



Effective management of Gen Z human resources in small and medium enterprises

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ABSTRACT:

Generation Z (Gen Z) brings about distinctive characteristics and demands in values, attitudes, and approaches to work compared to previous generations. However, if executed effectively, Gen Z human resource management can bring benefits and development opportunities for businesses. This article analyzes important aspects of human resource management, including personnel strategy, enhancing labor productivity, managing labor relations, fostering innovation and competitiveness, along compliance with labor laws. At the same time, it highlights the significant role of SMEs in Vietnam's economy, and the specific characteristics of Gen Z. Proposed solutions include creating a flexible work environment, using technology efficiently, encouraging creativity, and training on organizational values and culture. These measures help attract and retain Gen Z talent, creating a positive and effective work environment for sustainable development.

KEYWORDS:

Human resource management; Training; Generation Z; SME; Innovation.



I. Introduction

In today's economic world, human resource management has become a crucial factor in maintaining and developing the workforce for small and medium-sized enterprises (SMEs). This is particularly true when managing the labor force of Generation Z, a generation that is increasingly dominant in the workforce, across various countries where this task poses significant challenges.

This research aims to explore and analyze the current situation of human resource management for Generation Z in small and medium-sized enterprises (SMEs). We will delve into studying the methods currently being applied for management, as well as their effectiveness in creating a positive and efficient work environment.

Furthermore, the research will also examine the benefits and challenges that managing the Generation Z workforce brings to SMEs. Through analyzing these issues, we hope to provide an in-depth view of the current situation and propose potential solutions to help SMEs maximize their human resources.

In summary, managing Generation Z human resources in SMEs faces various challenges but also presents numerous opportunities. By gaining a deeper understanding of the current situation and identifying necessary improvements, businesses can create a better working environment for Generation Z while maximizing their human resources to achieve business goals.

II. Human resource management for Gen Z in small and medium enterprises

Human resource management is an essential part of a business organization's operations, encompassing activities such as recruitment, training, development, performance evaluation, and employee retention (Barney, Chai & Sutner, 2023). Below are some key points regarding the concept and role of human resource management in enterprises:

Building a human resource strategy involves assessing personnel needs, creating recruitment plans, and developing employee career progression plans. According to Haan (2024), human resource management helps organizations define and implement a human resource strategy aligned with the organization's goals and development.

Enhancing capabilities and performance: Human resource management is responsible for building and developing employees' competencies through training and skill development (Mahmood, 2022). As a result, organizations can improve labor productivity and create a positive and innovative work environment.

Labor relationship management: Managing employee satisfaction, resolving labor conflicts, and promoting consensus and commitment from employees. Human resource management helps maintain and develop positive relationships between organizations and employees (Humanica 2023)

Promoting innovation and competitiveness: Human resource management plays a crucial role in creating an organizational culture that is flexible and willing to adapt to change (Pulgarin-Molina & Guerrero, 2017). By encouraging innovation and creativity from employees, organizations can maintain competitiveness in a highly competitive market.

Thus, human resource administrators not only play an important role in creating and maintaining quality human resources but also make important contributions to the development and success of businesses in an increasingly competitive business environment. competition and volatility.

1. Small and medium enterprises

Small and medium-sized enterprises (SMEs) contribute and play an important role in the world economy through a variety of the following ways:

Create job opportunities: According to the OECD, SMEs are a major source of employment in the economy, especially in rural areas and small urban areas. By creating local employment opportunities, SMEs help reduce the pressure of unemployment and raise the living standards of the community.

Encourage innovation and entrepreneurship: SMEs are often flexible and quick to adapt to a changing business environment. SMEs are often a source of inspiration for new innovators and entrepreneurs, encouraging innovation and entrepreneurship in society (Csath 2012).

Promoting stable economic development: SMEs play an important role in promoting stable economic development. By creating new products and services, according to Bary (2019), SMEs contribute to economic diversification and help reduce dependence on single resources and markets.

