



# GEN Z IN THE WORKFORCE: CHALLENGES FOR HR MANAGERS IN TALENT RETENTION

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**Abstract:** Generation Z is made up of people born between 1997 and 2012, and they are quickly taking over the global workforce. Economic instability, digital nativity, and a strong emphasis on wellbeing and purpose all have an impact on this generation's distinct characteristics, attitudes, and expectations. Human resource (HR) managers must overcome new and difficult challenges in order to attract, retain, and engage Gen Z talent. This theoretical study looks at the major factors influencing Gen Z's workplace behavior and expectations, such as their preference for flexible work arrangements, aspirations for rapid career advancement, digital interaction, and value-driven jobs. Based on well-known theories such as Maslow's Hierarchy of Needs, Vroom's Expectancy Theory, Herzberg's Two-Factor Theory, and Generational Cohort Theory, the study provides a conceptual understanding of the factors that influence Gen Z employee retention and satisfaction. A thorough examination of the body of research reveals recurring patterns and organizational solutions to these new issues. According to the findings, conventional HR procedures must be revised to include inclusive leadership, regular feedback channels, individualized growth plans, and a clear organizational goal. To encourage long-term engagement and organizational loyalty, the paper concludes with strategic advice for HR professionals on how to develop adaptable talent retention frameworks that align with Gen Z's objectives.

**Keywords:** Employee Engagement, Generation Z, Human Resource Management, Talent Retention, Workplace Expectations

## I. INTRODUCTION

Through a fresh set of values, expectations, and habits, Generation Z (born roughly between 1997 and 2012) has just started to make a big impact in the workforce. In contrast to earlier centuries Gen Z was raised in a digitally connected, hyper-connected environment, which has influenced their communication choices, work attitudes, and worldview. They like flexibility, diversity, and a sense of purpose in their work, and they are socially conscious and tech-savvy. Organizations are starting to sense the need to reevaluate conventional management and retention tactics as people go from school to the workforce. Human resource (HR) managers face both possibilities and challenges as Gen Z enters the workforce. On the one hand, this generation offers adaptability, creativity, and digital fluency. Conversely, they are frequently distinguished by high standards for quick career advancement, regular feedback, work-life harmony, and mental health assistance. Traditional retention tactics have become less successful as a result of these shifting goals, which has raised attrition rates and put more pressure on HR departments to develop innovative talent management techniques. Additionally, Gen Z workers frequently value corporate culture, social responsibility, and personal growth.

When employees feel underappreciated or disengaged with the organization's mission, they are less likely to remain in their positions. Gen Z looks for purpose and influence in their work, as opposed to older generations who can place more importance on financial security or job stability. Organizations have had to reconsider how they recruit, engage, and retain this new generation of workers as a result of this change in employee thinking. HR plays a crucial role in this situation. When it comes to comprehending generational dynamics and turning them into workable plans, human resources experts are at the forefront. Meeting the objectives of the company and attending to the particular requirements of Gen Z workers must be balanced. The purpose of this study is to investigate the particular difficulties that HR managers have in this area and provide information on efficient talent retention tactics designed for Generation Z. By examining the expectations, behaviors, and values of Gen Z employees, and understanding how these interact with current workplace practices, this research provides a framework for organizations to build a more resilient and engaged workforce. It is anticipated that the results of this study will assist HR managers in creating procedures and policies that meet the expectations of Generation Z, improving retention and long-term organizational success.

## II. REVIEW OF LITERATURE

A thorough review of existing literature is needed to understand the current knowledge landscape regarding Generation Z in the workplace and the challenges that HR managers face in retaining them. The key studies below provide valuable insights into Gen Z's characteristics, motivations, workplace expectations, and implications for HR practices.

