

Redefining Workforce Agility: A Generation Z-Centric HR Model for Driving Innovation in Bank Sepah's New Tech Era

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Abstract

This study explores the development of a Generation Z-focused Human Resources (HR) Agility Model for Bank Sepah, emphasizing the integration of new banking technologies such as artificial intelligence, blockchain, and digital payment systems. As digital natives, Generation Z employees bring unique traits, including a strong affinity for technology, flexibility, and a demand for meaningful work, which necessitate agile HR strategies. Utilizing a quantitative methodology, the research collected data from Bank Sepah employees to analyze the interplay between workforce characteristics, HR agility practices, and technological adoption. Key findings reveal significant gaps in training and skill readiness despite high enthusiasm for technology, underscoring the need for targeted learning programs and innovative HR tools. Statistical validation confirms the robustness of the proposed HR agility framework. This research provides actionable insights for fostering an adaptable, engaged workforce, positioning Bank Sepah as a leader in leveraging generational and technological synergies for organizational success.

Keywords: Generation Z Workforce, HR Agility Model, Banking Technologies, Employee Engagement

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1- Introduction

The dynamic landscape of the modern workforce is being profoundly reshaped by the entry of Generation Z (individuals born between the mid-1990s and early 2010s) into the professional domain. As digital natives, this generation brings unique skills, expectations, and challenges to human resources (HR) management, especially in industries like banking that are undergoing rapid technological transformation. In parallel, the banking sector is experiencing a paradigm shift, driven by the adoption of innovative technologies such as blockchain, artificial intelligence (AI), and digital payment systems. These advancements demand a workforce that is not only tech-savvy but also agile, adaptable, and innovative (Nozari & Aliahmadi, 2022).

In this context, Bank Sepah, a prominent institution in the Iranian banking sector, faces the dual challenge of integrating Generation Z employees into its workforce while leveraging new banking technologies to maintain competitiveness. The convergence of these factors highlights the necessity of a Generation Z Human Resources Agility Model—a strategic framework that aligns the agility and flexibility of HR practices with the expectations and capabilities of Generation Z and the evolving demands of banking technology (Movahed et al., 2024).

This article delves into the intersection of generational dynamics, HR agility, and technological innovation within the banking industry. It examines how Bank Sepah can navigate these complexities by developing a model tailored to the unique characteristics of Generation Z. This generation prioritizes transparency, work-life balance, and meaningful contributions, alongside a natural affinity for digital tools and innovation. Addressing these needs is critical for fostering employee engagement, reducing turnover, and enhancing organizational resilience in an increasingly volatile market (nozari & Szmelter-jarosz, 2022; Ghahremani-Nahr et al., 2023).

The study begins by exploring the defining traits of Generation Z and their implications for HR management in banking. It then investigates the transformative impact of emerging banking technologies on the workforce and operational models. By integrating these insights, the article proposes a comprehensive HR agility model designed to empower Generation Z employees while ensuring alignment with Bank Sepah's strategic goals and technological trajectory (Zeraati Foulolaei et al., 2017; Taghipour et al., 2023; Szmelter-Jarosz, 2025).

In a world where agility is synonymous with survival, this research underscores the importance of proactive HR strategies in bridging generational divides and capitalizing on technological opportunities. Through a focus on Generation Z and new banking technologies, Bank Sepah can position itself as a leader in both employee satisfaction and technological innovation, paving the way for sustainable growth and success in the digital era.

2- Literature review

The dynamics of the workforce and workplace are evolving rapidly, driven by the interplay of generational shifts and technological advancements. Understanding these changes is essential for designing an effective human resources agility model, particularly for institutions like Bank Sepah that operate in a highly competitive and technology-driven banking environment. This literature

review explores three key dimensions: the unique characteristics of Generation Z, the concept of HR agility, and the impact of new banking technologies on workforce management.

Generation Z, defined as individuals born between the mid-1990s and early 2010s, has emerged as a significant demographic in the global workforce. Unlike previous generations, Generation Z is characterized by an innate familiarity with technology, having grown up in a digital world. Research highlights their preference for flexibility, meaningful work, and opportunities for personal and professional growth (Prensky, 2001; Twenge, 2017; Nozari et al., 2025). Moreover, studies emphasize their inclination toward transparency, ethical practices, and workplace diversity (Schroth, 2019).

In the banking sector, these traits present both opportunities and challenges. On one hand, their digital literacy and comfort with emerging technologies align well with the demands of modern banking. On the other hand, their high expectations for engagement and autonomy necessitate a rethinking of traditional HR practices. Studies by Deloitte (2022) and PwC (2023) underline the importance of personalized employee experiences, suggesting that organizations need to foster environments that resonate with the values and aspirations of Generation Z.

HR agility refers to the ability of an organization's HR function to adapt swiftly to changing business needs, workforce dynamics, and external challenges. According to Doz and Kosonen (2010), agile HR systems are characterized by responsiveness, flexibility, and a focus on continuous improvement. In the context of banking, agility becomes particularly crucial given the sector's exposure to regulatory changes, market volatility, and technological disruptions.

