in much of the world.

For Gen Z, which has fewer financial obligations, monetary rewards placed second behind the desire to be part of a “positive workplace culture.” Respondents of both generations also cited flexibility and opportunities for continuous learning, both of which we’ll explore later, as key factors.

Figure 15. Pay and positive workplace culture top young workers’ wish list

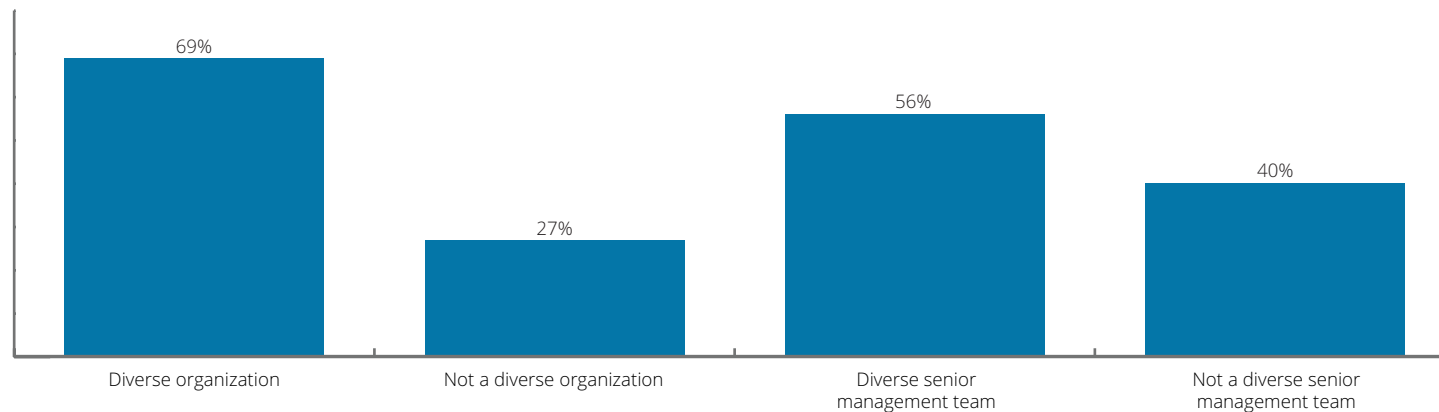
Percent “very important” when choosing to work for an organization



Q22. In general, how important are the following aspects when you are considering working at an organization? Please select each in order of their importance to you, from most important to least important
 Base: All millennials 10,455, all Gen Z 1,844

Figure 16. Diversity linked to greater employee loyalty

Percent saying they would stay beyond five years



Q43. As regards the extent to which it reflects the wider society in which it operates, how would you describe the current level of diversity in your organization's establishment and senior leadership team?
Base: Have a diverse organization 6,741, do not have a diverse organization 3,399, have a diverse senior management team 5,031, Do not have a diverse senior management team 506
Q14. If you had a choice, how long would you stay with your current employer before leaving to join a new organization or do something different?
2018 Base: All millennials 10,455

Interestingly, millennial and Gen Z job hunters do not list diversity/inclusion as a top priority, yet analysis suggests that it is key to keeping those employees. Those working for employers perceived to have a diverse workforce are more likely to want to stay five or more years than those who say their companies are not diverse (69 percent to 27 percent). The gap is slightly more pronounced when the senior management team is seen as diverse versus when it's not (56 percent versus 40 percent).

Flexibility remains important

As we've seen in past surveys, highly flexible working arrangements enhance the degree of employee loyalty. Not only do millennials appreciate not being tied to strict hours or locations, they also

value the trust their employers demonstrate in granting that flexibility. Among those who intend to stay with their current employers for at least five years, 55 percent say there is now more flexibility in where and when they work compared to three years ago. Among those looking to leave within the next 24 months, the figure is only 35 percent.

Millennials go on to suggest that employers offering more flexibility than they did three years ago are achieving greater profitability and providing work environments that are more stimulating, healthy and satisfying. However, organizations may want to review exactly who within their workforces is enjoying the benefits of flexible work: While 69 percent of those on senior management teams

reported increased flexibility in where and when they work, respondents in junior and midlevel roles report only 36 percent and 40 percent, respectively.

The appeal of the gig economy

The recent rise of the gig economy has seen large numbers of people leave full-time employment or supplement their income by taking on short-term contracts or freelance work. Therefore, we asked our respondents whether they would consider taking on such roles either instead of or in addition to existing full-time employment. In both cases, a clear majority said they had already taken on such roles or would consider doing so; fewer than two in 10 millennials (17 percent) and Gen Z respondents (13 percent) rejected the idea outright.

