

# The Role of Digital Mindset and Professional Performance Management in Optimizing the Potential of Generation Z

Achmad Singgih Laksono, Siti Mujanah, Abdul Halik

Fakultas Ekonomi dan Bisnis , Untag, Surabaya

[Singgihlaksono05@gmail.com](mailto:Singgihlaksono05@gmail.com)

## Abstract

This article aims to analyze the role of digital mindset and professionalism of human resource management in optimizing the potential of Generation Z to improve performance. This study uses a qualitative approach with a literature study method. Data were obtained from relevant books, scientific articles, and journals regarding digital mindset, human resources, performance management, and characteristics of Generation Z. The results of the study show that Generation Z has strong potential in technology adaptation, creativity, flexibility, and innovation, but also faces challenges in the form of digital distractions, low job security, and turnover tendencies. Therefore, HRM needs to implement professional performance management through planning, monitoring, development, assessment, and performance awards. This article emphasizes that the success of Generation Z's management does not only depend on technology, but on the ability of organizations to build a digital mindset and adaptive work systems.

**Keywords** : Digital Mindset; HRM; Performance Management; Generation Z; Performance.

## Introduction

For the Company, employees are an asset that must be developed better. The purpose of the development is to increase work productivity, increase efficiency, offer career opportunities, or be able to find potential employees (Elli Sulistyaningsih 2023). Thus, the Human Resource development strategy in every company must be carried out to keep pace with the technology era. Human Resource Development is an effort that can be made by companies to form quality people with skills, work ability, and loyalty to the company, with challenges in the form of a workforce that continues to change, laws change, and employer needs also develop, Human Resources must continue to change and develop. Adapting to the era of technology that is increasingly developing among Gen Z employees is a new challenge that must be faced by Human Resource Management.

The rapid digital transformation of the past two decades has brought fundamental changes to the way organizations manage Human Resources. The industrial revolution 4.0 is characterized by the integration of digital technology, artificial intelligence, Big Data, and internet of things has changed the characteristics of work, organizational interaction patterns, and competencies needed by the modern workforce. In this context, organizations are required to develop a Human Resource management system that is adaptive, professional, and able to effectively integrate digital technology in work processes. The digital revolution has become the main foundation of a global transformation that has changed many things in

the form of the way humans live, think and work fundamentally to overcome social problems, prioritizing innovation that is on the side of humans.

The work revolution is influenced by the existence of digital mindset workers who start thinking in a way of thinking and are oriented towards the world that shapes the way we look, feel, and act (Tsedal, 2022). This change in mindset is also influenced by the renewal of employee development with the new generation, namely Gen Z. Differences in job values, career expectations, and preferences for digital work environments require organizations to take a new approach to Human Resource management. Arnolus Juantri & E. Oktavianus et al., (2023) on Gen Z's Work Competency in the Digitalization Era: Systematic Literature Review (Dhiky N.A 2025) argue that major changes due to digitalization have created a very influential impact on the way humans work, think, and interact in the professional environment.

In this context, Gen Z is not only familiar with technology, but also forms social and cultural identities through the digital era, social media, and smart mobile devices. Ismail Rasulong (2024) stated that the multitasking ability of this generation is also very good, so that it is able to do several jobs at the same time. Generation Z also tends to be more creative and innovative than previous generations in solving problems, as well as being more open to technological changes and developments. All these characteristics make Generation Z a generation that has the potential to lead and make changes in the future. With the superior capabilities of this generation being quick adaptation and a desire to keep learning, Generation Z can bring innovations and fresh ideas that can help companies face the challenges of finding their way out and winning the competition in the global market.

In addition to the positive impact that is an opportunity to improve the company or organization, human resource management also has the challenge of controlling this generation. Digital distractions and easy job turnover are a tough challenge for human resource managers. This article is a novelty of Faisal Reza (2026) "Career Resilience and Job Skills Among Generation Z Workers in the Digital Era" and Dhiky Nur (2025) "Gen Z Work Competencies in the Digitalization Era: Systematic Literature Review" which emphasizes too much on the competencies that Gen Z employees must possess and short career resilience. Unlike the previous article, this article improves in terms of human resource managers to be able to realize and utilize the potential possessed by employees with changes in innovation, motivation and professional performance management implementation.

