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WHY GENERATION Z IS REDEFINING THE HRM PROCESSES

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Abstract:

Factors such as globalization and demographic changes have led to major challenges in the processes of human resource management. Based on the literature review, we found that these factors affected the purpose of the HRM processes, leading, at the same time, to a stronger strategic management and to new HRM practices. A major challenge facing companies today is based on generational diversity, which means that more and more generations have joined the labor market and a lot of companies. The interest of researchers and practitioners for this topic has increased considerably because they try to find ways to better understand the characteristics of each generation, which enters the labor market with new needs, values and motivations. The overall purpose of the paper is to identify which are some of the most important characteristics of each generation and also to analyze the impact that the new generation which entered the labour market in the last years or will enter it in the foreseeable future, Generation Z, has on the HRM processes. The methodology used in the study consisted in analyzing secondary data, which arose from international databases and journals, using the methods of analysis, comparison, classification and synthesis. Also, in order to provide an overview of the researched topic, a series of studies, surveys, interviews conducted by specialized companies were reviewed. Through the conducted research we want to show that each new generation that enters the labour market brings certain changes. Also, we want to analyze why it is important that the HRM processes be elaborated and implemented, while taking into account some ways of optimizing and adapting them to the challenges created by the most indispensable resource of a company, the human resource.

Key words: challenges, generational diversity, generation Z, opportunities

1. Introduction

In the anatomy of an organization's success, proper monitoring of human resource management processes, starting with planning the necessary employees, recruiting, selecting, evaluating and motivating them is vital. It is equally important that these processes are effectively and efficiently developed and implemented, being seen as a unitary whole. Within this study we can delimit two main directions:

- (1) The processes of human resources management, approached from the perspective of generational diversity;
- (2) The impact that Generation Z has on the processes of human resources management;

Some of the studies carried out in recent years have debated the issue of the new generation, **Generation Z**, which has either recently entered the labor market or will enter it soon, considering this generation as the biggest generational change and challenge facing the labor market.

Not long ago, it was considered that the Millennials generation was the one that brought the biggest changes on the labor market, however, it seems that a new group of candidates, **Generation Z**, started to appear on the market.

Figure 1: The importance of the human resources

Source: Composed by the author on the basis of the information generated from international databases (Web of Science, Google Scholar, Scopus)

Beginning with the statement that the success of an organization is influenced by the way in which human resources management processes, such as recruitment, selection, evaluation, motivation are developed and implemented, we can say that an essential factor that leads a company to success or failure is the human resource, which is considered to be a central element of these processes. In other words, the implementation and elaboration of human resources management processes must be organized in a broad manner, taking into account also ways of optimizing and adapting them to the challenges created by this indispensable resource.

One of the major challenges facing the labor market and companies today is generational diversity.

Table 1: Chronological classification of the different generations existing on the labor market in 2021

Source Generation	(Sezin Baysal, 2014)	(Michael Dimock, 2019)	(Ozkan & Solmaz, 2015)	HrClub
Baby Boomers	<u>1946 – 1964</u>	1946-1964	1945-1964	<u>1944 – 1964</u>
X Generation	<u>1965 – 1979</u>	1965-1980	1965-1979	<u>1965 – 1979</u>
Y Generation (Millenials)	<u>1980 – 1994</u>	1981-1996	1980-2000	<u>1980 – 1994</u>
Z Generation	<u>1995 –....</u>	1997-2012	2000-...	<u>1995-2015</u>

Source: Composed by the author on the basis of the information from (Sezin Baysal, 2014);(Michael Dimock,2019);(Ozkan & Solmaz, 2015)

Age is a common source of confusion when it comes to labeling generations. As we can notice in the information presented in table 1 generational cohorts are defined by birth year, not by their current age.

Generations provide a tool that helps researchers to analyze the changes that happened over time, while taking into consideration how distinct formative experiences, like world events, can shape people's perspective of the world.

Bencsik, Horváth-Csikós, & Juhász (2016) showed in their research that currently more and more studies deal with generational diversity and the characteristics of each generation. They highlight the existence on the labor market of **the current and future generations**, also stating that the success of a company and its competitiveness are determined by the long-term behavior of these generations. In 2015, the authors conducted a quantitative research through questionnaires to identify what it means to manage different generations for managers and also what difficulties arise when different young generations cooperate with each other, but also with older generations. The questionnaire was applied to a sample of 410 participants, the main question of the research being **How to approach the new generations from the perspective of HRM?** The results of the study showed the following idea: **human resource management processes must adapt to the requirements of each new generation entering the labor market.**

Each new generation that enters the field of work brings certain changes, which is why, at present, human resources specialists are concerned with finding ways to adapt to the needs of Generation Z.

The data in Figure 2 present an overview of the HRM processes and highlight the importance of monitoring, evaluating and reviewing these processes in response to external challenges.

Figure 2: The importance of monitoring, evaluating and reviewing HRM processes in response to external challenges

Source: Composed by the author on the basis of the information from (Monks et al., 2013)

Starting from those represented in Figure 2, in the following we want to approach punctually each process of human resources management, from the perspective of Generation Z.