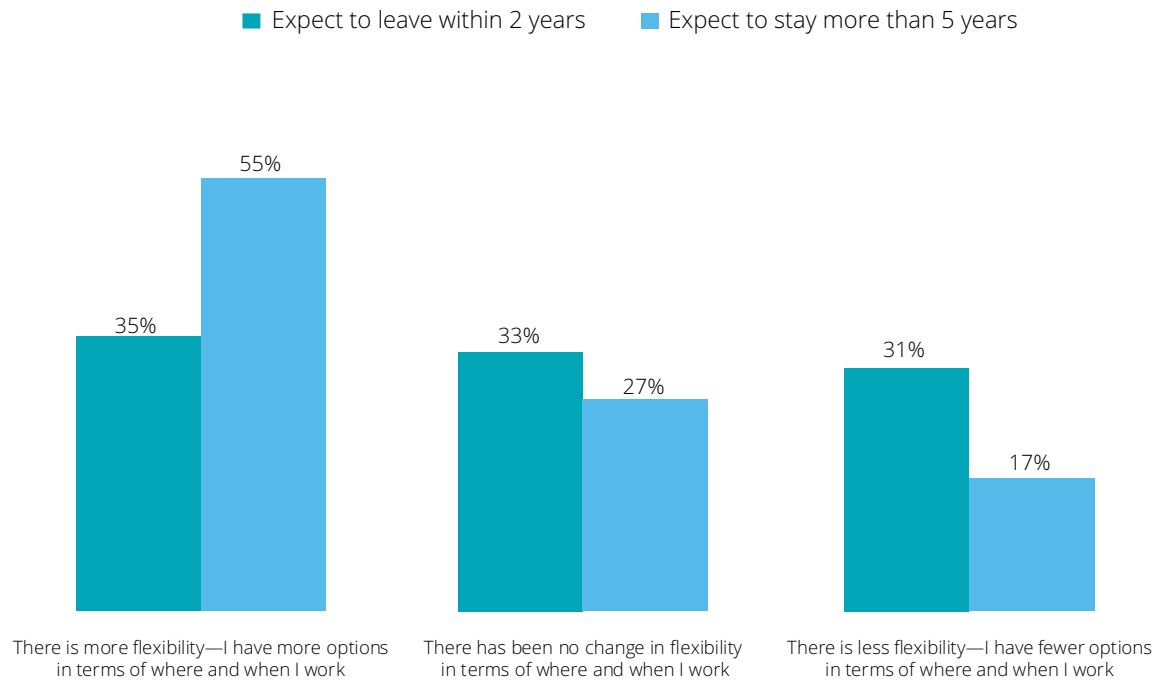
Among those millennials who would willingly leave their employers within the next two years, 62 percent regard the gig economy as a viable alternative to full-time employment, as compared to 49 percent of those looking to stay at their current organizations for more than five years. And the pull is not something that appeals to only those in junior roles—in fact, quite the contrary. Seven in 10 millennials who are members of senior management teams or on boards would consider taking on short-term contracts or freelance work as an alternative to full-time employment. This compares to 57 percent of those occupying junior roles.

What is it about gig-based work that makes it so attractive? The short answer is the promise of (or need for) a higher income. More than six in 10 (62 percent) of those millennials who would consider gig employment cited “increased money/income” as an explanatory factor. Flexibility and freedom are important secondary considerations.

Organizations that actively keep this in mind—while being conscious that millennials (and Gen Z) want them to be more focused in improving society, developing employees, innovating and being inclusive—will almost certainly find themselves with a more motivated, productive and loyal workforce. But will employers rise to the occasion with higher pay and more flexibility? If they choose not to, they could see a large segment of their workforces heading for the exits.

