

Chapter 5

The Digital Frontier: Navigating the Challenges and Opportunities for Generation Z in the Labor Market

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ABSTRACT

The study investigates the impact of Generation Z on the labor market, contextualising it within the digital transformation and the need for organisations to retain talent. The results highlight the benefits of adopting new technologies, including greater efficiency, expansion of services, sustainability, and competitive advantage. Generation Z is recognised for its positive influence on the introduction of these technologies but faces adaptation challenges due, among other things, to the diversity of generations it encounters in the labor market, the little digital investment that companies make, and the low value that educational institutions continue to place on the human component to the detriment of technology. This research offers practical guidelines and possible solutions, adding substantial value to the academic field and the business world by directly and provocatively addressing the challenges of the digital age and the integration of Generation Z into the labor market.

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INTRODUCTION

The world keeps changing, and certain moments have shaped how people work throughout history. In the 18th century, the First Industrial Revolution introduced the steam engine and mechanized production (Duque et al., 2018). The 19th century brought the Second Industrial Revolution, with inventions like the combustion engine, electricity, and assembly lines. Then came the Third Industrial Revolution in the 20th century, marked by advancements like TV, phones, computers, and the internet (Duque et al., 2018). These changes transformed how we process information and communicate, moving much of our production into the digital realm.

Now, in the 21st century, we are during the 4th Industrial Revolution or Revolution 4.0 (Schwab, 2017). Unlike its predecessors, this revolution isn't sparked by a single discovery but by the rapid evolution of existing technologies. We are living in a time of unprecedented technological growth, demanding our adaptation. Embracing digital transformation is crucial for businesses to stay competitive and sustainable in an increasingly automated job market (Ebert & Duarte, 2018; Freitas et al., 2020; Schwab, 2017).

Simultaneously, Generation Z, the first true digital natives, is entering the workforce (Mesquita, Oliveira & Munhoz, 2020). These individuals grew up surrounded by technology, making them naturally adept at using it in all aspects of life. For them, technological innovation isn't a challenge but an opportunity for growth and progress. They're expected to lead the way in adapting to and spreading this new tech-centered reality (Iorgulescu, 2016; Racolța-Paina & Irini, 2021).

However, every generation has its unique expectations and motivations. As companies face challenges in retaining talent, understanding, and meeting the expectations of Generation Z become paramount (Mesquita et al., 2020; Racolța-Paina & Irini, 2021; Ratajczak, 2020; Stonehouse & Konina, 2020). Traditional incentives like pay and job security won't suffice. Companies need to align their talent retention strategies with the motivations of this new generation to keep them engaged and committed (Iorgulescu, 2016).

The focus on digital transformation in this study is driven by its current importance for organizations (Ebert & Duarte, 2018). While new technologies are crucial for success, many companies struggle to implement them. One potential solution lies in hiring Generation Z, as they possess extensive knowledge of these tools and can ease the integration of new technologies into companies (Ebert & Duarte, 2018).

The primary goal of this study is to predict Generation Z's impact on the future job market, particularly concerning digital transformation and talent retention. To achieve this, five specific objectives were set, and a mixed-methods approach was employed. Gathering the perspectives of both Generation Z individuals and organizations through quantitative and qualitative methods allows for a comprehensive understanding of the labor market, highlighting the similarities and differences between the two sides (Ebert & Duarte, 2018; Mesquita et al., 2020; Racolța-Paina & Irini, 2021; Ratajczak, 2020; Stonehouse & Konina, 2020).

This study is divided into four chapters. The first and second chapters are the theoretical framework for the entire study. The methodology applied in this study is presented in the third chapter. The fourth chapter analyses the results, and discusses the results, presenting a cross-reference between the literature review and the data collected.

BACKGROUND

Digital Transformation

Digital Authors describe digital transformation as a shift prompted by new generations (Henriette et al., 2016). The European Commission defines it as combining advanced technologies to blend physical and

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