Chapter 6
SMEs in the 4th Industrial Revolution: Creative Tools to Attract Talents and Shape the Future of Working

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ABSTRACT
Apart from the emergence of new technologies, the Fourth Industrial Revolution is characterized by demographic developments that will provoke fundamental changes in the labor markets of many industrialized countries. This situation will especially affect small and medium-sized enterprises (SMEs) that are based in rural regions with rapidly increasing numbers of retirees and an equally rapidly shrinking population of young people. If these companies want to maintain their levels of production in the Fourth Industrial Revolution, they will need to pursue new creative strategies for attracting the best talents. All of this is true for Saxony, a highly industrialized German region with a large percentage of SMEs that is hit hard by declining birth rates and high levels of emigration, and the East Asian society of Taiwan that faces similar challenges. At the same time, many well-educated members of the young generation in both regions feel disrespected, underpaid, and without prospects.

INTRODUCTION
The 3rd Industrial Revolution has made people a crucial factor for business success of both large corporations and small companies: Companies with committed and
engaged employees have substantial competitive advantages that include higher productivity and lower employee turnover (Vance, 2006) as well as greater levels of innovativeness (Xerry, 2013).

Whether or not this will remain true in the 4th Industrial Revolution is yet unclear as emerging intelligent technologies will “drive radical shifts in the way we live [...], the way we produce and transport goods and services, the way we communicate, the way we collaborate, and the way we experience the world around us” (Schwab, 2018, pp. 40-41). In its current early stages, however, it is entirely within the power of people to shape the evolution of the 4th Industrial Revolution, seizing the opportunities and mastering the challenges that arise from emerging advanced technology. To do so, societies and companies require people with an understanding of these technologies and their potential, and with a mindset that is adapted to the radical changes that are about to happen.

However, at the onset of the 4th Industrial Revolution the large numbers of Small and Medium-Sized Enterprises (SMEs) in the German federal state of Saxony and in East Asian Taiwan are lacking these people. Confronted with an aging workforce and the continuing emigration of skilled workers, they find it increasingly difficult to recruit candidates with relevant qualifications and mindsets for their open positions (Carl & Gondlach, 2018). In order to remain competitive and transition to the new economic era, SMEs need to start pursuing more innovative and creative approaches for recruiting and retaining young talents with future skills.

Based on the characteristics of SMEs and expectations of recent university graduates in the regions of Saxony and Taiwan, this paper investigates tools with which SMEs can establish an employee experience (EX) and become more attractive for young professionals. To this end, the author will first define the relevant demographic groups, before outlining some particularities of the recruitment, selection and HR development processes in Small and Medium-Sized Enterprises. Subsequently, a holistic concept of Employer Branding and the creation of an employee experience is introduced and tested with two case studies: the recruitment, selection and retention of young professionals in the region of Saxony, Germany, and in Taiwan. In conclusion, some implications for SMEs in these two areas will be drawn.

**BACKGROUND**

In both regions, the majority of young professionals can be categorised as members of the Generation Y, or gen y. This term was first used in a 1993 article of the US American magazine Advertising Age (Dahlmanns, 2014) and relates to those born after 1980 and before the year 2000. Alternative expressions like “net generation”, “generation @”, or “digital natives” allude to this generation’s increased use of
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