

Generation Z in Workplace Human Capital Development Strategy: Case Study of Private Employee Skills Gen-Z Category

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ABSTRACT

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The entry of Generation Z into the workforce brings new challenges for organizations, especially in managing human capital development strategies. The generation that grew up in the digital era has unique characteristics, such as high-tech skills, a need for recognition, and a preference for flexibility and collaboration. However, many private companies still use conventional approaches to human capital development, which are potentially irrelevant to Gen Z's expectations. This study aims to explore the perceptions of Gen Z private sector employees towards human capital development strategies implemented in the workplace. Using a descriptive qualitative approach, data was collected through observations, interviews, and questionnaires with Gen Z employees. The expected result is an in-depth understanding of Gen Z's experiences, expectations, and assessments of HR development programs, as well as the formulation of more adaptive and effective strategies. The findings are expected to be the basis of recommendations for companies in creating an inclusive work environment and supporting the productivity of the younger generation in a sustainable manner.

1. Introduction

The dynamics of the world of work have changed significantly, one of which is due to the entry of Generation Z (Gen Z) into the professional world. Gen Z, generally born between 1997 and 2012, has unique characteristics that distinguish them from previous generations. They grew up in the digital age, globalization, and rapid social change, shaping different values, expectations, and work behaviors. Private employees born in the 2000s, who are now around 20-25 years old, are a clear representation of this generation in the workplace (Prayoga & Lajira, 2021).

Companies face great challenges in maintaining their competitiveness, one of which is through effective human capital development and the creation of an adaptive organizational culture. Human capital development, which includes training, skills development, career planning, and employee empowerment, is a strategic investment to support business growth. Meanwhile, organizational culture serves as the foundation of employee behavior, motivation, and loyalty to the company. Generation Z brings a new perspective to these two aspects. They tend to value self-development, work-life balance, diversity, inclusivity, and opportunities to innovate. Unlike previous generations who may be more tolerant of hierarchical and conservative work cultures, Gen Z expects organizations to be open, collaborative, and value individual contributions early on (Putri et al., 2012).

A gap exists between Gen Z's expectations and the reality of practice in many private companies in Indonesia. Many organizations still adopt conventional approaches in HR development and maintain traditional organizational cultures, which are sometimes considered less relevant by this younger generation. This mismatch can have an impact on the decline in motivation, productivity, and retention rates of young employees (Haliza, 2021). The gap between the development strategies provided by companies and the expectations of Gen-Z employees can have serious impacts such as decreased employee engagement, decreased loyalty to the company, and increased turnover intention. This is detrimental to the organization in the long run, both in terms of costs and HR stability.

Based on data from the Central Bureau of Statistics (BPS) of South Sulawesi Province, the total population aged 15-24 years in 2022 reached around 1.6 million people, which includes the age group 15-19 years as many as 820,695 people and 20-24 years as many as 802,460 people. This age group is part of Generation Z, which is starting to enter the world of work and higher education (BPS Statistics, 2022). Specifically in Makassar City in 2023, it shows that the age group of 10-14 years is around 69,205 people, 15-19 years is around 66,512 people, and 20-24 years is around 63,789 people. Thus, the total population of Makassar City included in the Generation Z category is estimated to reach around 199,506 people (BPS Statistics, 2023). However, the employment challenges among Gen Z are quite significant. BPS data shows that based on data from the Central Bureau of Statistics (BPS) of Makassar City, the Open Unemployment Rate (TPT) in 2023 was recorded at 10.6%. This figure indicates that out of every 100 people in the labor force, around 10 to 11 people are unemployed. This is a decrease from the previous year's 11.82% in 2022, indicating an improvement in labor absorption post-COVID-19 pandemic.

This increase shows that although the labor force is growing, the availability of suitable jobs has not been able to keep up with the growth. The sectors that absorb the most labor in South Sulawesi are agriculture, forestry, and fisheries, with a contribution of 37.38%. However, these sectors experienced a decline in absorbing labor in 2022, indicating the need for diversification and development of other sectors that are more attractive to the younger generation, such as information technology and creative industries (BPS Statistik, 2023).

