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Understanding millennials and generation Z in the workplace

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Abstract

Millennials and Generation Z are rapidly becoming the dominant employee segments, bringing with them distinct values, expectations, and work preferences. Understanding these generational cohorts is crucial for organizations aiming to build effective talent management and retention strategies. This research paper aims to deepen the understanding of Millennials and Generation Z in the workplace by examining their expectations, motivations, and preferences, with a view toward enhancing talent retention strategies. The study specifically explores what these younger generations seek when entering a new job, the factors that influence their decision to remain in a role, and their preferred work models in today's evolving professional landscape. Furthermore, it identifies effective organizational strategies for retaining Millennial and Gen Z talent. Utilizing a descriptive research design, the study is grounded in secondary data analysis drawn from a variety of credible sources, including academic literature, industry reports, and surveys conducted by leading HR consulting firms such as Gallup, Deloitte, and McKinsey. The findings offer valuable insights for organizations striving to attract and retain younger employees by aligning workplace policies and culture with generational values and expectations.

Keywords: Millennials, generation Z, workplace expectations, talent management

Introduction

In today's ever-changing workforce, it is becoming more challenging for organisations to attract and retain top talent, particularly among Millennials and Generation Z employees. As these two generations constitute a significant share of the global workforce, employers now need to understand their distinct expectations, attitudes, and workplace preferences. In contrast to earlier generations, Millennials and Generation Z place a higher value on organisational culture, professional advancement, work-life balance, and purpose-driven employment than they do on traditional job security and financial pay. Their preference for flexible work schedules, opportunities for continuous learning, and a strong sense of belonging within an organization have reshaped the modern employment landscape.

Even with the growing awareness of generational differences in the workplace, many companies continue to use traditional talent management techniques that might not adequately meet the changing demands of these younger employees. The high rates of employee turnover among Gen Z and Millennials indicate that current attempts to attract and retain talent need to be more targeted and strategic. Failure to adjust to these generational changes puts employers at risk of losing valuable talent and incurring higher training and recruitment costs.

According to PwC, these two generations currently account for roughly 38% of the workforce, and by 2030, that percentage is predicted to increase to 58%. Individually, Forbes predicts that Millennials will be approximately 75% of the workforce by 2025, and Gen Z employees will be about 27%. Since Millennial and Gen Z employees will eventually make up the majority of the workforce, it's important to understand and cater to their expectations.

Literature review

(Khoreva, 2018) ^[6] The study examines how generational differences in the workplace impact strategies for retaining talent. The paper identifies four generational cohorts and individuals called "tweeners" who share values from multiple generations and require diverse retention approaches. The study emphasizes that understanding these differences aids organizations in increasing staff retention, but it also emphasizes the necessity of

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conducting thorough research when examining employee attitudes. Further, it concluded that acknowledging cultural background and gender also impacts retention strategies.

(Otieno & Nyambegera, 2019) ^[12] The paper explores workplace challenges related to generational differences. It concluded that Millennials and older generations have similar expectations, which makes attracting, managing, and retaining talent a complex problem. Workplace dynamics are also impacted by external factors like politics, technology, and changes in the economy. The study highlighted that a one-size-fits-all approach is ineffective and organisations must create customised plans and structured development procedures. It emphasises the necessity for firms to adapt to remain competitive and urges for further research on Gen Z and technological advancements.

(Baum, 2019) ^[2] The study emphasises the difficulties Millennials and Gen Z have when performing frontline service work (FLSW), highlighting the need for customised solutions and the ineffectiveness of existing remedies. It emphasises the significance of understanding the aspirations of different generations and involving workers in reshaping workplace structures. With service work evolving and demand increasing, new workplace paradigms and sustainable HR management are essential to improve job satisfaction and retention. According to the findings, innovative management approaches that place employee flexibility and engagement first are required.

