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Study Objectives

Upwork commissioned Inavero, an independent research firm, to conduct a study on the generational impact of Millennials and Gen Z in the U.S. workforce, with these objectives:

1. Assess the hiring challenges Millennials and Gen Z face today
2. Learn how the younger generation is influencing workforce evolution
3. Examine how younger generations are restructuring teams
4. Explore how Millennials and Gen Z will shape the future workforce

This deck is organized in sections to detail results on each objective.
Research Methodology

• An online survey of 1,014 workforce hiring decision makers obtained through a third-party, independent online sample.

• Data collected October 19, 2018 - October 30, 2018 by independent research firm Inavero.

• This is the third year the survey has been conducted.

• Overall margin of error of ±3.08% at 95% confidence level.
Hiring is getting harder

• Nearly 2.5 times as many Millennial and Gen Z hiring managers felt hiring had gotten harder in the past year than felt it had gotten easier. The number of these managers reporting hiring challenges increased 7 points from 2018.

• 53% of younger gen hiring managers say talent scarcity and access to skills are their biggest hiring challenges.

• Over half (51%) of Millennial and Gen Z managers find hiring to be stressful in their organization. These managers are 2x more likely to say hiring is more stressful than not within their organization.
Key Findings

Younger generations are rethinking how work is done

- 48 percent of younger gen managers (composed of Millennials primarily, with early Gen Z managers included) are director-level or higher already.

- Younger gen managers are more likely to:
  - **Support remote teams**: 69% of managers allow members of their team to work remotely. They believe that 2 out of 5 full time employees will be working remotely in the next three years.
  - **See the need for re-skilling**: 96% of managers believe reskilling is important. Millennials managers are almost 3X more likely to believe individuals should be responsible for reskilling than Baby Boomers.
  - **Prioritize workforce planning**: Nearly 3X more likely to rank future workforce planning as a top priority for their department, and are 60% likely to have a future workforce planning strategy in place than Baby Boomers.
  - **Leverage freelancers at a higher rate**: More than twice as likely than Baby Boomers to have increased their usage of freelancers in the past three years, and are projected to continue increasing their usage in 2019.
Hiring is getting harder
Hiring continues to get harder for younger generations

Q2.7. In your opinion, how hard has hiring for the following roles been this past year compared to prior years?

Nearly 2.5x as many younger generation managers said hiring got more difficult in 2018 than said it got easier.

7 point Increase compared to 2017 in the percent of younger generation managers that said hiring became harder compared with past years.
Hiring difficulties have increased for accounting/finance, HR and Engineering roles

<table>
<thead>
<tr>
<th>Role</th>
<th>This Past Year</th>
<th>Prior Years</th>
<th>Difficulty Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting/finance</td>
<td>43%</td>
<td>49%</td>
<td>92%</td>
</tr>
<tr>
<td>HR</td>
<td>42%</td>
<td>42%</td>
<td>84%</td>
</tr>
<tr>
<td>Engineering</td>
<td>49%</td>
<td>35%</td>
<td>84%</td>
</tr>
<tr>
<td>Marketing</td>
<td>46%</td>
<td>36%</td>
<td>82%</td>
</tr>
<tr>
<td>Legal</td>
<td>59%</td>
<td>24%</td>
<td>82%</td>
</tr>
<tr>
<td>Product management</td>
<td>51%</td>
<td>31%</td>
<td>82%</td>
</tr>
<tr>
<td>Data entry/administrative support</td>
<td>31%</td>
<td>48%</td>
<td>80%</td>
</tr>
<tr>
<td>Sales</td>
<td>50%</td>
<td>30%</td>
<td>79%</td>
</tr>
<tr>
<td>Writing</td>
<td>56%</td>
<td>23%</td>
<td>79%</td>
</tr>
<tr>
<td>Operations/customer support</td>
<td>38%</td>
<td>39%</td>
<td>77%</td>
</tr>
<tr>
<td>Creative/design</td>
<td>44%</td>
<td>33%</td>
<td>76%</td>
</tr>
<tr>
<td>Web, mobile or software development</td>
<td>36%</td>
<td>38%</td>
<td>74%</td>
</tr>
<tr>
<td>IT, networking or database admin</td>
<td>44%</td>
<td>29%</td>
<td>72%</td>
</tr>
</tbody>
</table>

**Q2.7.** In your opinion, how hard has hiring for the following roles been this past year compared to prior years?
Access to skills and talent scarcity are the biggest hiring challenges for younger gen managers.