Based on this description, this article answers the question of how the digital mindset affects human resource management in the digital era? How can the professionalism of HRM optimize the potential of Generation Z? How can performance management be used to improve Generation Z's performance?. The quality of the leader is the main core as the most important factor in the success or failure of an organization. The quality of leaders will affect the success or failure of an organization, both business-focused and public, generally perceived as the success or failure of the leader (Yuriyidillah, 2025). Because of the importance of the role of leaders, the issue of leadership is a focus that attracts the author's attention in developing the importance of two directions in assessing behavior (superiors and employees). Human Resource Managers are required to have a strategy in forming good cooperation, strategy and cohesiveness of performance are the responsibilities of ideal leadership (Yuriyidillah, 2025).

## METHODS

This research uses a qualitative approach through library research by examining relevant literature in the range of 2018–2025. The literature was selected based on relevance to four main themes, namely digital mindset, HR professionalism, performance management, and characteristics of Generation Z. Data was analyzed using content analysis through the stages of identification, classification, interpretation, and concept synthesis., the author uses writing sources from scientific journal literature, academic books and relevant articles according to the research raised. The selection of sources is carried out based on attachment to the topic of Generation Z's work culture with its digital mindset and how HR responds to work styles and creates a conducive environment. The digital mindset that must be possessed by HRM and employees must be balanced, in order to bring out the potential of generation Z.

Ensure that the references used are actual and credible. The data analysis technique in this study uses content analysis; by carrying out the process of identification, classification and interpretation of the ideas found in each source. This step was taken to compile a conceptual understanding and findings that are systematically summarized to see how the professionalism of HR management affects the improvement of the performance of generation Z, so as to produce sharp and comprehensive arguments in the discussion.

## Results and Discussion

### Integration Of Digital Mindset and Performance Management in Optimizing Gen Z Performance

In today's era, learning new technologies is indeed very important to know the extent of the change. However, learning about digital transformation is not enough. Employees in a company or organization are not only subordinates, but comprehensively, including superiors, must be skilled to create new opportunities. Human resource management and employees need a digital mindset to be equal to the current era. Digital mindset, according to Tsedal (2022), states the mindset that shapes how to understand, feel, and act. A set of attitudes that allow a person or organization to be able to see how data works, algorithms and the application of Artificial Intelligence (AI) that open up new opportunities for the path of success of a business or company.

In realizing a systematic digital mindset, it is indeed necessary to make an effort that is not easy. Human resources who do it consciously will find it easier to adapt faster and will find an easier way to do their work compared to those who are still in the development stage. Meanwhile, leaders who have adapted to a digital mindset will be better able to prepare their organizations better and achieve mutual success and can build better resilience (Tsedal, 2022). With an increasingly developing mindset, an adaptive and growth mindset will be realized which will be a strong foundation to face digital transformation, complexity and modern business (Debora, 2025). Growth mindset is a belief that one's abilities can be developed through effort and learning, proven to increase work engagement, creativity, task performance, and job satisfaction of employees (Han & Stieha, 2020).

To realize effective digital transformation, it does not only depend on technology adoption, but also with supporting factors including the human resource mindset. Digital mindset is a strategic component to compete in the digital era to determine the success or failure of organizational processes, but it is rarely realized (Debora, 2025). In the application of digital mindset, there is often resistance, but this is not a problem for the initial introduction stage. It is the right step for an organization or company to offer a map to all employees to develop a digital mindset in groups according to talent and harmonize systems and processes in utilizing digital capabilities (Tsedal, 2022).