(Chopra & Bhilare, 2020) ^[4] The study reveals that millennials prioritize practical, real-world applications of their skills, favouring practitioner research over theoretical work. While engaged in fast-paced, short-term projects, they often seek deeper meaning and understanding of their organizational impact. Career development, clear progression paths, and mentorship are key expectations, alongside recognition and feedback for their contributions. Although technologically adept, millennials also value collaborative opportunities and holistic development. The study emphasizes the need for organizations to adapt their structures and strategies to effectively attract, engage, and retain millennial talent in a rapidly evolving work environment.

(Acheampong, 2021) ^[1] A recent study on Generation Z's reward preferences highlights the critical role of both intrinsic and extrinsic rewards in shaping their employment decisions, particularly in the public sector. Analyzing data from 32 studies reveals that Gen Z places varied importance on different types of rewards, with distinct preferences influenced significantly by gender. These preferences directly impact their attraction to, recruitment in, and retention by organizations. The findings underscore the need for public sector employers to align reward systems with Gen Z's work values, offering practical insights for enhancing talent management, workplace diversity, and long-term retention strategies.

(Racolța-Paina & Irini, 2021) ^[15] Based on interviews with four HR professionals, the study concluded that Generation Z has a positive influence on the workplace because they bring new ideas and ambition. HR professionals discover that they require flexible work arrangements, ongoing feedback, and career advancement. Gen Z workers, however, are eager to hunt for alternative employment if these demands aren't satisfied. The study used content analysis to identify important themes, including how

companies attract, motivate, and retain Gen Z workers. A major challenge was the dearth of Gen Z statistics in Romania, which made it hard to generalize findings. In general, HR managers are open to integrating Gen Z but must adapt workplace strategies to meet their expectations.

(Ng *et al.*, 2022) ^[10] The study on Millennial work values reveals significant heterogeneity within the generation, challenging the notion of a uniform generational identity. Differences in work values are influenced by age, gender, relationship status, and nationality, with older Millennials valuing security and younger ones prioritizing creativity and independence. Gender also plays a key role, with women placing higher importance on supervisor relationships, altruism, and workplace aesthetics. National differences, such as those between Swiss and Russian Millennials, further highlight the impact of cultural context. Effect sizes indicate medium gender-based differences and smaller impacts from relationship status. The study emphasizes the importance of HRM policies to be context-sensitive, considering diverse socioeconomic and cultural factors to effectively attract, manage, and retain Millennial talent across global organizations.

(Soman, 2022) ^[17] The report reveals significant generational and gender-based differences in workplace motivators. Gen-Xers tend to value traditional motivators such as rewards, job status, supervision, and work culture, while Millennials prioritize growth opportunities, interpersonal relationships, and challenging responsibilities. Gender differences within generations were also evident: male Gen-Xers valued job status more, whereas female Gen-Xers emphasized company policy and work environment. Among Millennials, females prioritized job security, while males focused on achievement and peer relationships. These findings, supported by both statistical analysis and qualitative insights, underscore a generational shift in motivational drivers, with Millennials being more influenced by hygiene factors. The study highlights the need for organizations to tailor motivational strategies to the distinct preferences of each group to enhance employee satisfaction and performance.

(Nguyen Ngoc *et al.*, 2022) ^[11] A study on Generation Z job seekers in Vietnam highlights their preference for intangible job attributes such as office atmosphere and workplace ethics over physical benefits, reflecting a shift in employment priorities. Gen Z considers both instrumental attributes (e.g., salary and benefits) and symbolic elements like corporate social responsibility when evaluating potential employers. They also place a high value on work-life balance and job flexibility, favouring hybrid work models. Notably, low organizational commitment was observed, with many indicating a willingness to change jobs frequently early in their careers. An ethical work environment was seen as essential, underscoring the importance of organizational reputation. While limited by its small, country-specific sample, the study offers valuable insights into Gen Z's evolving job expectations in transition economies, informing recruitment and HR strategies.

