

## **A Small Business Owner's Guide to Attracting and Retaining Generation Z**

Carrie Stringham, DM  
Purdue University Global

Susan B. Pettine, Ph.D., CBM  
Purdue University Global

Susan Knapp, Ph.D.  
Purdue University Global

### Abstract

Generation Z, the newest generation entering the workforce, presents opportunities and challenges for small businesses. Gaining an understanding of what influences Generation Z and some of the common shared characteristics will help a small business to formulate strategies for recruiting, managing and retaining this group. Key characteristics of these individuals who were born between 1995 and 2005 include a need for instant feedback, a strong drive to succeed combined with entrepreneurial tendencies, and a greater interest in who they work for from a social responsibility perspective. Small businesses can attract potential employees from Generation Z by providing internship opportunities, using social media as a key recruitment tool and adopting a realistic job preview into recruiting practices. A work environment that consists of coaching, frequent and timely feedback, professional development opportunities, and participation in small teams will go far in retaining members of Generation Z. Emphasizing socially responsible practices in the business will also be a key ingredient in attracting and retaining this generation. Small businesses that implement strategies for recruiting and retaining this key staffing source will help ensure that

Generation Z can be well poised to help take these small businesses to new levels of productivity and profitability.

### Introduction

Small businesses, like all organizations, will soon be comprised of employees from four different generations. Joining the generations of Traditionalists, Baby Boomers, Generation X and Millennials comes Generation Z. The Pew Research Center, an organization that focuses on researching public attitudes related to demographics and in particular age groups, has identified the following age delineations for each of these generations: Baby Boomers (1943 to 1960), Generation X (1961 to 1981), Millennials (1982 to 1994) and Generation Z (1995 to 2010) (Dimock, 2018). Studying potential employees by generation provides a greater understanding of where individuals are in the life cycle and the influences impacting a cohort of individuals that were born at the same time.

Each generation entering the workforce presents opportunities and challenges. Generation Z is no different. As this generation begins to enter the workforce, small business owners can position themselves to attract and retain employees from Generation Z, a generation with an entrepreneurial spirit and skillset that sets them apart from prior generations. Gaining an understanding of what influences Generation Z and some of the common shared characteristics that Generation Z possesses will help a small business to formulate strategies for recruiting, managing and retaining this group.

A generation can be defined as a group that shares birth years, similar values and is influenced by the environment and events involved with their socialization (Fratricova & Kirchmayer, 2018). The significant events occurring during Generation Z's formative years include the 2008 economic downturn and resulting recession, terrorism, and massed shootings which have impacted their need for safety and financial security. Generation Z is the first global and most formally educated generation (Desai & Lele, 2017). They are also the most technologically savvy generation having been shaped by technology, in some cases even as infants.

### **Key Characteristics**

Each generation can be defined by unique characteristics that set them apart from previous generations. Some of the key defining characteristics of Generation Z are

1. a need for instant feedback, in part because of their reliance on technology and high levels of connectivity;
2. a drive to succeed combined with entrepreneurial tendencies; and
3. a greater interest in who they work for related to both social responsibility and to social justice.

**Instant Feedback.** Generation Z wants instant feedback. Because of the environment that they grew up in, they experience Fear Of Missing Out (FOMO). Most Generation Z employees grew up with instant access via the Internet, social media, tablets and smartphones. Because of this, they can be viewed, especially by other generations, as being impatient (Comaford, 2018). It's a delicate balance for employers as "Gen Z needs bosses

who understand their need for variety and constant feedback but not micromanaging” (Jones, 2019). The upside is that these same characteristics can result in inflow of information that is useful to an organization. Generation Z is very involved in social networking; however, they do have a penchant for privacy online with regard to communication. This involves the use of apps such as Snapchat and Whisper (Grow & Yang, 2018). Since they live more of their lives in a virtual space, they can be less social in real life situations (Swait, 2019).

**Technology.** Generation Z is more likely to seek out answers using technology as a tool and may be more aware of trends and new developments in business because of their high level of connectivity. This should come as no surprise given their access to technology as they matured (Fratricova, 2018). Andrea (2016) writes, “They are more impatient and more agile than their predecessors and they look for new challenges and impulses continuously” (p. 93). This agility, and even impatience, may be useful to position a small business ahead of a competitor.