Biggest hiring challenges according to Millennial/Gen Z hiring managers that said hiring got harder:

- Access to skills: 53%
- Talent scarcity: 53%
- Hiring processes: 42%
- Competitive compensation/benefits package: 36%
- Time to hire: 35%

Q2.8. [If hiring got harder for any role] What are your biggest hiring challenges?
Younger gen managers are more than 2x as likely to say hiring is stressful

Q2.9. How stressful do you find hiring to be within your organization?

Percent of Millennial/Gen Z managers that find hiring stressful in their organizations:

- Stressful, 51%
- Not stressful, 22%
- Neutral, 27%

Younger gen managers are more than 2x as likely to say hiring is more stressful than not within their organizations.
Younger generations are supporting remote teams
Younger gen managers allow their team to work remotely at higher rates than other generations

Younger generations are 11 percentage points more likely to allow their workers to work remotely compared to Baby Boomers.

Q5.1. Are team members allowed to work remotely?

Percent of hiring managers that say their team members are allowed to work remotely:

- Gen Z & Millennials: 69%
- Gen X: 59%
- Baby Boomers: 58%
They have more team members who work a significant portion of their time remotely than other generations

Percent of hiring managers that say they have team members currently working remotely (e.g. 2-3 business days per week)

- **Gen Z & Millennials**: 74%
- **Gen X**: 64%
- **Baby Boomers**: 58%

Younger gen managers are 16 percentage points more likely to have workers who work a significant portion of their time remotely compared to Baby Boomers.

Q5.2 Do you have any team members who conduct a significant portion (e.g. 2-3 business days) of their work from a remote location? Please consider remote workers as anyone you work with who spends half of their time or more remotely.
Departments with younger managers more often have the resources and processes in place to support a remote workforce.

Younger generations are **16 points** more likely to believe their department has the resources and processes in place to support a remote workforce vs. Boomers.

Q5.5. Do you feel your department has the resources and processes in place to support a remote workforce?
Younger gen managers without remote workers say technology/tools is the missing resource needed to support a remote workforce

The resources managers without remote workers believe are missing in order to support a remote workforce

- **Technology/tools**: 56% (43% Gen Z & Millennials, 32% Gen X, 32% Baby Boomers)
- **Internal policies and processes**: 42% (41% Gen Z & Millennials, 45% Gen X, 37% Baby Boomers)
- **Proper/applicable team structure**: 38% (19% Gen Z & Millennials, 20% Gen X, 35% Baby Boomers)
- **Executive buy-in and support**: 32% (34% Gen Z & Millennials, 35% Gen X, 35% Baby Boomers)

Note: Question was only asked to those who said they didn’t have resources/processes in place to support a remote workforce.

Q5.9. What resources are missing from your department in order to support a remote workforce?
Younger gen managers are more likely to have internal policies in place to support remote workers

Younger generations are 12 points more likely to have a process in place for engaging external talent compared to Boomers.

Q3.11. Do you have an internal process in place for engaging external talent (i.e. freelancers, agency and temp workers)?
Younger gen managers estimate that 2 out of 5 full-time employees will work remotely in three years.

The mean share of teams remote workers will make up today and in three years:

- Gen Z & Millennials: 34% today, 43% in 3 years
- Gen X: 28% today, 40% in 3 years
- Baby Boomers: 19% today, 32% in 3 years

*The percentages above reflect teams that currently have remote workers.