(Celestin *et al.*, 2024) ^[3] The study demonstrates how Generation Z is changing HR procedures by prioritizing workplace values, professional growth, flexibility, digital technologies, and mental health support. They place a high importance on flexible work schedules (74%), expect mental health support (84%), and prefer digital onboarding (88%). Diversity, equality, and inclusion (DEI) policies

have a significant impact on their employment decisions, and 72% of them seek mentorship programs, indicating the importance of career progression. Additionally, they favour businesses that uphold moral principles and engage in corporate social responsibility (CSR).

(Moulik & Giri, 2024) ^[8] A study examining the link between proactive job crafting and workplace happiness among 310 millennial employees in India's service sector (IT, telecom, and banking) found that job crafting significantly enhances job satisfaction, engagement, and organizational commitment. Using structural equation modelling, six of nine hypotheses were supported, showing that seeking structural and social job resources positively influences satisfaction and engagement, while seeking challenging demands did not significantly impact job satisfaction—likely due to stress and burnout in the sector. The study underscores the value of promoting job crafting behaviours to boost employee well-being and retention, especially in the context of heightened workplace stress during the COVID-19 pandemic.

(Terrell, 2024) ^[18] The paper highlights that Millennials and Gen Z employees want their organisations to support their long-term career development and reflect their values. Young talent retention presents both opportunities and challenges, and organisations must modify themselves to satisfy their changing demands. Aligning workplace support with their expectations helps create a motivated workforce. To attract and retain young employees, employers need to provide career development programs, competitive pay, and clear growth pathways. Companies that implement these adjustments will develop a more productive and engaged workforce.

(Monika & Israel, 2024) ^[7] The study highlights that Gen Z employees have higher attrition rates and are more likely to leave their jobs than their predecessors, which poses challenges for organisations. They look for career advancement, work-life balance, meaningful jobs, and a technologically advanced, collaborative work environment. The findings state that 53% of them may quit their positions within two years, proving that traditional management techniques are inadequate at retaining them, and they feel undervalued, especially regarding salary and opportunities for career advancement. In order to lower turnover, businesses need to create sustained plans that meet Gen Z's demands, like fostering a welcoming, stimulating, and growth-oriented work environment, as long-term success and retention depend on comprehending and meeting their requirements.

(Shweta & Jaiswal, 2024) ^[6] The study on employee retention for Millennials and Generation Z analyses 24 key documents, highlighting that countries like Malaysia, the US, the UK, and India lead research in this area. It emphasises that Millennials and Gen Z's unique characteristics, such as creativity, loyalty, leadership, and strong tech connection, distinguish them from other generations. To retain these employees, companies must adapt HR strategies to offer career growth, work-life balance, inclusivity, and diversity. The study highlights the significance of understanding these generations' expectations through bibliometric data to improve engagement and retain a competitive workforce.

Research Gap

Literature review suggests that despite the growing literature on employee attraction and retention, there still remains a significant gap in understanding the distinct needs and expectations of Millennials and Generation Z in the workplace. Existing research has mainly focused on traditional employee retention strategies, which might not be entirely aligned with the preferences and values of these younger generations. Furthermore, while some studies examine how attitudes towards work vary by generation, there is little empirical data on how businesses can successfully customise their workplace culture, employer branding, and career development opportunities to draw in and keep Millennials and Gen Z workers. Furthermore, the significance of new workplace trends like diversity and inclusion, work-life balance, and remote work is still not well understood in the context of these generations. Addressing these gaps is important for organizations seeking to develop competitive talent management strategies in a dynamic workforce landscape.

Research Objectives

1. To analyse the employment preferences and workplace expectations of Millennials and Generation Z in the current workforce.
2. To identify the top reasons influencing Millennials and Gen Z professionals' decisions to join and leave specific organizations.
3. To assess the preferred work models (remote, hybrid, onsite) among Millennials and Gen Z.
4. To suggest actionable strategies for organizations to attract and retain Generation Z and Millennial employees.