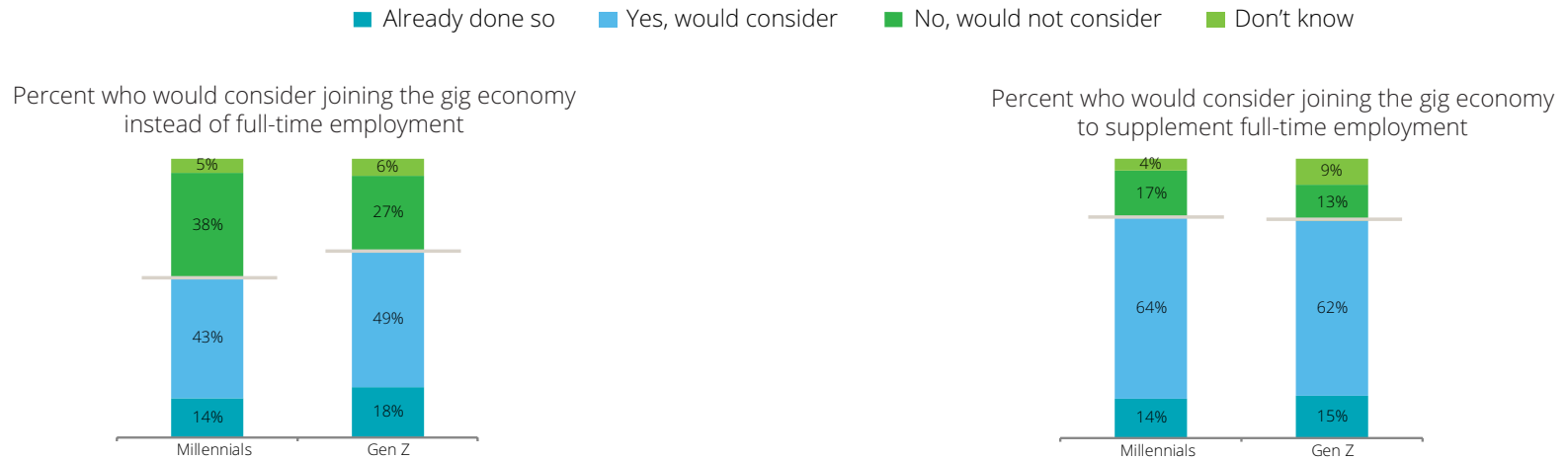
Figure 17. Flexibility in working practices correlates with loyalty

Percent of millennials who say that...



Q16. Thinking of the past three years, which of the following statements best reflects your experience of working at your current organization?
 Base: All millennials at current employer for at least three years and likely to stay up to two years 2,328, expect to stay more than 5 years 2,213

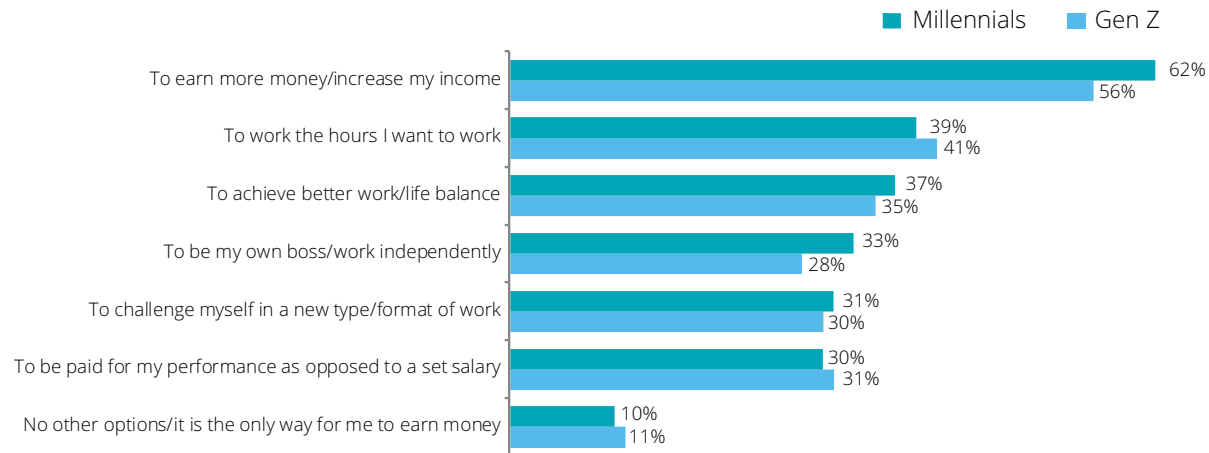
Figure 18. The gig economy has “great appeal,” especially as a supplement



Q24. The recent rise of the “gig economy” has seen large numbers of people leave full-time employment or supplement their income by taking on short-term contracts or freelance work. Would you consider joining the “gig economy” by taking on such roles...instead of full-time employment/to supplement full or part-time employment?
 Base: All millennials 10,455, Gen Z in work 298

Figure 19. The gig economy’s main appeal: increased income and flexibility

Percent saying why joined/would consider joining gig economy



Q25. Which of the following best explain why you have joined or would consider being part of the gig economy?
 Base: All who would consider working in gig economy: millennials 8,693, Gen Z 1,453