Rapid digital transformation will indeed bring a culture shock to human resources which will involve shifting values, norms, attitudes and behaviors. This will be a very difficult task for Human Resource Management (HRM) to be able to align with the digital era. A tough task, but it will be very helpful in the success of an organization or company, a decisive and meaningful action for human resource management to be able to lead its human resources to the new direction needed (Tsedal, 2022). Companies today urgently need a major overhaul of the organizational order that is incompetent in their fields, recruiting new management who have adapted to the digital mindset and have an open mind that is more important and beneficial for the company and various parties.

### **Professionalism of Human Resource Management**

Digital mindset is the basis for changing the way organizations think. The professionalism of HRM is the manager of the system. Performance management is an instrument to direct Gen Z's potential into real performance. Of course, there will be new challenges for HRM to be able to participate in developing with employees in the digital era of Gen Z. Where the characteristics of Gen Z are the generation that emerges and develops simultaneously with the technological era, so that it will give rise to adjustments between HRM and Gen Z because of their efficient way of working, innovative and having a different way of thinking but one direction and having the ability to multitask (Naila Nisrina, 2025). This generation does not only want to be free from rigid, monotonous work and not just a salary. But this generation also has an enthusiasm to contribute, develop and have a positive impact on the environment or society (Naila Nisrina, 2025). They feel that what they do will have a positive impact even if it is small (Maharani, 2025). Gen Z really likes an open and equal work environment, so they are expected to exchange ideas without distinguishing who has their opinions, so that social exchange can run well.

One of the challenges that HRM must face is how to retain talented Gen Z employees so that it requires the right strategy to be able to meet employee expectations in the context of the "future of work" (Sujansky & Ferri-Reed, 2009). So, in this case HRM must abandon the attitude of authority and turn over to create a positive, mutually supportive and inclusive work environment. Because what is faced is Gen Z who really appreciate cooperation with each other, flexibility, and balance of personal and professional life (Deloitte, 2018 on M Amrullah 2025). The assessment method carried out by HRM in seeing the potential of Gen Z must be carried out carefully, where it is not only focused on job skills, but it is necessary to pay attention to the soft skills of Gen Z. conventional HRM habitual behavior is always limited to work skills without paying attention to how to bring out the true potential of Gen Z

which is effective communication, more open collaboration, high creativity and critical thinking skills (M. Amrullah, 2025).

Creating an engaging, interactive onboarding experience and giving them the opportunity to pitch ideas from scratch is the right move (Tussing et al, 2024). The difference in generations and authoritarian attitudes from the age difference will become a debate between employees if HR management cannot adjust to the era. The literature entitled *Improving Innovation Performance through Knowledge Acquisition: The Moderating Role of Employee Retention and Human Resource Management Practices* written by Papa et al. (2018) in Tiara Puspa (2023) explains in detail how knowledge acquisition has a very positive effect on innovation performance. In addition, human resource management has a role to moderate the relationship between knowledge acquisition and innovation performance. This must be implemented in HR practices, including employee retention, which can be influenced by the extent to which knowledge acquisition contributes to innovation performance. An effective onboarding process will help Gen Z employees adapt quickly, feel welcomed and valued so that they have their role and will bring out their true potential.

To realize good performance, HR must master the basic knowledge of performance management so that clarity in the direction of work and social relations between superiors and employees are well established. Dadang Hartanto (2025) in the book *Performance Management Theory and Practice* states that HR management is said to be effective if it can apply key components that are interrelated, namely:

1. Performance planning

At this stage, HR management is expected to set clear goals and expectations for employees, determining relevant work indicators (KPIs). Considering that Gen Z is an expert in multitasking, it is hoped that HR management can assign them according to their competencies, so that their potential can appear to the maximum.

2. Performance monitoring

Conducting regular supervision, so that employees are always on the right track in achieving the expected goals. Gen Z has a competitive nature and high spirit if they are in the right environment, therefore monitoring HRM on Gen Z's performance. Considering that this generation pays close attention to work culture for well-being and mental health (Naila Nirsina, 2025).

3. Performance development

Providing training, regular support and constructive feedback to improve the competence and skills of Gen Z. Given that the multitasking ability of this generation is high, they tend to get bored quickly because they feel monotonous (Naila Nirsina, 2025). HRM is expected to be able to adjust their work system to measurable results targets efficiently, not just formal working time (Setijaningrum, 2023).