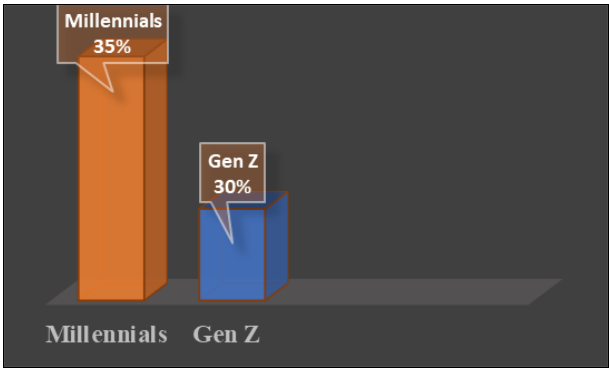
Significance of the Study

This study will provide valuable insights into the factors that will influence the attraction and retention of Millennials and Generation Z employees. By knowing the primary motivators, workplace preferences, and career goals of these generations, organizations may improve their recruitment and retention tactics to create a more engaged and effective workforce. The results will be beneficial to HR specialists, corporate executives, and policymakers seeking to design inclusive and flexible workplaces that meet the changing needs of younger workers. Furthermore, this study advances the field of human resource management by providing evidence-based suggestions for lowering turnover expenses and encouraging sustained employee engagement. Ultimately, the study will help organizations improve their employer value proposition, strengthen workplace culture, and maintain a competitive edge in talent acquisition and retention.

Research Methodology

The study adopts a descriptive research design. The research methodology for this study is based on secondary data analysis, drawing from existing studies, reports, and surveys on talent management practices and generational preferences. Sources include peer-reviewed academic journals, industry reports, case studies of successful companies, and surveys conducted by HR consulting firms and institutions like Gallup, Deloitte, and McKinsey.

Data analysis and findings



Source: Gen Z in the workplace: Statistics and 2024 trends

Fig 1: Percentage of Workforce (2024)

Millennials currently represent about 35% of the global workforce, while Gen Z, the younger generation entering the workforce, makes up approximately 30%. These

numbers are based on research and projections for 2024, with Gen Z expected to continue increasing their share as they mature and more enter the job market.

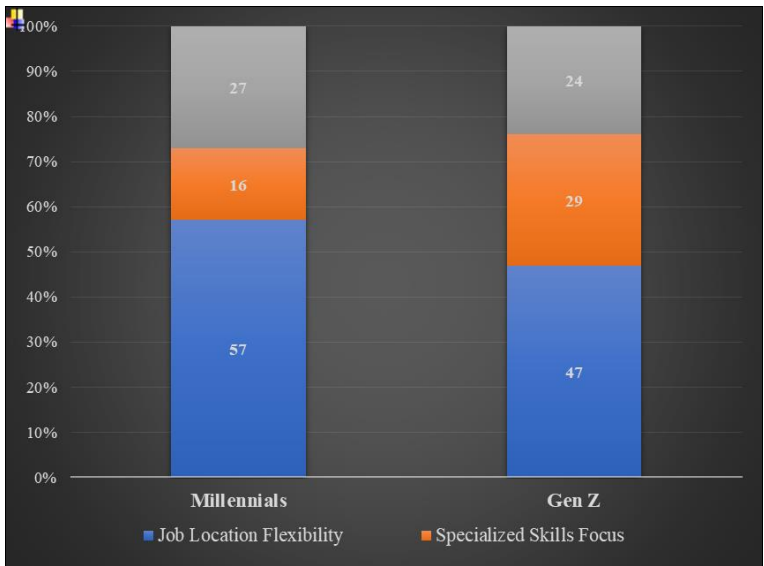


Source: NASSCOM Reshaping the Future of Workforce

Fig 2: Preferred Work Model

Both generational groups have a strong preference for the Hybrid Work Model, with 60% choosing this flexible approach. However, there is a notable difference in the preference for Complete Work from Office as Gen Z (25%) favours it significantly more than Millennials (14%),

suggesting that younger professionals are more open to in-office collaboration. Conversely, Complete Work from Home is more popular among Millennials (26%) compared to Gen Z (15%), indicating that Millennials prioritize remote flexibility more.