**Drive to Succeed and Entrepreneurial Tendencies.** Generation Z is more driven than recent previous generations (Puiu, 2017). Many had parents who experienced hardship during the economic downturn. Part of Generation Z’s drive is attributed to their significant value of financial stability and their wanting to avoid the financial crisis their parents may have experienced. Generation Z’s drive can also be traced to their entrepreneurial tendencies (Loveland, 2017). This generation has an entrepreneurial spirit. Chillakuri & Mahanandia (2018) note that since Generation Z are the children of Generation X and Millennials, they do have several of the Millennial qualities such as loyalty, thoughtfulness, and

responsibility. However, they are more entrepreneurial and seek to establish their own identity more so than Millennials. They are multitaskers who do not enjoy repetitive jobs. They enjoy learning new things and can switch gears as efficient multitaskers (Chillakuri & Mahanandia, 2018). “They want to know that what they do matters in the overall good of the company and that their work will make a difference” (Bucoveţchi, 2019). Small business owners can benefit from these traits by fostering an environment that allows Generation Z to create and implement new ideas, especially if successful developments are tied to increased compensation.

Generation Z tends to be more educated so it's no surprise that they place a heavy emphasis on learning and development including opportunities for growth (Fratricova, 2018). Because they are interested in what they can learn, they may be more attracted to small business owners that may have the ability to provide an environment where employees can learn many aspects of the business. Bucovetchi et al (2019) writes, “If a manager wants to attract and retain a young Z, he should show them what opportunities for growth and career advancement offers them, rather than offering them a very high salary.”

This generation's immersion in technology has impacted their approach to communication and learning. They absorb information from multiple sources and are geared to think in hyperlinks (Desai & Lele, 2017). A good training and development method would be the use of brief, interactive training videos.

**Who They Work For.** Generation Z is more interested in who, both the leader and the organization, they work for. “The manager they would work for is also important because he or she has to have some qualities in order to be likeable by Generation Z. Intelligence was

mentioned by 59.5% of the respondents, followed by integrity and honesty (55.9%), mentorship abilities (43.2%), passion shown at work (39.6%), humor (33.3%), creativity (27%), vision (25.2%), flexibility (14.4%) and compassion / empathy (13.5%)” (Puiu, 2017, p. 70). Trust was also identified as a trait that Generation Z workers look for when they are researching employment options (Fratricova & Kirchmayer, 2018).

**Social Responsibility and Justice.** Generation Z feels strongly about social justice. They believe that people are equal and should be treated that way (Schroff, 2019). Generation Z has also expressed a strong interest in social responsibility. In a survey designed to assess what Generation Z is looking for in a job, 82 % responded that social responsibility is a key factor in their job selection and 66% indicated they would take a pay cut to work with a business that is more socially responsible (Gale, 2017). Members of Generation Z have a passion with regard to social change and desire to have a sense of purpose in what they do. They usually don't hold a fixed opinion on issues as they see the world as intersectional and equitable. They have a unique mix of cynicism, pragmatism, and independence that is important to understand (Grow & Yang, 2018). In their work as students, Generation Z has been encouraged to debate and engage in thought-provoking discussions. This has allowed them to develop strong points of view with a willingness to question the way things are done. Generation Z are commercial minded, will switch brands easily if expectations are not met, and have less of a focus on business relationships (Swati, 2019).

### **Strategies to Attract and Retain**

Generation Z is drawn to small business. “Asked about the way they would want to work, most of the respondents (33.3%) answered they would prefer to work in a small team in an

office, 27.9% in a large team in an office, 19.8% would prefer working online or on the field, 16.2% alone in their own office, 2.7% in a virtual team, from outside the office” (Puiu, 2017, p. 70). This is good news for small business owners. Still, there are several actions that small business owners can take to further attract and retain Generation Z employees.

Some key actions include:

1. Adopt a Realistic Job Preview into recruiting practices;
2. Offer internship opportunities;
3. Use social media to recruit and to build the business brand and to recruit;
4. Emphasize socially responsible practices in the small business
5. Provide professional development opportunities; and
6. Create a robust onboarding experience for new employees.