4. Performance appraisal

Conducting a formal evaluation of performance in order to measure potential. Professionalism in the assessment of Gen Z is not only about assessing technical ability, but also from attitude, responsibility, and integrity at work. In a good assessment, HRM is expected to be able to give appreciation for employee contributions (M. Amrullah, 2025).

5. Awards and recognition

Awarding and recognizing the performance carried out is an HRM strategy to increase the competitive spirit of Gen Z. The Reward System combined with the flexibility and innovation that Gen Z has will create the perfect combination. Management needs to be active in providing positive, constructive feedback and appreciating the ideas given will increase Gen Z's loyalty to the company (M. Amrullah, 2025).

With the fulfillment of these 5 key components in practice, it is hoped that it can improve employee performance at various generational levels.

### **Potential and Challenges for Gen Z Employees**

The main challenge of HRM is not only to understand the character of Generation Z, but to transform that character into measurable productivity through a clear performance management system. The potential for the organization if a large part of the Gen Z employee population will have various positive impacts that will build the company or organization and create a positive work environment. A generation that strongly supports this flexibility can change the conventional way of working to a hybrid way of working that allows work from home and in the office (Fadila A, 2025). Arhate and Dirani (2022) on Fadila A, (2025) said that this flexibility will not only improve the balance of employees to focus on personal life and the world of work, but will also encourage new innovations towards the world of work. The generation that lives in this era of advanced technology also allows to encourage work effectiveness and be more efficient, rapid technological adaptation will have a positive impact on the company, the characteristics of Gen Z not only affect work patterns internally, but also encourage organizations to adapt to remain relevant and competitive in the digital era (Naila N, 2025).

In addition, Gen Z's openness to social media is also so large, it will allow companies to gain higher insight for the company (Fadila A, 2025). Innovative attitudes, argumentative skills, and good problem-solving will also transform a rigid work environment into humanist and agile (Naila N, 2025). With the change that is reversed from the previous generation, the generation that is more open to collaboration, innovation and progress together will make new innovations for companies or organizations. Work culture transformation in the digital era is not just about technology, but also about building a new mindset that emphasizes cooperation, creativity, and welfare, this is a transformation that encourages a highly competitive, sustainable work culture and has a positive impact on various parties (Hartatik et al., 2023).

Of the various positive impacts on companies and organizations, it is possible that there are obstacles in facing this generation that must be fixed by the generation itself and by the organization. The cultural transformation brought by Gen Z is not only about the application of technology but also about how to build a balance between professional values and a work style that suits the character of this generation (Wirautamiet al.,2025). Because you are used to multitasking, which causes convenience, it will also make one of the challenges that are often found, digital distractions (Naila N, 2025). The distraction comes from entertaining social media applications that can cause decreased productivity if they are not good at managing time and priorities, it is important for Gen Z to develop digital discipline so that technology becomes a tool, not an obstacle (Tuada & Raihani, 2025).

In addition to digital distractions, Gen Z also has a low level of patience because they are used to instant results and quick changes, so they tend to feel bored when doing repetitive actions, in this context HR management needs to improve a dynamic work environment, provide new challenges, and provide opportunities to learn and develop, in the end the young energy of Gen Z will be directed to be productive and innovative (Wirautami et al., 2025). The next challenge of Gen Z is the high turnover rate, often among them it is easy to change jobs because they feel that they are not suitable for company culture, salary, or there is no room for growth.

Therefore, the implementation of a more responsible work culture is the right action (Naila N, 2025). For Gen Z itself, it is also necessary to remember that it is important to learn to build commitment and understand that career success does not always come instantly (Pradhana et al., 2024). Then the last one in addition to internal factors, external expectations also affect their ambitions, social media here is very influential where Gen Z often feels left behind because they see success from others (Naila N, 2025).