2. The impact of Generation Z on human resource management processes

Factors such as globalization and demographic changes have led to major challenges in the processes of human resource management. The interest of researchers and practitioners for this topic has increased considerably because they try to find ways to better understand the characteristics of each generation, which enters the labor market with new needs, values and motivations, which is now, the case of generation Z.

On the other hand, Faulconbridge, Beaverstock, Hall, & Hewitson (2009) argue that in recent years several studies have debated the issue of an aging population and the entry of new generations into the labor market, while associating this topic with another challenge << *the war for talent* >>.

Recruitment and selection

Recruitment plays a very important role, and considering that human resources are the most valuable resources of a company, the ability of a company to attract the most valuable and talented candidates is essential.

Shafique (2012) considers that recruitment should be proactively focused on bringing the specific type of skills and experiences into the organization, especially those that cannot be built from the inside.

In his paper, Pires (2017) addresses the need for companies to change and optimize their recruitment and selection strategies in order to effectively attract and manage new generations entering the labor market.

The author also found, at the time of the study, that the subject of Generation Z was not sufficiently addressed in the papers, some of them mainly addressing generations such as Baby Boomers, Generation X, and Millennials.

In this regard, we can observe, on the one hand, that the subject of generations has been a central element in the studies carried out in recent years, and on the other hand, that this subject is still relevant, Generation Z being of interest even today, which is why it is necessary to continue research on this topic.

An extremely important connection is highlighted by White (2019) in his work, << *matching between organizations and individuals* >>. The author is trying to highlight the fact that employers need to understand the candidates, to take into account the characteristics of each generation and consequently to approach the recruitment and selection processes in a way that could optimize and create a stronger bond between the two parties involved -the organization and the individual.

Performance evaluation and feedback

Researchers such as Gould-Williams (2003) have observed that there is a positive relationship between HRM processes, employee and organizational performance.

Gould-Williams (2003) in his paper highlighted the importance of HRM processes and trust in the workplace and stressed that these processes can lead to superior performance within the organization. The author evaluates, in the study, the impact of human resource management processes on commitment, organizational performance, workplace confidence, job satisfaction.

Well-designed and implemented human resource management processes can be a source of competitive advantage and can positively influence the performance of each employee. In addition, Coens & Jenkins (2000) suggested that performance evaluation is a mandatory process in which all employee behaviors are evaluated in an individual way, judged and also described by an evaluator within a specified time period.

Performance evaluation leads to feedback, which is defined by Alecsoiu (2017) as an information process through which employees are helped to understand and know what they should do to achieve better performance in the future.

In one article called *"How will generation Z revolutionize the Labor Market"* published in 2019, by the Forbes magazine, the authors show that 60% of Generation Z representatives want to interact weekly with their superiors (daily contact, short messages, emails, applications used to track their evolution), in order to assess their performance and progress in their work. Amila Dissa Aluthwala (2020) argues that feedback is one of the most powerful tools available to organizations achieve the best results from individuals.

However, the author finds that the power of feedback is often underestimated, as companies do not apply this approach at all. This is due to the fact that, when used improperly, it can often lead to a breakdown of morale and thus to a decrease in performance. Ashley Stahl (2019) addresses in more detail the case of Generation Z and their reaction to receiving negative feedback or failure. For Generation Z, failure is an opportunity to grow and learn, 80% of Generation Z see failure as an important step on the path to more innovation, learning and performance.

Motivation

Employees have distinct needs, choose different goals to fulfil those needs, and also have different perspectives on how to achieve those goals. (Armstrong, 2006) argues that it is wrong to assume that a motivational approach is appropriate for everyone and that motivational practices or methods are most likely to work effectively when they are tailored to each individual. Based on what Armstrong (2006) argued, we can apply this approach when referring to employees of different generations, highlighting the following idea: **Each generation needs a specific approach in how its representatives can be motivated at work.**

Poynton (2020) presents the fact that different classifications about rewards are used in the studies like financial and non-financial rewards and intrinsic and extrinsic. Researchers have developed different motivational theories in an attempt to help organizations best motivate their employees.

Berge & Berge, (2019) shows that generation Z is more motivated by intrinsic rewards, while Kirchmayer & Fratričová (2020) found that the most important motivations for Generation Z were a mixture of both intrinsic and extrinsic rewards, such as

advancement, higher earnings and significant work. (Fahy & Moylan, 2019) highlighted in the article a study conducted by (Kathy Gurchiek 2016) which found that Generation Z prefers mentoring and feedback programs for intrinsic rewards compared to financial rewards.

Training and development

Training and development are indispensable strategic tools for improving employee performance, statement supported by Falola, Osibanjo, & Ojo (2014), who affirm that organizations continue to increase the budget allocated to these types of activities, considering that they will bring a competitive advantage.

Sal & Raja (2016), through their study, complement the research mentioned above and specify that the success of modern organizations depend on the quality of human resources and highlight the fact that well-trained employees are considered an important step to success for companies.