The role of the private sector in economic development and job creation is very significant, including in South Sulawesi Province, Makassar City. In the midst of the increasing number of workers from Generation Z, the private sector is one of the main accommodators for this young workforce. Based on data from the Central Statistics Agency (BPS), the formal non-governmental or private sector absorbs the majority of young workers in Indonesia, including in South Sulawesi in Makassar city, especially in the trade, services, processing industry, and information technology sectors (Revianto, 2023). This means that private companies are the first place for many Gen-Z to start and develop their careers. Gen-Z private employees have high expectations of companies, especially in terms of competency development, clear career paths, and opportunities to innovate and contribute directly. However, in many cases, the reality on the ground shows that the HR development strategies implemented by companies private companies have not fully addressed the unique needs of this generation. Fully address the unique needs of this generation. Many companies still use conventional training approaches that are top-down and less interactive, as well as minimal employee involvement in the process of designing personal development.

As a generation that grew up amidst the rapid development of information technology and global openness, Gen Z in Makassar City has unique characteristics. They are more tech-savvy, have high career aspirations, value work flexibility, and tend to seek meaning and value in their work. This generation also brings major changes in expectations of the workplace, including in aspects of human capital development and organizational culture. (Estiana et al., 2023). In the context of human capital development, companies in South Sulawesi are faced with the challenge of providing training programs, skills development, and career paths that are in line with the needs and expectations of Gen Z. Meanwhile, in terms of organizational culture, strong traditional values in South Sulawesi such as hierarchical culture, respect for seniority, and collectivism often have the potential to clash with the desires of Gen Z who prioritize open communication, respect for individual contributions, and speed in decision making (Nor Shela Saleh & Mohd Shafie Rosli, 2019).

The gap between traditional organizational culture and the aspirations of this younger generation needs to be deeply understood so as not to cause friction in the workplace. If managed properly, Gen Z can be a strategic asset in accelerating innovation and driving organizational growth in South Sulawesi. Conversely, failure to understand and accommodate their characteristics can increase turnover rates, decrease productivity, and hinder organizational development (Marlina, 2015). Therefore, it is important to examine how Generation Z perceives human capital development strategies in the workplace: A Case Study of Gen-Z Category Private Employee Skills. Through a qualitative study approach by selecting research objects in Makassar City, this research seeks to dig deeper into the experiences, views, and needs of Gen Z employees in private companies, with the hope of providing recommendations for organizations in managing the potential of the younger generation more effectively and sustainably.

It is hoped that the results of this study can make a positive contribution in the form of insights and recommendations for companies to know how Generation Z's perceptions in the ideal human capital development strategy.

2. Literature Review

2.1 Generation Z

A generation is a group of people who are born in a close period of time with the same environmental conditions that form distinctive characteristics and are different from the previous generation. According to Kupperschmidt, generational grouping is based on the similarity of birth year, age, location, and events or events that significantly affect their respective growth phases. That is, generations are groups of individuals who have experienced the same events in the same period of time (Irsyadi et al., 2020). The existence of this generational division begins with the nation's founding generation or heroes or often referred to as the veteran generation, namely the baby boomers generation (1964-1960) with characteristics of discipline, time-oriented, optimistic, high value of cooperation, cooperative, ambitious, and hardworking.

The next generation is Generation X (1961-1980) which has the characteristics of being independent, able to accept change, taking risks, skeptical, and able to balance work with their personal lives. Generation Y is the next generation born between 1982-1993 with the characteristics of having hope, appreciating meaningful work, and having smart changes to technological developments (Irsyadi et al., 2020). In this study, researchers used Generation Z

(1994-2010) which is also called the igeneration or internet generation. They are characterized by a high level of education, diversity, and use of technology. Generation Z is also conservative, responsible, innovative, and accustomed to technology so they are never separated from the internet. That is why Generation Z is a social media generation because this generation likes instant things such as online shopping which has a quick and easy nature (Christiani & Ikasari, 2020). Research by Bencsik and Machova (2016), categorizes generations and their years of birth according to the following table:

Veteran Generation	1925 - 1946
Baby Boom Generation	1946 - 1960
X Generation	1960 - 1980
Y Generation	1980 - 1995
Z Generation	1995 - 2010
Alfa Generation	2010 +

Source: (Andrea et al., 2016) Y and Z Generations at Workplaces. Journal of Competitiveness, 8(3).