## Conclusion

Rapid digital transformation will not be able to go back, so changes will lead humans to continue to progress and develop. The application of a digital mindset that requires human resources to think systematically and precisely is needed to compete in this digital era. Changes in the Human Resource Management (HRM) strategy are urgently needed to reorganize the organizational order that is still vulnerable to failure to adapt. The implementation of systematic performance management will be able to help HRM in strengthening solidarity with human resources in this digital era, especially for Gen Z employees. Generation Z is a unique generation, the generation influenced by digitalization will bring many changes to the organization or company with their ideas.

Gen Z with its unique characteristics and expectations as digital natives will bring big changes to the world of work. Their presence demands to transform the work culture into a "future of work" where flexibility, digital technology, and sustainable development are the main keys. Organizations need to build a work system that is flexible, technology-based, but still has clear performance indicators and consistent evaluation mechanisms. The work environment is also not always a significant positive aspect to the performance of Generation Z employees. Although a conducive work environment is often considered important, the results of this study indicate that Generation Z is more influenced by other factors, such as skills and opportunities for development, rewards, freedom of opinion and appreciation of HR Management (HRM).

## Literature Review

Book:

1. Dwi Putra Buana Sakti (2023) MANAJEMEN SUMBER DAYA MANUSIA, Bandung : CV. Intelektual Manifes Media.
2. Hartanto Dadang (2025) Manajemen kinerja, teori dan praktik, Jakarta : Penerbit Lakeisha.

3. Wirautami (2025) Paradigma Baru Pendidikan Gen Z di Indonesia: Dinamika, Tantangan dan Solusi, Jogja : Star Digital Publishing.
4. Neely Tsedal (2022), Developing a digital mindset, Cambridge USA

Journal:

1. Badjie, G., Thoyib, A., Hadiwidjojo, D., & Rofiq, A. 2019. Introducing new employee empowerment approach: A systematic literature review. *Humanities and Social Sciences Reviews*, 7(5), 696–706. <https://doi.org/10.18510/hssr.2019.7585>
2. Bari, M. W., Abrar, M., Shaheen, S., Bashir, M., & Fanchen, M. 2019. Knowledge Hiding Behaviors and Team Creativity: The Contingent Role of Perceived Mastery Motivational Climate. *SAGE Open*, 9(3). <https://doi.org/10.1177/2158244019876297>
3. Blau, P. M. 1964. *Exchange and Power in Social Life*. New York: John Wiley. <https://doi.org/10.4324/9780203792643>
4. Cook, K. S., & Emerson, R. M. 1978. Power, Equity and Commitment in Exchange Networks Power, Equity And Commitment In Exchange Networks. In *Source: American Sociological Review* (Vol. 43, Issue 5). <http://dx.doi.org/10.2307/2094546>
5. Debora Silvia Hutagalung, 2025. Manajemen Mindset: Analisis Peran Pola Pikir Adaptif dan Teknologi Digital Dalam Meningkatkan Kinerja Organisasi. DOI: <https://doi.org/10.55606/jimek.v5i2.5883>
6. Deloitte. (2018). Welcome to Gen Z. Deloitte. (2024). The Deloitte Global 2024 Gen Z and Millennial Survey. <https://www.deloitte.com/global/en/issues/work/content/genzmillennialsurvey.html> Dorsey, J. R., & Villa, D. (2020). *Zconomy: How Gen Z Will Change the Future of Business—and What to Do About It*. HarperCollins. <https://books.google.co.id/books?id=DIK0DwAAQBAJ>
7. Dhiky Nur Afirado, (2025) KOMPETENSI KERJA GEN Z DI ERA DIGITALISASI: SYSTEMATIC LITERATURE REVIEW Prefix DOI : [10.8734/mnmae.v1i2.359](https://doi.org/10.8734/mnmae.v1i2.359)
8. Elli Sulistyaningsih, (2023) Improving Human Resources Technology Innovation as a Business Growth Driver in the Society 5.0 Era DOI : <https://doi.org/10.34306/ajri.v4i2.820>
9. Fadila Awalia, (2025) Memahami Pola Perilaku Generasi Z di Era Digital DOI: <https://doi.org/10.69930/jtms.v2i1.251>
10. Frisby, B. N., Sidelinger, R. J., & Booth-Butterfield, M. 2015. No Harm, No Foul: A Social Exchange Perspective on Individual and Relational Outcomes Associated With Relational Baggage. *Western Journal of Communication*, 79(5), 555–572. <https://doi.org/10.1080/10570314.2015.1075585>
11. Gouldner, A. W. (1960). *American Sociological Review The Norm Of Reciprocity: A Preliminary Statement* \* (Vol. 25, Issue 2). <https://doi.org/10.2307/2092623>