Empowerment and development in a digital world

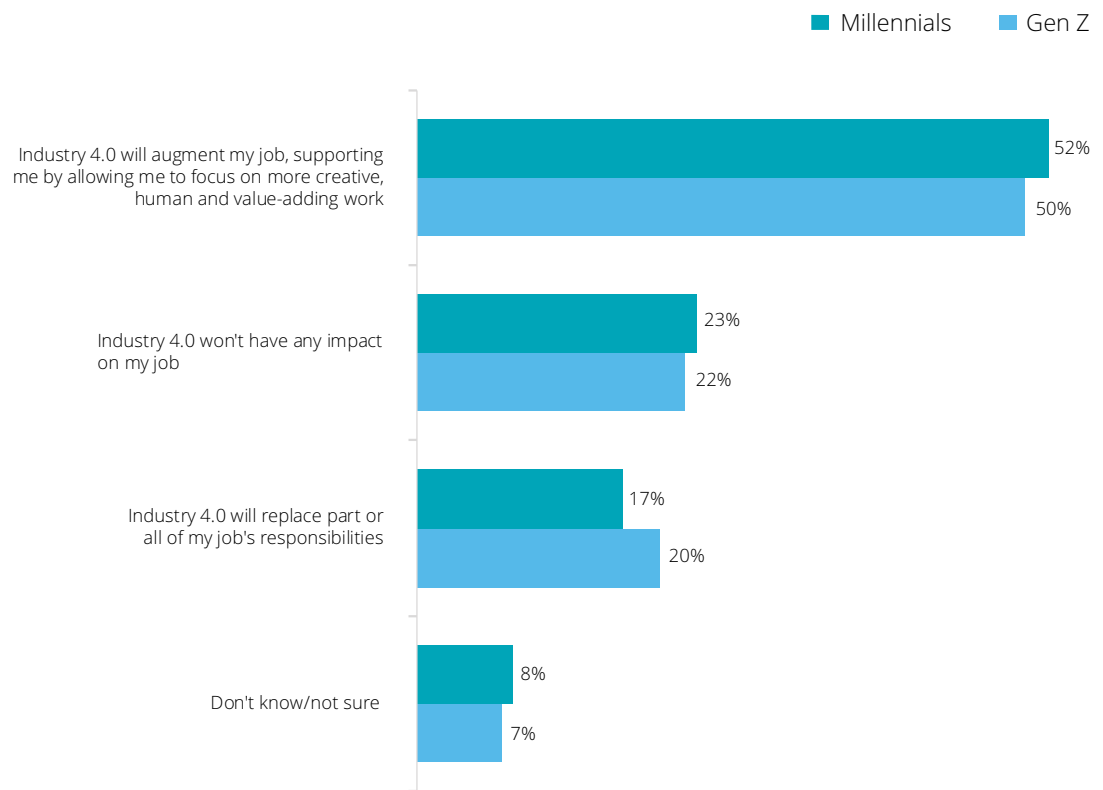
Having grown up with computers in their homes and smartphones in their hands, students and young professionals are well aware that the Fourth Industrial Revolution is upon us and that the very nature of work is changing rapidly.⁶ Industry 4.0 is characterized by the marriage of physical and digital technologies, such as analytics, artificial intelligence, cognitive computing and internet of things technology. We asked younger workers the extent to which they have witnessed this evolution, the possible impact on their working lives and careers, and the level of support employers were providing to help them adapt.

We learned they expect Industry 4.0 to have a dramatic impact in the workplace over the next five years—and that few younger workers feel prepared. Employers, they tell us, are failing to adequately prepare their people for what lies ahead. Again, we see an opportunity for enlightened organizations that *are* helping employees to adapt to gain a competitive advantage and realize higher levels of employee loyalty among millennials.

The impact of Industry 4.0

Almost four in 10 millennials (38 percent) report that their organizations already make a large or fair amount of use of advanced automation, advanced connectivity, artificial intelligence or robotics so as to *fully perform* mechanical tasks or analysis previously done by people. Meanwhile, nearly half (47 percent) report that their employers are using these Industry 4.0 technologies to improve efficiency by *augmenting* employee-performed

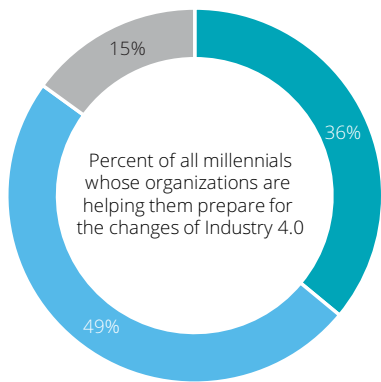
Figure 20. Millennials and Gen Z mostly see Industry 4.0 as an enabler rather than a threat
Percent who say that...