Q5.3. What percentage of your overall team would you estimate works remotely at least half of the time today? / Q5.4. What percentage of your overall team do you anticipate will work remotely at least half of the time in the next 3 years?
Younger generations see the need for reskilling
Younger generation managers are prioritizing reskilling the workforce

96% of Millennial and Gen Z managers say it is important to reskill or train their workforce.

Top 3 areas Millennials/Gen Z feel are most important in a future workforce strategy

- **Adopting technology**: 24% Top Ranked, 68% Total Ranked
- **Reskilling employees**: 27% Top Ranked, 63% Total Ranked
- **Embracing external/flexible talent**: 17% Top Ranked, 52% Total Ranked
- **Rethinking how work is performed**: 13% Top Ranked, 45% Total Ranked
- **Evolving hiring strategies**: 10% Top Ranked, 37% Total Ranked
- **Support for remote teams**: 10% Top Ranked, 35% Total Ranked

Q4.6. What are the top 3 areas that you feel are most important in a future workforce strategy?

Q6.2. How important is it to reskill/train your workforce?
1 in 3 younger gen managers believe that individuals should be responsible for their own reskilling

Younger generations are almost 3x more likely than Boomers to believe individuals should be responsible for their own reskilling.

The percent of hiring managers that say the worker should be responsible for re-skilling/training as opposed to the employer or educational institutions

Q6.4. Who should be responsible for training and reskilling employees?
They are more likely to leverage freelancers to help fill skills gaps

Percent of hiring managers that fill skills gaps within their organizations by leveraging freelancers with the necessary skills needed to support projects

- **Gen Z & Millennials**: 28%
- **Gen X**: 26%
- **Baby Boomers**: 18%

Younger generations are over 50% more likely to leverage freelancers to fill skills gaps within their organizations compared to Boomers.

Q6.1. How are you currently filling skills gaps within your organization?
Younger generations recognize the workforce is evolving
Millennial managers are in management roles, and have hiring-decision making authority.

Q1.3. What best describes your role in the company?

- **Manager**: 52%
- **Director level**: 23%
- **VP level**: 10%
- **C-Suite (CEO, COO, CMO, CFO, etc.)**: 15%

48% of Millennial and Gen Z managers are in director level roles or higher.
Younger gen managers are prioritizing workforce planning

57%
Of younger gen hiring managers say future workforce planning in their departments is a top or high priority

Younger generations are nearly 3x more likely than Baby Boomers to believe that future workforce planning is a top priority in their departments.
Younger gen managers are more likely to have a workforce planning strategy in place

Q4.4. Does your company have a strategy for future workforce planning?

More than 1000 employees, 29%
251 to 1000 employees, 37%
50 to 250 employees, 31%
Less than 50 employees, 3%

Percent of hiring managers that say their companies have a strategy for future workforce planning by generation:

Gen Z & Millennials: 62%
Gen X: 47%
Baby Boomers: 39%
They are implementing technology and strategies to adapt to a changing workforce

**Developing a more agile, flexible talent strategy**

- Gen Z & Millennials: 41%
- Gen X: 38%
- Baby Boomers: 24%

**Investing in technology to support a remote/distributed workforce**

- Gen Z & Millennials: 42%
- Gen X: 34%
- Baby Boomers: 24%

Younger generations are nearly two times more likely than Baby Boomers to have made significant progress in developing a more agile, flexible talent strategy, and investing in technology to support a remote, distributed workforce.

Q4.2. What level of progress has your department made in the past year in the following strategies for adapting to a changing workforce? Developing a more agile, flexible talent strategy. Investing in technology to support a remote/distributed workforce.
Younger generations are more likely to embrace flexible talent as part of their future workforce strategy.