**Realistic Job Preview.** Job matching is the congruence between what employees want to experience on the job and what the organization/job offers. There are two types of matches that occur during the recruitment process. One type of match is when an applicant’s skills are matched with an organization’s needs. The second type of match is when the applicant’s needs are matched with the need-fulfilling characteristics of the organization (Shibly, 2019). The Realistic Job Preview (RJP) is a recruitment approach that is based on the second type of job matching. A RJP is “a selection device that allows job candidates to learn negative as well as positive information about the job and organization” (Verhulst, 2019). By providing applicants with a realistic view of what the job will entail, turnover should be reduced, performance should be improved, and candidate organizational commitment should be

improved. Although this can be a useful tool for every generation, it may be even more important for Generation Z for multiple reasons. Generation Z candidates are less likely to have had experience working in high school (Schroth, 2019) which may lead them to have less accurate information about the various aspects of a position. Because Generation Z candidates tend to be more likely to leave if they are not satisfied than previous generations, the RJP becomes even more important. Puiu (2017) writes, “If they do not get what they want they tend to switch jobs more often than their parents till they will reach their goals” (p. 68).

Effective RJP is associated with several attributes including accuracy, specificity and credibility. The information that applicants receive from the RJP experience not only needs to be accurate but also should include specific and relevant component of the job so applicants have sufficient information to make an assessment (Shibly, 2019). To ensure credibility, the organization should focus on the tone of the “sent” message (the information provided during RJP) as well as focusing on the “received” message or how the applicant is interpreting the information (Liu et al., 2016).

In addition to small business owners adopting the practice of a Realistic Job Preview (RJP), the recruitment and interview process should also include a differentiation component – “what differentiates the organization from other organizations.

**Internship Opportunities.** Another approach used by some businesses is to provide internships to high school students in order to create a talent pipeline. Generation Z have less work experience in their teen years than previous generations. In 1979, 60% of teens had a job, while in 2015 only 34% of teens had work experience and in 2024 it is anticipated



this percentage will drop to 25% (Schroff, 2019). An internship will provide the opportunity to gain experience while also exploring an organization's career opportunities. The Deloitte company has added an "Explore Your Fit" section to their website where students can see career path options available in the business. Deloitte has also involved interns in developing technology-based recruitment tools (Eleje-Ruiz, 2017).

**Use Social Media.** Generation Z is the first generation to grow-up with the full availability of social media. Because of this generation's amount of time spent online, many businesses are using social networks as a recruitment tool. A study conducted by the Society for Human Resource Management found that 84% of the organizations responding to the survey use social media as a recruitment tool and an additional 16% are planning to use it. This survey also found that 66% of the organizations were adapting their application processes and job web site to target smart phone users (SHRM Survey Findings, 2016). Social networks are an excellent means to convey the business brand. Using social media not only can help build the reputation of a business but also enables a business to increase their visibility by targeting a group of candidates (Prakash & Rai, 2017). The use of social networks also enables faster exchange of information with candidates. One study found young job applicants are more attracted to businesses that use social media recruitment than businesses that use more traditional methods and 60% of job seekers rank social media as the prime reason for accepting a job (Pinc & Masmomontet, 2018). A good starting point is to develop a strategy that includes recruitment goals and the social networks that will be used. Another element of the strategy plan is to determine how employees will be used to help in this process. Employees can be used as ambassadors that convey what it is like to

work at the business. Videos are also an excellent way to tell the organization's story and connect with job seekers.

**Emphasize Socially Responsible Practices.** Because of Generation Z's focus on social responsibility, businesses would be well served to provide prospective employees with information about the company's social responsibility practices. The recruitment process should also address the organization's mission and the "why" behind the business.

### **Professional Development Opportunities**

As expressed by other generations, Generation Z have identified the importance of professional development and the opportunity to expand their competencies. A study conducted by Deloitte found the opportunity for professional development is frequently identified as a key motivator after salary and benefits (Zaharee et al, 2018). Professional development can be conducted in multiple ways including job rotations, on-the-job training, work experiences and mentoring.

**Robust Onboarding.** The onboarding process is important for all new employees, but particularly essential for Generation Z. One study found that Generation Z reported they could have performed at a higher level if they had received clear instructions through well-developed orientation and training on the job (Schroff, 2019). An effective onboarding process will facilitate the acclimation of new employees, particularly Generation Z who do not have much previous job experience.