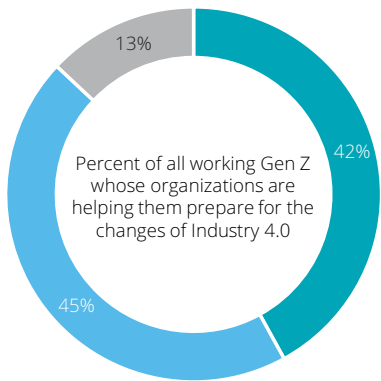
Q32. What impact, if any, do you think Industry 4.0 might have on your job?
Base: All millennials 10,455, all Gen Z in work 682

Figure 21. More employers could help their people prepare for Industry 4.0

■ Yes ■ No ■ Don't know



Percent of all millennials whose organizations are helping them prepare for the changes of Industry 4.0



Percent of all working Gen Z whose organizations are helping them prepare for the changes of Industry 4.0

Q35. Is your organization helping you understand and prepare for the changes of Industry 4.0?
Base: All millennials 10,455, all Gen Z in work 682

tasks or analysis. Large numbers of millennials and those members of Gen Z already in the workplace are, therefore, already aware of how Industry 4.0 is shaping the workplace—and they foresee even greater change to come.

Overall, the majority of millennials (and half of Gen Z respondents) believe Industry 4.0 will augment their jobs, giving them more time to focus on creative, “human,” and value-added work. A little more than one-fifth do not expect to be affected, but many do feel threatened. While only 17 percent of millennials expect Industry 4.0 to replace all or part of their jobs, this increases to 32 percent among those whose organizations already use Industry 4.0 technologies extensively. The response was also higher for respondents who frequently use social media (29 percent). These results suggest that familiarity with Industry 4.0 may inspire more fear than comfort.

There is little variation in levels of concern over job loss or role reduction when assessed by gender, seniority, size of business or levels of loyalty.

Industry 4.0 is generally regarded as having the potential to positively affect the workforce by freeing people from the routine and mundane and opening up more creative and fulfilling activities. For this to happen, though, people need support—and once again, millennials are looking to business to provide it.

Lack of preparedness for Industry 4.0

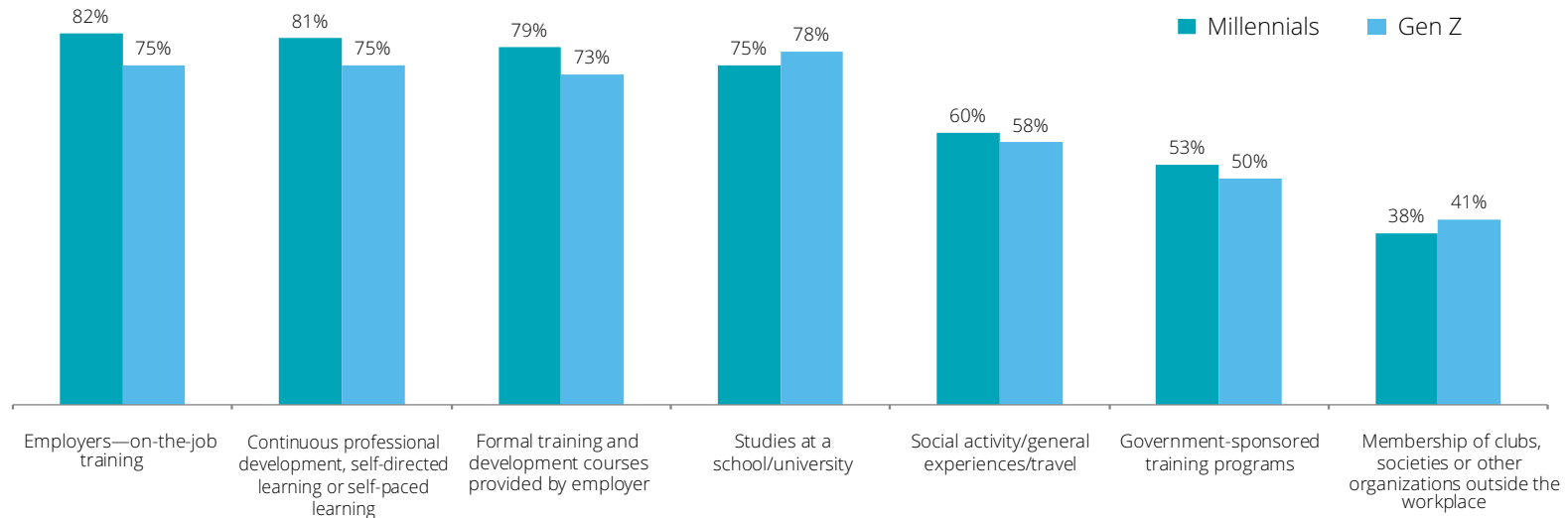
While millennials and Gen Z recognize the current and future importance of Industry 4.0, many feel unprepared for the changes it will bring. Fewer than four in 10 millennials (36 percent) and three in 10 Gen Z currently in work (29 percent) believe they are fully prepared and have all the skills and knowledge they’ll need. Most are unsure, while one in 10 (11 percent of millennials, 8 percent Gen Z) fear they lack *all* of the necessary skills and knowledge as Industry 4.0 increasingly shapes their working environments.