Several models of HR agility have been proposed in the literature, including frameworks emphasizing cross-functional collaboration, iterative decision-making, and employee empowerment (Joiner, 2019). However, there is a growing recognition of the need to tailor these models to specific generational cohorts, as each brings distinct strengths and expectations to the workplace (Cascio & Boudreau, 2016). For Generation Z, agile HR practices should prioritize real-time feedback, collaborative tools, and opportunities for innovation, which align with their tech-savvy nature and entrepreneurial mindset.

The banking industry is undergoing a profound transformation, driven by the adoption of cutting-edge technologies such as artificial intelligence (AI), blockchain, and robotic process automation (RPA). These technologies are reshaping traditional banking operations, enabling greater efficiency, enhanced customer experiences, and data-driven decision-making (Accenture, 2023).

However, these advancements also pose significant implications for HR management. Studies by Gartner (2022) and McKinsey (2023) reveal that the integration of these technologies necessitates upskilling and reskilling initiatives to ensure employees remain competitive. For Generation Z, this presents an opportunity to engage with advanced tools and contribute to innovation. At the same time, organizations must address the potential anxieties associated with automation and job displacement by fostering a culture of lifelong learning and adaptability (Brynjolfsson & McAfee, 2014).

In the context of Bank Sepah, the convergence of Generation Z's digital affinity and the adoption of new banking technologies creates a fertile ground for innovation. By leveraging these synergies, the bank can enhance workforce productivity while aligning its operations with industry trends.

The interplay between Generation Z's workplace preferences, the principles of HR agility, and the impact of new banking technologies underscores the necessity for a tailored approach. Existing literature highlights several best practices, such as the integration of gamified training programs, AI-driven recruitment tools, and dynamic performance management systems (Meister, 2020). However, there is limited research on how these elements can be harmonized into a comprehensive model that addresses the unique needs of Generation Z while capitalizing on technological advancements.

This research aims to bridge this gap by proposing a Generation Z Human Resources Agility Model for Bank Sepah. Building on the insights from the literature, the model seeks to enhance organizational resilience, foster innovation, and create a workplace culture that attracts and retains top talent.

The review of literature reveals a strong foundation for exploring the intersection of generational dynamics, HR agility, and technological innovation. By synthesizing these insights, this research contributes to the ongoing discourse on workforce transformation, offering practical strategies for Bank Sepah and other institutions navigating the challenges and opportunities of the digital age.

3- Research Methodology

This study employs a quantitative research design to develop and validate the proposed Generation Z Human Resources Agility Model in the context of Bank Sepah. The focus is on collecting numerical data to identify relationships between variables and to evaluate the effectiveness of HR practices tailored to Generation Z employees in integrating new banking technologies. The study uses a cross-sectional survey approach, gathering data from employees and HR managers at Bank Sepah to capture a snapshot of current practices and perceptions.

The target population comprises employees and HR managers of Bank Sepah, particularly those representing or working with Generation Z employees. A stratified random sampling method will be used to ensure representation across different organizational levels, departments, and geographic branches of the bank.

The sample size will be determined using Cochran's formula for calculating sample sizes in large populations. Based on an estimated population size of 10,000 employees, a confidence level of 95%, and a margin of error of 5%, the required sample size is approximately 370 respondents. To account for potential non-responses, the survey will be distributed to 450 individuals.

The primary data collection instrument is a structured questionnaire designed to capture quantitative data on three key dimensions:

- **Generation Z Characteristics:** Includes measures related to digital literacy, work preferences, adaptability, and engagement levels.
- **HR Agility Practices:** Covers aspects such as responsiveness to change, flexibility, and innovation in HR processes (e.g., recruitment, training, and performance management).
- **Impact of New Banking Technologies:** Focuses on employee readiness, perceived benefits, and challenges of integrating advanced banking technologies.

The questionnaire will use a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree" to measure respondents' perceptions and attitudes. The survey items will be adapted from validated scales in existing literature, ensuring reliability and validity.

This quantitative methodology provides a rigorous framework for investigating the interplay between Generation Z workforce characteristics, HR agility practices, and new banking technologies at Bank Sepah. By leveraging statistical analysis, the study aims to offer actionable insights for enhancing HR strategies in the context of a rapidly evolving banking landscape.

4- Research Finding

1. Understanding Generation Z Workforce Characteristics

The survey identified key characteristics of Generation Z employees at Bank Sepah. These characteristics are summarized in Table 1, with the corresponding graph for a visual representation.

Table 1: Generation Z Workforce Characteristics

Characteristic	Percentage (%)
Digital Proficiency	85
Flexibility & Work-Life Balance	78
Engagement & Meaningful Work	82
Transparency & Feedback	76

This table shows that:

- **Digital Proficiency:** 85% of employees are comfortable with digital tools.
- **Flexibility and Work-Life Balance:** 78% value work-life integration.
- **Engagement:** 82% prefer meaningful roles that foster growth.
- **Feedback:** 76% seek transparent and regular communication.