Enhanced competition and efficiency: Although the size of small and medium-sized enterprises is often smaller than that of large corporations, their operations and competitive spirit often make them important players in the global market. Small and medium-sized enterprises often have the ability to quickly adapt to new markets and can offer exclusive products and services to compete with larger competitors (according to Gherghina et al. 2019).

It can be seen that small and medium enterprises are not only small businesses but also important driving forces behind the development and diversification of the national economy. Flexibility, entrepreneurial spirit, and contribution to competitiveness are important factors that small and medium-sized enterprises bring to the economy.

2. Gen Z and Gen Z characteristics

Generation Z, defined as those born after 1997, brings notable characteristics and differences in values, attitudes, and approaches to work compared to previous generations (Kim Anh 2021). Here are some highlights:

Values and perspectives: Gen Zers tend to show a greater concern for social and environmental issues than previous generations, supporting values such as diversity, sustainability, and social justice (Wood 2022). Global connectivity via the internet has helped Gen Zers understand and respect cultural diversity and multiple perspectives, leading to a more open-minded and accepting spirit of difference (Mahapatra, Bhullar & Gupta 2022).

Attitudes and Personality: Gen Z is often described as confident, creative, and independent, with a positive attitude, and is not afraid to express their opinions (Giang 2021). Research also shows that Gen Z often has good teamwork skills and values effective collaboration and communication in the workplace (Northreach 2023).

Approach to work: Having grown up in a digital environment, Gen Z is often highly skilled in technology and is a natural at using technology in their daily work (Kim Anh 2021). They often seek flexibility in their work and prefer a work environment that can adapt quickly to change and foster personal growth (Humantelligence 2023).

In short, Gen Z brings significant differences in values, attitudes, and approaches to work compared to previous generations. Understanding and adapting to these characteristics will help organizations manage human resources effectively and create an attractive working environment for this generation.

III. Current status of human resource management for Gen Z in small and medium enterprises

Currently, when employing Gen Z staff, small and medium-sized enterprises need to adapt to the challenges and meet the requirements of this generation as follows:

Workplace requirements: Gen Z often places high demands on the workplace, including flexibility, growth opportunities, and fairness (Ho et al. 2020). This can make it difficult for SMEs to attract and retain Gen Z employees.

Technology requirements: Gen Z is often highly tech-savvy and expects the integration of technology in the workplace. A survey by PwC Vietnam (2020) found that 72% of respondents said that Gen Z wanted to improve their digital skills, much higher than the global average of 52%. This requires SMEs to invest and update technology to meet the requirements of this generation.

Training requirements: With their independence and self-confidence, Gen Z requires new and innovative management and training methods from businesses (Jones 2023). SMEs may need to adjust their human resource management methods to reflect the diversity and revolutionary nature of this generation.

The current situation of human resource management for Gen Z in SMEs is facing many challenges in understanding and adapting to the characteristics and requirements of this generation. However, meeting the requirements and revolution of Gen Z can bring opportunities for development and competitiveness for SMEs if done effectively.

IV. Advantages and disadvantages of human resource management for Generation Z

1. Advantages of Gen Z human resource management

Gen Z's flexibility, creativity, and high-tech skills bring significant benefits to human resource management in businesses. Here are some ways these traits can contribute to effective human resource management:

Fostering innovation and creativity: Gen Z is often creative and encourages experimentation with new ideas (Stratologon 2023). This creativity can be applied in human resources management to develop new training methods, innovative working models, and solutions to challenges in human resources management.

Enhanced Workforce Productivity: Gen Z's high-tech skills can be used to optimize work processes and enhance productivity (Schroth 2019). They can adopt new technologies such as project management software, online tools for creating and managing content, and mobile apps to make

human resource management easier and more efficient (Batchelder 2023). Gen Z's technology skills can also be used to support employee training and development.

Creating a flexible work environment: Gen Z's flexibility can encourage businesses to create a flexible and adaptive work environment (FLYDESK 2023). In fact, 75% of Gen Z said they would prefer a flexible job over a higher-paying job. They can promote the adoption of flexible work practices such as remote work, flexible working hours, and casual work patterns to enable employees to be more productive.