Levels of confidence about having the required skill set for Industry 4.0 are higher among men (41 percent) and members of senior management teams (52 percent) and lower among women (30 percent) and those in junior (28 percent) or midlevel (32 percent) roles. Interestingly, though, those who feel most prepared also feel the most threatened by Industry 4.0.

It is noteworthy that those working in organizations that have adopted more flexible working practices (47 percent) or have diverse senior management teams (45 percent) have higher levels of confidence over Industry 4.0, as do those intending to remain longest with their employers (42 percent). These findings support the idea that business leaders who take a holistic approach to running their organizations are better able to retain and motivate millennial and Gen Z employees.

Figure 22. Self-directed learning versus formal training

Percent who say these will be important in helping them perform their best



Q41. Going forward, how important do you think the following will be in terms of providing the skills, knowledge and experiences you need so as to perform at your best at work? Please rate each one on a scale from one (of no importance) to five (very important)
Base: All millennials 10,455, all Gen Z 1,844

Business is responsible for developing readiness

While respondents would like business to take a lead role in readying people for Industry 4.0, a minority feel this is happening. Just 36 percent of millennials and 42 percent of Gen Z respondents reported that their employers were helping them understand and prepare for the changes associated with Industry 4.0.

Tellingly, 46 percent of those intending to stay at their current organizations for at least another five years say they receive help with Industry 4.0;

among those intending to leave within two years, the figure drops to 28 percent.

Millennials credit school or university studies with 23 percent of the skills, knowledge and experience they currently have or use in their jobs; among Gen Z, only a few years after graduation, the figure is still only 26 percent. On-the-job training from employers or from continuous professional development carries much more weight: In combination, these two sources are estimated to contribute 52 percent of what millennials draw on at work (44 percent for Gen Z).

Looking forward, about eight in 10 millennials say that on-the-job training, continuous professional development and formal training led by employers will be important to help them perform their best. While many anticipate furthering their formal schooling, they expect less help from governments or other sources.

Employer training and support quite obviously help millennials and the Gen Z cohort perform their jobs, and as their careers progress, the role of *employer as educator* will take on even greater significance. The concept of businesses as educators has been

gaining traction, and this year's survey results clearly substantiate its value: 73 percent of those who plan to stay with their employers more than five years say their organizations are strong providers of education and training.

Skills millennials expect they will need

Though technology is increasingly augmenting work today, respondents are looking for guidance that's far broader than how to use that technology. Perhaps sensing that automation can free them from repetitive and mundane tasks to focus on assignments that require a more personal touch, young professionals are especially seeking help building confidence, interpersonal skills and—particularly for Gen Z—ethics/integrity aptitude. In their view, businesses are insufficiently focusing on nurturing these and similar soft skills.

More than a third of millennials (36 percent) say it is “essential” to a company's long-term success that its employees and leaders have strong interpersonal skills, but only 26 percent are offered much help or support in developing them. A similar support deficit exists in the areas of confidence/motivation, ethics/integrity, critical thinking, and innovation/creativity.