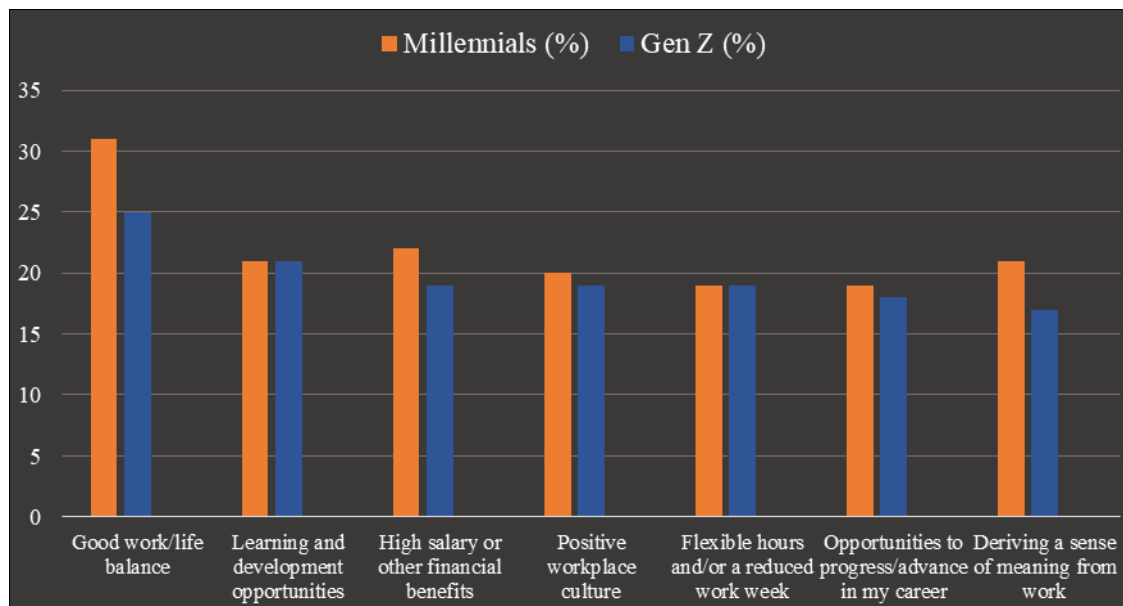


Source: NASSCOM Reshaping the Future of Workforce

Fig 3: Reasons to pick Gig Work

Job Location Flexibility is the most important factor for both groups, but it holds a higher preference among Millennials (57%) compared to Gen Z (47%). Specialized Skills Focus is significantly more important to Gen Z (29%) than to Millennials (16%), suggesting that younger workers may see gig work as a way to develop and apply niche

expertise. On the other hand, Flexibility in Working Hours is a slightly bigger factor for Millennials (27%) as compared to Gen Z (24%). This comparison indicates that while both generations value flexibility, Gen Z is more focused on skill specialization, whereas Millennials prioritize location flexibility.