M. Urick (2017) investigates some of the existing studies and shows that training preferences may differ between groups and especially that younger employees are perceived to be more open to technology in the workplace. For example, M. J. Urick, Hollensbe, Masterson, & Lyons (2017) note that perceptions of technology use in the workplace (including training) are factors that divide employees from younger generations and the ones from the older ones.

Staff retention

Nowadays, employee retention is becoming more difficult due to the diversity of candidates and also because of the multiple existing methods of attraction, recruitment, retention that competitors can use Sidorcuka & Chesnovicka (2017)

In the previous study the authors also showed that today's recruitment is, more personalized, targeted and strategic than ever, which is why one of the most important challenges for organizations is to find, attract and also retain each new employee who best fits the organization and contributes to its further development.

Figure: 3. Model on the connection between HRM and performance

Source: Composed by the author on the basis of the information from (Armstrong, 2006)

We can conclude by highlighting the importance that human resources management processes have on the quality of products and services offered, financial performance and last but not least, on the commitment that employees have to the company but also on their performance.

As we can see in the information presented in Figure 3 the company's strategy is closely related to the strategy that the human resources department in the company implements. Beyond these aspects, human resource management processes are a central pillar in terms of the proper functioning of the company and the achievement of its objectives.

As noted in the studies above, certain challenges and changes, such as generational changes and / or the entry of a new generation in the labor market, such as generation Z may disrupt the smooth functioning of a company.

In this regard, an immediate reaction is required from the company's management because only in this way the company can align its strategy, values and organizational culture with the characteristics, motivations and needs of each new generation and can easily adapt to the challenges.

Current trends in human resource management

In such a dynamic environment, it is essential to identify challenges, changes and opportunities that take place in the labor market. As organizations have evolved, they have become less production-oriented and more employee-oriented and development-oriented. The speed of technological change has created a significant gap between different generations working in a company, thus determining the need to consider new and more efficient approaches in human resource development.

HR Trend Institute, the institute that monitors, detects and studies current trends in various fields, including human resource management, through a study conducted in late 2019, identified a number of representative trends for this area.

This study highlighted the idea that modern human resource management requires a holistic approach that should take into account issues such as:

- (1) Focus on human resources;
- (2) The use of advanced technologies in human resources management processes;
- (3) Combining intuition and detailed analysis in the decision-making process;
- (4) Focus on internal and external factors that could affect the company's activity;
- (5) Short, medium and long term perspective;
- (6) Action orientation.

These trends are evolving, forcing companies to constantly adapt and change in order to cope with the changes that occur.

Winston Churchill, an iconic figure for Britain and a worthy example for his ambition and adaptability in extreme and difficult situations, said: "There is nothing wrong with change if it is in the right direction."

In a recent article, Küpper, Klein, & Völckner (2021) point out that in the digital economy, the workforce is becoming more native from this point of view. This "digitized" workforce awaits organizations' response to the digital challenge, while seeking answers to the following question: **How can an organization attract, motivate and retain human**

resources through appropriate (digital) tools that meet current labor market requirements?

We can say that one of the changes facing management today is the adaptation to the technological processes of recruitment, selection, which is also a great challenge among certain generations. For some generations, adapting to technology is not a challenge, as it is a native feature that most younger generations have, the real challenge is felt by the generations that have not had contact with technology from an early age. All these changes represent a great challenge for the managers of yesterday, today and tomorrow, because they must constantly find ways to improve human resource management processes, without affecting organizational performance.

3. Conclusions

Over the years, more and more generations have made their presence felt on the labor market and implicitly in a large number of companies in different industries. Each generation enters the labour market with a new set of needs, ideas, values and motivations that inevitably lead to chaos, disorganization and imbalances. If companies fail to come up with effective strategies and tactics to face this crisis, it will become impossible to manage and align the whole organizational structure with its goals. The interest of researchers and practitioners has grown considerably for this topic, as they try to find the best, most innovative and most effective ways to better understand the specifics of each generation.

Last years of research about HRM processes and generations is real proof of the fact that this topics have represented and continues to represent an area of interest for researchers and practitioners in the field. Much of the research conducted so far suggests that the development and also implementation of optimal and adapted HRM processes can lead to individual and organizational performance. Not long ago, it was considered that the Millenials generation was the one that brought the biggest changes on the labor market, however, it seems that a new group of candidates, Generation Z, started to appear on the market. Generation Z representatives can disrupt the smooth running of a company's business. In this regard, an immediate reaction is required, because only in this way the company can align its strategy, values and organizational culture with the characteristics, motivations and needs of each new generations and can easily adapt to the challenges. It is also important to note that human resource managers or leaders play a critical role in the change process, Jiménez-Jiménez & Sanz-Valle (2008) considering that they should approach change as an opportunity and not as a threat. In this article we have highlighted the impact that individuals from different generations, mainly Generation Z, has on HRM processes, what are the challenges of this generation but also how it would be recommended that human resources managers and / or leaders manage this situation.

In conclusion, we want to emphasize some key elements that, based on the research, we consider relevant for a better management of the challenges created by different generations: adapting human resources management processes to technological changes, elaboration and implementation of HRM processes in accordance with the needs of each generation, promoting diversity.

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