Top 3 areas that are most important in a future workforce strategy - Total ranked

- Adopting technology: Gen Z & Millennials (68%), Gen X (64%), Baby Boomers (60%)
- Reskilling employees: Gen Z & Millennials (63%), Gen X (57%), Baby Boomers (63%)
- Embracing external/flexible talent: Gen Z & Millennials (52%), Gen X (47%), Baby Boomers (40%)
- Rethinking how work is performed: Gen Z & Millennials (45%), Gen X (53%), Baby Boomers (65%)
- Evolving hiring strategies: Gen Z & Millennials (37%), Gen X (44%), Baby Boomers (45%)
- Support for remote teams: Gen Z & Millennials (35%), Gen X (34%), Baby Boomers (27%)

Q4.6. What are the top 3 areas that you feel are most important in a future workforce strategy? Total Ranked
They are more likely to be on track with their workforce planning strategies

Younger generations are nearly 2x more likely to say they are ‘very confident’ in their company’s future workforce planning strategy compared with Baby Boomers.

Q4.5. How confident are you in your company’s future workforce planning strategy?
Younger generations are leveraging freelancers at a higher rate
Younger gen managers increased their usage of freelancers at higher rates than other generations.

Percent of hiring managers that say their departments increased freelancer utilization in the past three years:

- Gen Z & Millennials: 50%
- Gen X: 42%
- Baby Boomers: 23%

Younger generations are more than 2x as likely to have increased their usage of freelancers in the past three years compared to Baby Boomers.

Q3.7. In your opinion, how has the usage of freelancers by your department changed in the past 3 years?
They are using freelancers to increase productivity, access specialized skills and drive cost efficiency.

The primary reason younger generations are utilizing more freelancers is to increase productivity (33%).

Q3.2. What is the primary reason you will be using more freelancers in 2019?

- Increase productivity: 33%
- Access to specialized skills not available in-house: 25%
- More cost-efficient: 25%
- Help alleviate growing workloads: 16%
They are more than twice as likely to utilize freelancers for ongoing strategic partnerships across multiple projects.

The percent of hiring managers that describe their relationships with freelancers as ongoing partnerships:

- **34%** for Gen Z & Millennials
- **14%** for Baby Boomers

Younger generations are nearly 2.5x more likely to use freelancers in ongoing partnerships.

Q3.6. How would you describe your relationship with the freelancers your department works with?
Younger generations are more than twice as likely to increase their utilization of freelancers in 2019.

Percent of hiring managers that say their departments will increase freelancer utilization in 2019

- Gen Z & Millennials: 41%
- Gen X: 34%
- Baby Boomers: 16%

Percent of hiring managers that say they will increase freelancer utilization in 2019 by generation and company size

- 50 to 250 employees:
  - Gen Z & Millennials: 42%
  - Gen X: 38%
  - Baby Boomers: 15%
- 251 to 1000 employees:
  - Gen Z & Millennials: 46%
  - Gen X: 40%
  - Baby Boomers: 13%
- More than 1000 employees:
  - Gen Z & Millennials: 36%
  - Gen X: 26%
  - Baby Boomers: 8%

Q3.1. Compared to 2018, our department will utilize freelancers _______ in 2019.
Younger generations are shaping the future workforce
By 2028...

By 2028, 73% of all departments will have remote workers.

By 2028, non-traditional, 'Flexible' talent will comprise 24% more of department headcount compared to today.

The projections above are calculated using current results by age range, and mapping these results onto Bureau of Labor Statistics' workforce projections to 2028.
Profile of respondents
Millennials and Gen Z respondents by primary industry and functional area of work

### Millennials/Gen Z by primary industry
- Technology: 13%
- Retail/Consumer Goods: 11%
- Healthcare/Pharmaceutical: 10%
- Education: 9%
- Business/Professional Services: 8%
- Manufacturing: 8%
- Other: 8%
- Banking/Financial Services: 7%
- Engineering: 5%
- Communications/Telecommunications: 4%
- HR/Staffing and Recruiting: 3%
- Government: 3%
- Hospitality: 2%
- Entertainment: 2%