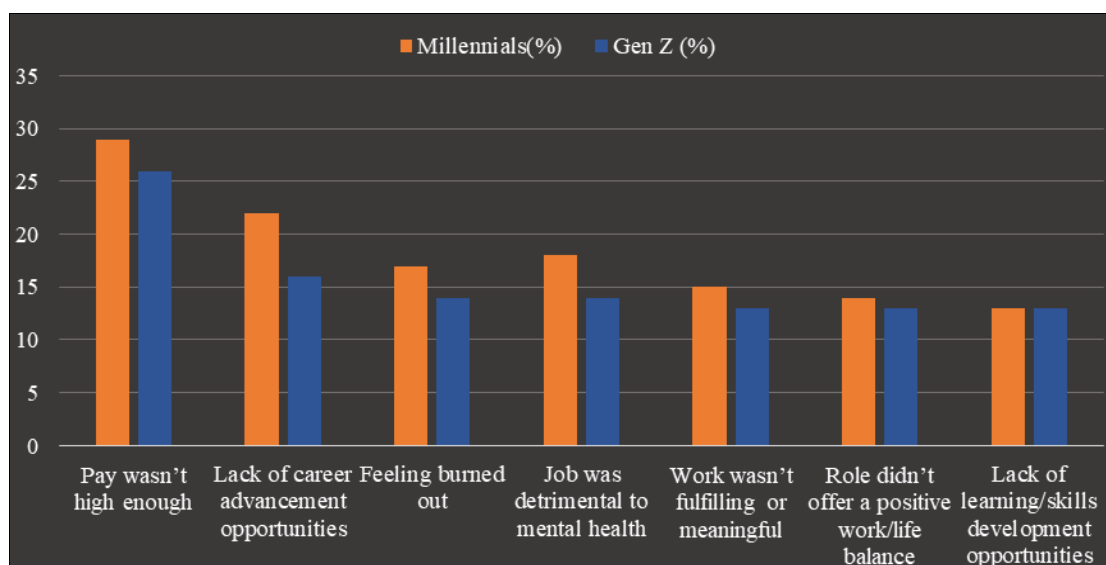


Source: Deloitte Global 2024 Gen Z and Millennial Survey

Fig 4: Top Reasons for Joining the Organization

For both Gen Z and millennials, key factors influencing job satisfaction include a good work/life balance, with 25% of Gen Z and 31% of millennials prioritizing it. Learning and development opportunities are equally important for 21% of Gen Z and millennials. High salary or financial benefits are slightly more significant for millennials (22%) compared to

Gen Z (19%). Positive workplace culture is a priority for 19% of Gen Z and 20% of millennials. Flexible hours or a reduced work week and career advancement opportunities are valued similarly by both generations, though slightly more by millennials. A sense of meaning in work is crucial for 17% of Gen Z and 21% of millennials.



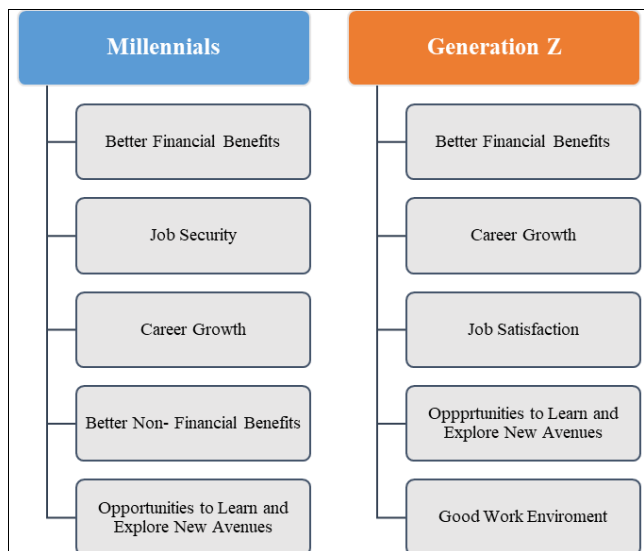
Source: Deloitte Global 2024 Gen Z and Millennial Survey

Fig 5: Top Reasons for Leaving Previous Organization

The table shows that both Gen Z and Millennials leave their jobs for several key reasons. Pay dissatisfaction is significant for both groups, with 26% of Gen Z and 29% of Millennials citing it as a major factor. Career advancement opportunities are a concern, particularly for Millennials,

with 16% of Gen Z and 22% of Millennials leaving for this reason. Burnout and mental health issues also play roles, affecting 14% of Gen Z and 17% of Millennials, and 14% of Gen Z and 18% of Millennials, respectively. Job fulfillment and meaningful work are important to both generations,

with 13% of Gen Z and 15% of Millennials leaving due to a lack of these factors. Work/life balance and opportunities for learning and development are additional concerns, impacting 13% of both groups. Overall, while there are some differences, both generations prioritize salary, growth opportunities, and a positive work environment.