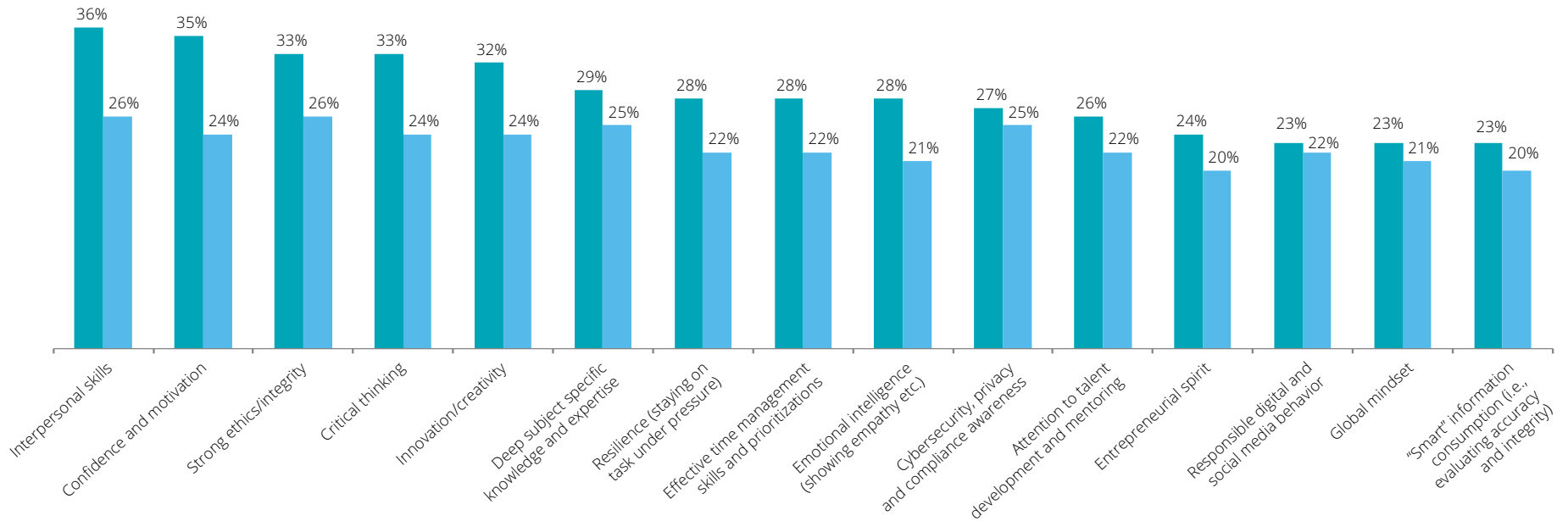
Gen Z respondents also feel they need to develop their confidence and interpersonal skills, but they expect to improve based on experience more than from employer-sponsored training. However, they anticipate looking to employers for both formal and informal support in areas such as communication, leadership, finance and economics, languages, having a global mindset, and analytical skills.



Figure 23. Millennials see employers falling short in developing soft skills

Percent of millennials saying...

■ These are essential skills ■ Organization offers a lot of support



Q37. So as to ensure the long-term success of an organization, how important do you think it is that its employees/leaders have the following skills or attributes?

Q38. To what extent, if at all, is your organization focusing on these areas and helping its employees develop their awareness, knowledge and skills?

Base: All millennials 10,455

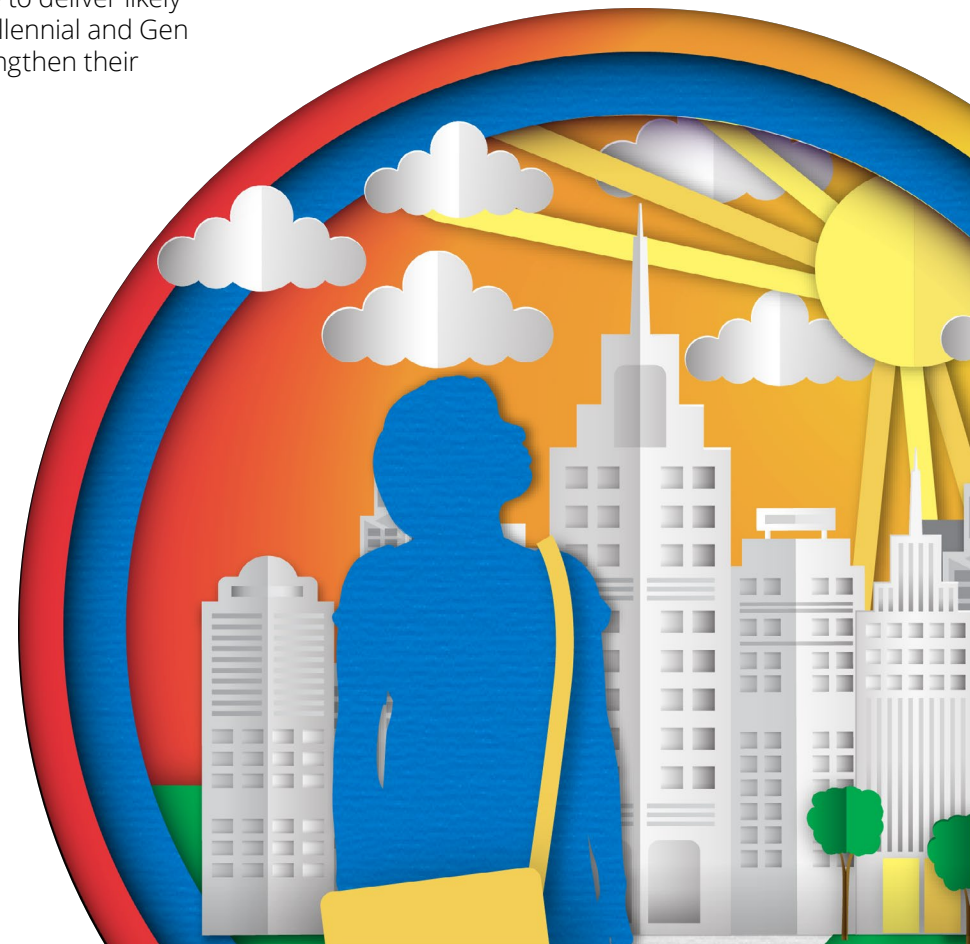
Conclusion: What do young workers want?