12. Han, S. J., & Stieha, V. (2020). Growth mindset for human resource development: A scoping review of the literature with recommended interventions. *Human Resource Development Review*, 19(3), 309–331. <https://doi.org/10.1177/1534484320939739>
13. Ismail Rasulong, (2025) Implikasi Kepribadian Gen Z Bagi Daya Saing Organisasi. DOI : <https://doi.org/10.1515/liquidity.v2i2.46>
14. Maharani, L. (2025). Analisis Disiplin Kerja pada Pekerja Generasi Z (Studi Kasus: Pekerja Generasi Z Berasal dari Yogyakarta) (Doctoral dissertation, Universitas Islam Indonesia). DOI: <https://doi.org/10.62710/brewwf09>
15. Muhammad Amrullah, (2025) Gen Z and the Future of Work: Adapting HRM Strategies for A Digital Workforce DOI:[10.38035/jemsi.v6i3.4053](https://doi.org/10.38035/jemsi.v6i3.4053)
16. Naila Nisrina Soliha, (2025) Transformasi Budaya Kerja Generasi Z Dalam Membangun Profesionalisme Di Era Digital DOI: <https://doi.org/10.36908/expense.v1i2.1735>
17. Papa et al. (2018) Improving Innovation Performance through Knowledge Acquisition: the Moderating Role of Employee Retention and Human Resource Management Practices DOI:[10.1108/JKM-09-2017-0391](https://doi.org/10.1108/JKM-09-2017-0391)
18. Priya Falaha Muttaqien, (2023) KAJIAN LITERATUR SISTEMATIS TEORI PERTUKARAN SOSIAL DALAM HUBUNGAN DUA ARAH
19. Setijaningrum, E. (2023). Complaint Handling Dalam Pelayanan Publik. Airlangga University Press. <http://repository.unair.ac.id/id/eprint/120200>
20. Sujansky, J. G., & Ferri-Reed, J. (2009). Keeping the Millennials: Why Companies are Losing Billions in Turnover. <https://www.wiley.com/enus/Keeping+The+Millennials%3A+Why+Companies+Are+Losing+Billions+in+Turnover+to+This+Generation+and+What+to+Do+About+It-p9780470438510>
21. Sunyoto, D., Tjahjono, H. K., el Qodric, Z. M., Prajogo, W., & Hadi, S. 2021. Group Engagement Based On Social Exchange Theory: Antecedents And Consequences. *Journal of Leadership in Organizations*, 3(1). <https://doi.org/10.22146/jlo.57001>
22. Thibault, J. W., & Kelley, H. H. 1959. The social psychology of groups. New York: John Wiley. DOI:[10.4324/9781315135007](https://doi.org/10.4324/9781315135007)
23. Tiara Puspa, (2023) FAKTOR-FAKTOR KUNCI SIKAP MANAJEMEN (MANAGERIAL BEHAVIOUR) DALAM PENGELOLAAN SUMBER DAYA MANUSIA DAN DAMPAKNYA TERHADAP KINERJA KARYAWAN <http://dx.doi.org/10.25105/jet.v3i2.16921>
24. Tussing, T. E., Chipps, E., & Tornwall, J. (2024). Generational Differences in the Nursing Workforce: Strategies for Nurse Leaders. *Nurse Leader*, 22(5), 602–608. <https://doi.org/10.1016/J.MNL.2024.03.007>