### Millennials/Gen Z by functional area of work
- IT/development: 31%
- Operations/Customer Support: 30%
- Sales: 23%
- HR/talent acquisition: 18%
- Accounting/Finance: 18%
- Marketing/Merchandising: 14%
- Creative/Design: 10%
- Procurement: 8%
- Legal: 4%

Q1.4. Which of the following best describes your organization’s primary industry? (Only industries above 1% are shown)
Q1.5. Which of the following functional areas do you currently work in?
## Millennials and Gen Z respondents by company size and company revenue

**Q1.1.** Which of the following best represents your company’s total revenue for calendar year 2018?

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $1M</td>
<td>9%</td>
</tr>
<tr>
<td>$1M to $10M</td>
<td>26%</td>
</tr>
<tr>
<td>$10M to $50M</td>
<td>19%</td>
</tr>
<tr>
<td>$50M to $100M</td>
<td>15%</td>
</tr>
<tr>
<td>$100M to $500M</td>
<td>13%</td>
</tr>
<tr>
<td>$500M to $1B</td>
<td>7%</td>
</tr>
<tr>
<td>&gt; $1B</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Q1.2.** Which of the following best represents your company’s size?

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50 employees</td>
<td>3%</td>
</tr>
<tr>
<td>50-99 employees</td>
<td>15%</td>
</tr>
<tr>
<td>100 to 250 employees</td>
<td>18%</td>
</tr>
<tr>
<td>251 to 500 employees</td>
<td>15%</td>
</tr>
<tr>
<td>501 to 1000 employees</td>
<td>16%</td>
</tr>
<tr>
<td>1001 to 3000 employees</td>
<td>9%</td>
</tr>
<tr>
<td>3001 to 5000 employees</td>
<td>6%</td>
</tr>
<tr>
<td>Above 5000 employees</td>
<td>17%</td>
</tr>
</tbody>
</table>
Younger gen managers rank Google, Amazon, Apple, and Microsoft as workforce innovators

Q8.6. Rank the top 3 companies you feel are embracing workforce innovation.

Companies Millennials/Gen Z say are embracing workforce innovation - Ranked top 3

<table>
<thead>
<tr>
<th>Company</th>
<th>Top Ranked</th>
<th>Total Ranked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google</td>
<td>24%</td>
<td>59%</td>
</tr>
<tr>
<td>Amazon</td>
<td>17%</td>
<td>48%</td>
</tr>
<tr>
<td>Apple</td>
<td>11%</td>
<td>39%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>13%</td>
<td>36%</td>
</tr>
<tr>
<td>Facebook</td>
<td>7%</td>
<td>24%</td>
</tr>
<tr>
<td>Netflix</td>
<td>7%</td>
<td>23%</td>
</tr>
<tr>
<td>Uber</td>
<td>4%</td>
<td>15%</td>
</tr>
<tr>
<td>Starbucks</td>
<td>5%</td>
<td>14%</td>
</tr>
<tr>
<td>Salesforce</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>eBay</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Workday</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Airbnb</td>
<td>6%</td>
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</tr>
</tbody>
</table>
Appendix
About this Study

This study commissioned by: Upwork

Upwork (UPWK) is the largest freelancing website, as measured by Gross Services Volume. It enables businesses to find and work with highly skilled freelancers. As an increasingly connected and independent workforce goes online, knowledge work -- like software, shopping and content before it -- is shifting online as well. This shift is making it easier for clients to connect and work with talent in near real-time and is freeing professionals everywhere from having to work at a set time and place. Our company’s mission is to create economic opportunities so people have better lives.

This study conducted by: Inavero

Inavero is a global leader in human capital management research. The firm powers satisfaction and thought leadership studies for hundreds of top firms within the space and leverages more than 300,000 survey responses annually to provide insight into the millions who work in the gig economy and the companies who hire them.