This year's survey shows a dramatic, negative shift in millennials' feelings about business' motivations and ethics. Respondents are disappointed that business leaders' priorities don't seem to align with their own—but where matches exist, the perception is that those companies are more successful, have more stimulating work environments and do a better job of developing talent.

This generation of professionals' sense of loyalty has retreated as well. Attracting and retaining millennials and Gen Z respondents begins with financial rewards and workplace culture; it is enhanced when businesses and their senior management are diverse, and when the workplace offers higher degrees of flexibility. Those less than satisfied with their pay and work flexibility are increasingly attracted to the gig economy.

Many respondents are questioning whether they have the capabilities to compete in Industry 4.0, and they are increasingly looking to their employers to give them the skills they need to succeed. While technical skills are always necessary, respondents are especially interested in building interpersonal skills, confidence and ethical behavior—all of which they consider essential for a business to be successful.

Companies have a clear and achievable opportunity to the extent they want to enhance their standing in the eyes of millennials, Gen Z respondents and students. Our respondents are imploring business leaders to take the lead in solving the world's problems, to shift organizations' motives from inordinately focusing on making profit to balancing social concerns, and to be more diverse, flexible, nurturing of and generous with its employees. Those organizations that are able to deliver likely will attract and retain the best millennial and Gen Z employees and potentially strengthen their prospects for long-term success.



References

¹Larry Fink, "[A sense of purpose](#)," BlackRock, January 2018.

²Deloitte Global, [The Deloitte Millennial Survey 2017](#), January 2017.

³Note that *Generation Z* is, like *millennials*, not a universally accepted category; some alternatives include *iGeneration*, *digital natives* and *post-millennials*. The age range is also far from settled; for purposes of only this survey, we are defining Gen Z as those born 1995–99.

⁴Punit Renjen, [Industry 4.0: Are you ready?](#), Deloitte Insights, January 22, 2018.

⁵This report is based on the views of 10,455 millennials and 1,844 Gen Z respondents who completed an online questionnaire between 24 November 2017 and 15 January 2018.

Data was weighted to ensure that irrespective of the “raw” sample size, each market had equal representation in the study. Data was further weighted to ensure equal representation of men and women in each market so that the size (employees) and ownership (private vs. public sector/nonprofit) profile of millennials’ employers matched that of previous surveys.

Market	Interviews (unweighted)	Market	Interviews (unweighted)
Australia	502	Nordics (DNK, FIN, NOR, SWE)	402
Belgium	201	Peru	203
Brazil	307	Poland	303
Canada	525	Russia	302
Chile	312	South Africa	202
China	523	Southeast Asia (MYS, SGP, THA)	321
Colombia	305	South Korea	313
France	507	Spain	300
Germany	406	Switzerland	193
India	309	Netherlands	312
Indonesia	306	Philippines	311
Ireland	202	Turkey	308
Italy	306	Argentina	300
Japan	429	United Kingdom	514
Mexico	301	United States	521
New Zealand	209		

The profile of millennials covered by the survey is as follows:

- Born January 1983 to December 1994
- All have a first degree (78%) or higher-level qualification (22%)
- All in full-time employment
- Three-quarters (75%) employed by large organizations (100+ employees)
- Over four-fifths (83%) work for private-sector businesses
- Over two-fifths (43%) have children
- Data was weighted to ensure that irrespective of the “raw” sample size, each market had equal representation in the GenZ results and that men and women were equally represented.

Gen Z	
Market	Interviews (unweighted)
Australia	318
Canada	300
China	310
India	303
United Kingdom	301
United States	312

The profile of the Gen Z respondents covered by the survey is as follows:

- Born January 1995 to December 1999
- All either studying for (82%) or have obtain (19%) a first/higher degree
- Two-fifths working full- (16%) or part-time (21%)

⁶Mark Cotteleer and Brenna Sniderman, [Forces of change: Industry 4.0](#), Deloitte Insights, December 18, 2017.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 264,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018. For information, contact Deloitte Touche Tohmatsu Limited.