Effective onboarding has related to better employee performance, job satisfaction and retention (Fang & Duffy, 2011). It also helps with reducing the uncertainty and

apprehension experienced by new employees by providing an overview of expectations and practices. It provides new employees with the knowledge and resources to facilitate an employee's functioning in the new job. The onboarding process can start when the job is offered and can continue through the first several months or even the entire first year of employment.

Arthur (2012) recommends new employee orientation include interactions with senior managers and the use of a partner, which can be an experienced employee who is able to answer questions and provide encouragement. The use of checklists can also be useful for ensuring that key information about policies, practices and resources is provided to new employees. The new employee's manager should build in check-in times to answer questions and address any concerns. An emphasis should be on the importance of the new employee's role and how it contributes to the organization's mission. An overall goal should be the new employee is quickly made to feel a valued member of the organization.

Once the Generation Z candidate becomes an employee, managers of Generation Z employees can facilitate their integration by creating a culture where feedback is valued and employees are given autonomy in their work. Using a coaching approach will foster a collaborative and goal oriented approach to leadership. Generation Z has expressed a preference for a collaborative learning approach in contrast to a "telling" approach (Schroff, 2019). The use of coaching will provide appropriate support which will result in greater performance and satisfaction.

Table 1 summarizes characteristics that are important to Generation Z and provides a brief explanation of how small businesses can leverage their unique ability to provide Generation Z with some of the characteristics that they most desire.

Table 1

<b>Characteristics/Traits</b>	<b>Generation Z</b>	<b>Retention and Recruitment Strategy</b>
<b>Education</b>	More educated; passionate about continued learning	Emphasize opportunities for ongoing learning in the position including cross training opportunities; offer focused training
<b>Entrepreneurialism</b>	Highly entrepreneurial	Highlight internal entrepreneurial opportunities; encourage new ideas; small business = more agility
<b>Feedback</b>	Need instant feedback	Flatter structure allows for more frequent and timely feedback
<b>Inclusion</b>	Seek an inclusive culture	Provide coaching and mentoring; create a work environment that values employee participation
<b>Social Responsibility</b>	Interested in WHO they work for; business practices	Emphasize Socially Responsible Practices
<b>Team Size</b>	Preference for smaller teams	Offer small team opportunities and a collaborative team culture
<b>Technology</b>	Highly skilled and interested in technology	Provide useful apps for easy smartphone access for recruitment and in the organization
<b>Work Experience</b>	May have less high school work experience than previous generations	Offer Internships; Adopt a Realistic Job Preview

### **Further Research**

Based on the emergent themes, employers might benefit from research exploring specific mechanisms designed to recruit and retain Generation Z talent. Initiatives that offer opportunities for ongoing learning, cross training, improved entrepreneurial opportunities, coaching, mentoring, participative work environments, improved social responsibility practices, a team culture, integration of technology, and internships could be further explored. Research exploring Generation Z in other types of organizations, outside of small business, could be beneficial.

### **Conclusion**

As the labor supply continues to decrease, small businesses will want to consider Generation Z as a prime staffing source. This generation possesses characteristics that can offer many benefits to small organizations. Their entrepreneurial spirit and their technological savvy will be significant assets to any organization. Small businesses will do well to understand this generation's need for instant feedback as a part of their reliance on technology and their high levels of connectivity. With this in mind, having a robust onboarding process will enhance Generation Z's connection with their new small business employer. Generation Z also has a drive to succeed, so establishing a strong connection beginning with that strong onboarding will position them well to be successful as employees and with regard to enhancing the small business's success. Adding in plentiful opportunity for professional development is another area that will help Generation Z build a strong foundation in a small business. And finally, small businesses must embrace Generation Z's strong interest in

WHO they work for in the realm of social responsibility and social justice. When small businesses can clearly articulate this in their recruitment materials, they will attract strong Generation Z candidates to fill their critical positions. Gaining an understanding of what influences and is important to Generation Z will help a business to formulate strategies for recruiting, managing and retaining this group. Generation Z can then be well poised to help take these small businesses to new levels of productivity and profitability.

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