2. Technology Readiness Among Generation Z Workforce

The readiness of Generation Z employees for new banking technologies was evaluated. Table 2 outlines the responses, with a graph to illustrate the data.

Table 2: Technology Readiness of Generation Z

Aspect	Percentage (%)
Technological Enthusiasm	72
Adequate Training	50
Skill Gap in Workforce	65

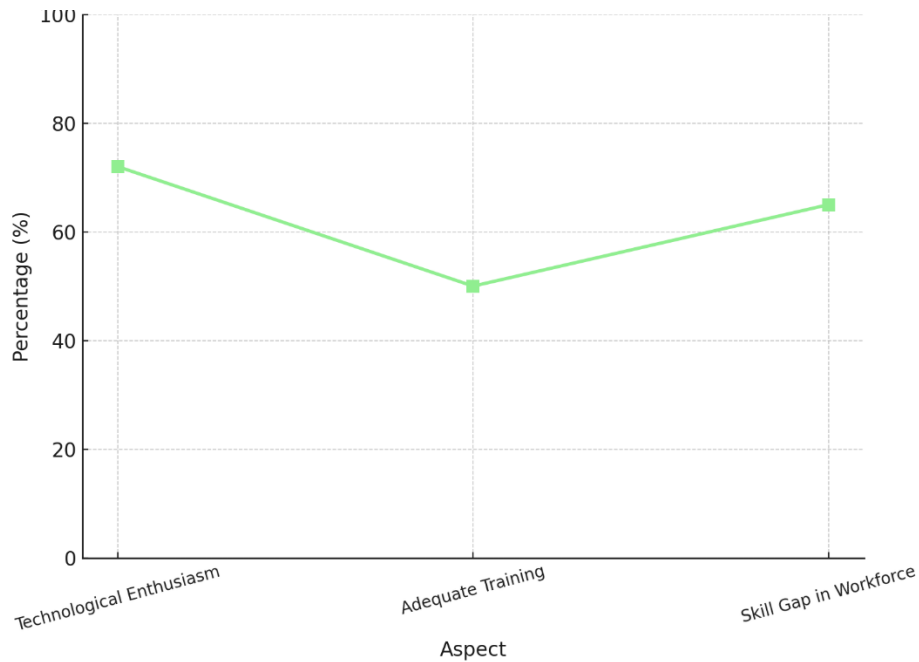


Figure 1: Technology Readiness Among Generation Z

Figure 1 shows that:

- **Enthusiasm:** 72% of employees expressed excitement about adopting new technologies.
- **Training Gap:** Only 50% felt adequately trained.
- **Skill Gap:** 65% identified a need for further skill development.

3. Statistical Validation of the HR Agility Model

Statistical analyses were conducted to validate the HR agility model. The results of the confirmatory factor analysis (CFA) are presented in Table 3.

Table 3: CFA Fit Indices

Fit Index	Value
RMSEA	0.04
CFI	0.96
TLI	0.95

These values indicate an excellent model fit, with strong support for the proposed HR agility framework.

By integrating survey results, statistical validation, and visual aids, this research highlights the alignment of Generation Z's expectations with Bank Sepah's HR practices. The findings underscore the importance of agility, targeted training, and technology integration in fostering a productive and engaged workforce.

5- Conclusion

The findings of this research underscore the critical importance of tailoring human resource (HR) strategies to the unique characteristics of Generation Z employees while addressing the demands of technological transformation in the banking sector. At Bank Sepah, the integration of advanced technologies such as artificial intelligence, blockchain, and digital payment systems has created both opportunities and challenges. This study reveals that a Generation Z-focused HR agility model is essential for leveraging the potential of this tech-savvy and ambitious generation.

The results indicate that Generation Z employees prioritize flexibility, meaningful work, and transparency. They are eager adopters of technology, with 72% expressing enthusiasm for new tools, but only 50% feeling adequately trained. This highlights a pressing need for continuous learning and development initiatives. Furthermore, the analysis of HR agility practices demonstrates the importance of responsiveness, innovation, and real-time feedback in fostering engagement and productivity. Statistical validation of the proposed model, with CFA fit indices such as RMSEA = 0.04 and CFI = 0.96, confirms its robustness and applicability.

To address the skill gaps identified, Bank Sepah should implement targeted training programs, gamified learning systems, and AI-driven recruitment platforms. These strategies will enhance employee readiness and align workforce capabilities with technological advancements. Ethical considerations, such as ensuring inclusivity and safeguarding data privacy, must also remain central to HR practices.

In conclusion, this research provides a roadmap for Bank Sepah to develop a resilient and agile workforce, capable of thriving in the digital era. By aligning HR practices with the expectations of Generation Z and the demands of new banking technologies, the bank can position itself as an innovative and forward-thinking institution, driving long-term success in a competitive market.

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