It can be seen that the flexibility, creativity, and high-tech skills of Gen Z bring many benefits to human resource management, helping to create a positive and effective working environment and promoting the development of businesses. To take advantage of these benefits, businesses need to establish appropriate strategies to interact and support the development of Gen Z in the organization.

2. Difficulties in managing Gen Z human resources

Along with the advantages, Gen Z human resource management also brings many special challenges and difficulties for businesses, including differences in values and approaches to work compared to previous generations. Below are some specific challenges that businesses face:

Value differences: Gen Z often values diversity, sustainability, and social equity (Wood 2022). However, businesses can have difficulty understanding and adapting to these values, especially if they are not reflected in their organizational culture and human resource management strategies.

Management and training challenges: Gen Z often requires new and innovative management and training methods. According to Racolta-Paina and Irini (2021), Gen Z often struggles with soft skills such as time management and teamwork but wants to participate in diverse training programs to master these skills. To meet the needs of Gen Z, businesses need to be flexible in adapting management and training methods, ensuring that they are capable of developing and creating a positive work environment for Gen Z.

Demand for new technology: According to Rathi (2024), Gen Z expects the integration of technology into the working environment. They expect modern technology to support their work and want it to be integrated into the working environment. Businesses need to invest and update technology to meet the requirements of Gen Z, helping to create a modern working environment and attract young talent. Understanding and meeting Gen Z's technology needs is the key to building an effective and attractive working environment.

Thus, the differences in values, needs, and approaches to the work of Gen Z bring many challenges and difficulties for the human resource management of businesses. To overcome these challenges, businesses need to adapt, be flexible, and create appropriate human resource management strategies to attract and retain Gen Z employees.

V. Human resource management solutions for Generation Z

Some specific proposed solutions that businesses can implement:

1. Create a flexible working environment:

Investing in technology to optimize human resource management processes and build a digital working environment is an important step in the development strategy of businesses. The use of

technology applications and platforms not only helps to provide training and development for employees in a flexible and effective way but also facilitates access and continuous learning. Applying a remote work policy and flexible working hours is also a way to meet the flexibility expectations of Gen Z. In the post-Covid context, job satisfaction increases when workers can work from anywhere (Thai An 2022). Moreover, promoting innovation and creativity through activities such as brainstorming, workshops, and special projects should also be prioritized. Creating a work environment where all opinions are valued and new ideas are encouraged will attract and retain employees (Doran & Ryan 2017), and facilitate the sustainable development of the organization in an increasingly competitive business environment.

2. Building a community working environment:

To attract and retain Gen Z employees, SMEs need to focus on building a community work environment and increasing communication. First, developing social programs and activities within the company can encourage engagement and interaction between employees, which Gen Z appreciates (Obiejesi 2023). Second, holding regular meetings and communication to continue to interact and collect feedback from Gen Z employees is also important. They appreciate openness and regular feedback from management, which helps create a positive work environment and attract Gen Z employees to the organization (Biteable 2023).

3. Develop a career plan:

SMEs also need to establish clear career plans and development opportunities and provide training and personal development programs. Gen Z often wants to see a clear career path and opportunities for advancement, and they appreciate the opportunity to learn and develop new skills (Richard 2024). This helps create a positive work environment and attract Gen Z employees to the organization, as well as affirm the business's commitment to the development and advancement of employees. At the same time, building organizational values and culture is also an important factor, in helping Gen Z employees understand the values of the organization and how they can contribute to building and maintaining a positive work environment (Fernandez, Landis & Lee 2023).

VI. Conclusion

In summary, effective human resource management for Gen Z in small and medium-sized enterprises requires adaptation and flexibility from organizations. Gen Z brings many unique characteristics and different requirements, including expectations for a flexible, creative, and technologically enabled working environment. However, by adapting and actively engaging with Gen Z, businesses can leverage their strengths such as innovation, high-tech skills, and creativity to create a positive and engaging working environment. By implementing specific measures and solutions such as creating a flexible working environment, investing in technology, encouraging innovation and creativity, providing personal development opportunities, and promoting communication and feedback, businesses can effectively manage human resources and facilitate sustainable development in the future.

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