2.2 Human Capital

According to Gaol (2014) states that Human Capital is knowledge, expertise, ability and skill that makes humans or employees the capital or assets of a company. Meanwhile, according to Mankiw (2003) Human capital is needed by workers who are obtained through education and training (on the job training) to support work experience human capital is needed to support the ability to produce goods and services and increase productivity. Human capital is an important factor in the production process because human resources are an important asset in a company to improve company performance. Human capital is a very important element of intellectual capital, because it can create competitiveness for organizations/companies. Because human capital is the ability of each member of the organization to be used in the process of creating intellectual assets (Endri, 2010). Therefore, human capital has a very urgent role as a key component that affects the high-low level of performance of an organization/company. A similar statement was stated by Ancok (2008) that human with all abilities if mobilized in its entirety will produce extraordinary performance. Produce extraordinary performance. This ability is very important in the innovation process (Patmawati, 2021).

2.3 Development Strategy

In organizational development, especially in human resources, which includes skills, is to hold training. According to Sikula in (Wiliandari, 2018). Training is a short-term educational process that uses systematic and organized procedures where non-managerial employees learn technical knowledge and skills in limited purposes. Meanwhile, according to Susilawati & Haryadi, (2024) states that training is a short-term educational process using systematic, and organized

procedures, so that operational employees learn technical knowledge of workmanship and expertise for specific purposes. According to (Nurkholis, 2018) states that training is a process to improve employee competence.

3. Methodology

The research method is a scientific method that functions to obtain valid information with the aim of being proven, proven, and found. A knowledge that can be used to master, predict problems. The research approach method used in this research is descriptive and verification method with a qualitative approach (Dr. Bambang Sigit Widodo, S.Pd, 2021)

3.1 Data Collection

a) Observation

According to Suharsimi Arikunto (2015: 221) "Observation is the act of collecting information that will be used to find out whether the actions taken have run according to the expected plan." This stage is carried out together with the implementation of the action.

b) Questionnaire

Literature Study, namely data collection techniques by reviewing literature and reports originating from agencies and research.

c) Interview

According to Sugiyono (2017,194) Interviews are used as a data collection technique if the researcher wants to carry out a preliminary study to find the problem to be studied, and if the researcher also wants to know things from respondents that are more in-depth and the number of respondents is small.

3.2 Analysis Techniques

First, collecting various data for selection and analysis, then selecting data related to the research, finally analyzing (discussing) and drawing conclusions.

3.3 Validation

3.3.1 Transferability

Transferability indicates the extent to which research results can be applied in other similar contexts.

3.3.2 Dependability

Dependability emphasizes on the consistency of data. Researchers must ensure that the research process is systematic and traceable.

4. Results and Discussion

The research found that Generation Z faces major challenges in the workforce, such as high pressure, generation gap, difficulty adapting to organizational culture, and the need for training methods that suit their learning styles. The majority of respondents mentioned the importance of practical training, the use of technology, and flexibility in HR development strategies.

Various development methods implemented in various companies, such as training, mentoring, coaching, and e-learning, are considered to help improve work skills, especially in terms of productivity, communication, and adaptation in the work environment.

5. Discussion

5.1 Comparison with Prior Research

The findings of this study support the results of previous research by Abd Rahman, et al. (2025) which showed that Reinforcing recommendations on personalized mentoring/coaching and clear career paths.

5.2 Limitations

This study has limitations in terms of the number of informants, which amounted to eight informants from various industry backgrounds, so these findings cannot be generalized to the entire Generation Z population in the workplace and the in-depth interview approach is subjective and can be affected by the personal perceptions of each informant.

5.3 Future Research

For future research, it is recommended that quantitative or mixed methods studies be conducted to statistically measure the relationship between human capital development strategies and specific outcomes such as job satisfaction, loyalty, and productivity of Gen Z employees and conduct cross-industry and cross-cultural studies, to find out whether effective human capital development strategies are contextual depending on the industry sector or cultural background of the organization.

6. Conclusion

This study examines Generation Z's perceptions of human capital development strategies in the work environment, based on qualitative data from eight informants working in various industry sectors. The interview results show that the majority of respondents consider the HR development strategies implemented by their companies to be quite relevant and in line with the needs of the younger generation, especially in terms of the use of practical, interactive and technology-based approaches.

However, it is important to note that the effectiveness of these strategies is strongly influenced by the suitability of the methods with Gen Z's learning style, which tends to be visual, collaborative, and based on hands-on experience. Other factors such as learning opportunities, company openness to new ideas, and guidance from seniors also play an important role in encouraging Generation Z engagement and loyalty in the workplace.

Thus, human capital development for Generation Z requires an adaptive, flexible and nurturing approach adaptive, flexible and integrate digital technology as part of the training strategy. Companies need to not only provide training, but also create a learning culture that supports long-term career growth for this generation.

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