Source: NASSCOM Reshaping the Future of Workforce

Fig 6: Key drivers to continue working in an organization

Millennials' most significant factors include Better Financial Benefits and Job Security, indicating their focus on stability and financial well-being. They also prioritize Career Growth, showing a desire for upward mobility within the organization. Additionally, Better Non-Financial Benefits (such as wellness programs, work-life balance, and perks) play a role in their decision to stay, emphasizing their need for a well-rounded work environment beyond just salary. For Gen Z, financial benefits remain a top priority, but they are equally driven by Career Growth and Job Satisfaction, suggesting they seek meaning and engagement in their work. Unlike Millennials, Gen Z highly values Opportunities to Learn & Explore New Avenues, showing their focus on continuous learning and adaptability in a fast-evolving competitive job market.

While both generations care about career advancement and financial stability, Millennials emphasize security and benefits, whereas Gen Z prioritizes personal fulfilment and development opportunities in their career choices

Suggestions and Recommendations

In order to effectively attract and retain Millennials and Generation Z employees, Organisations must adopt tailored strategies that align with their career expectations, values, and workplace preferences. Based on the findings of the study, the following recommendations are being proposed:

- **Enhance Workplace Flexibility:** To meet the work-life balance preferences of Millennials and Gen Z employees, organisations should provide flexible work arrangements, such as remote work alternatives, flexible hours, and hybrid schedules.
- **Foster a Positive and Inclusive Workplace Culture:** It is important to have an organisational culture that values open communication, diversity, inclusion, and teamwork. Younger generations value working in environments where they feel heard, respected and

included.

- **Provide Career Growth and Development Opportunities:** Employers must invest in clear career progression pathways, continuous learning, and mentorship programs to keep younger employees engaged and motivated. Upskilling and professional development opportunities ought to be given top attention.
- **Leverage Technology and Innovation:** Millennials and Gen Z employees, As digital natives prefer workplaces that integrate modern technologies, digital collaboration tools, and innovative work processes. Tech-driven solutions should be implemented by organisations to increase engagement and productivity.
- **Strengthen Employer Branding and Purpose-Driven Work:** To draw in younger workers who are looking for fulfilling work, companies should highlight their mission, values, and social responsibility programs. This will help to strengthen employer branding and purpose-driven employment. Businesses that support corporate social responsibility (CSR), sustainability, and moral business conduct will be at a competitive edge.
- **Recognize and Reward Contributions:** Employee retention and morale can be increased by implementing performance-based incentives, structured recognition programs, and customised rewards. Non-cash incentives like public recognition and opportunities for career advancement can also be helpful.
- **Improve Leadership and Management Approaches:** Organizations should adopt leadership styles that prioritize transparent communication, employee empowerment, and mentorship. Managers should be trained to provide regular feedback, encourage innovation, and create a supportive work environment.

Conclusion

Attracting and retaining Millennials and the Generation Z workforce is essential for organisations to stay competitive in the changing job market. These younger generations bring new perspectives, technological know-how, and a desire for meaningful work, making them valuable assets to any business. Their expectations, however, are very different from those of preceding generations, necessitating a shift in traditional talent management strategies.

This study highlights the importance of career development opportunities, inclusive work culture, workplace flexibility, and technological integration in fostering employee satisfaction and commitment. By aligning organizational policies with the values and motivations of Millennials and Gen Z, organisations may improve employee engagement, lower turnover rates, and create a highly resilient workforce. Ultimately, organisations that adopt employee-centric methods and adjust to the shifting dynamics of the workforce will not only attract top talent but also establish an engaging workplace where younger workers are inspired, engaged, and committed to long-term success.

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