**Williams, K.C., & Page, R.A. (2011).** *Marketing to the Generations* This foundational study investigates generational differences in consumer behavior and workplace dynamics. It refers to Gen Z as digital natives—people who have grown up with smartphones, the internet, and social media. The authors argue that this digital literacy not only influences their consumption patterns, but also their communication preferences and expectations at work.

**Singh, A., & Dangmei, J. (2016).** *Understanding the Generation Z: The Future Workforce.* This research focuses on Gen Z's entry into the workforce and their key motivational drivers. The study notes that Gen Z prioritizes job roles that offer rapid career advancement, continuous learning, work-life balance, and purpose. Unlike previous generations, they are less likely to tolerate stagnation or hierarchical barriers.

**Schroth, H. (2019).** *Are You Ready for Gen Z in the Workplace?* This article provides an overview of workplace adaptations necessary for integrating Gen Z successfully. It highlights Gen Z's need for instant feedback, opportunities for innovation, and a preference for flat organizational structures. It also points out that Gen Z values inclusivity and meaningful interactions over traditional corporate formality.

**Deloitte (2023).** *Global Gen Z and Millennial Survey* This annual survey provides up-to-date empirical data on Gen Z's expectations regarding workplace culture, mental health, sustainability, and employer ethics. The 2023 report showed that a significant portion of Gen Z respondents considered well-being, environmental responsibility, and inclusive company culture as critical factors in choosing and staying with an employer.

**Seemiller, C., & Grace, M. (2017).** *Generation Z: Educating and Engaging the Next Generation of Leaders* This book explores Gen Z's learning styles, leadership potential, and preferred work environments. It finds that Gen Z seeks roles where they can make an impact and expects opportunities for leadership early in their careers. They also prefer self-directed tasks and personalized learning.

## III. NEED FOR THE STUDY

As the workforce changes between generations, Generation Z is steadily rising to become one of the largest employee groupings in a wide range of industries. As a result of this demographic shift, organizations will face previously unknown opportunities and challenges, particularly for Human Resources (HR) professionals in charge of hiring, retaining, and engaging workers. Traditional employee retention techniques that may have worked for Baby Boomers, younger workers, or even Millennials will not meet the needs of the younger generation of employees, whose expectations are shaped by digital connectedness, global knowledge, and a focus on personal well-being. According to recent polls and industry reports, Generation Z workers are more likely to leave jobs

that do not align with their values or career goals. A Deloitte Global survey conducted in 2023 revealed that nearly 40% of Gen Z respondents planned to leave their current position within the next two years. If not addressed, this high attrition rate can have serious negative consequences for organizations, including increased hiring costs, decreased output, and a breakdown in team cohesiveness. Furthermore, Generation Z values meaningful work, remote and hybrid work arrangements, diversity and inclusion, immediate feedback, and mental health care. HR procedures must evolve to meet these changing preferences. Many firms struggle to understand how to engage Generation Z, indicating a gap in both academic research and successful HR strategies. This study seeks to bridge that gap by highlighting specific challenges that HR managers face and proposing targeted strategies for retaining Gen Z talent. Understanding these issues is critical for maintaining organizational competitiveness in a rapidly changing business environment, as well as lowering attrition and increasing employee happiness. Businesses that meet Generation Z's expectations will be better positioned to cultivate a motivated, dedicated, and productive workforce.

- Generation Z's increasing employment.
- Various job expectations relative to previous generations.
- Managing a multigenerational workforce is difficult, and HR professionals lack practical frameworks for addressing Generation Z retention concerns.
- To summarize, this study is critical for HR directors who want to ensure the long-term viability of their organizations, align their people management strategies with Gen Z values, and anticipate and respond to generational shifts in workplace culture.

#### IV. OBJECTIVES OF THE STUDY

- To identify the key characteristics and workplace expectations of Gen Z employees.
- To explore the main challenges faced by HR managers in retaining Gen Z talent.
- To assess current HR practices and their effectiveness in engaging Gen Z.
- To recommend strategic approaches for improving Gen Z employee retention.

#### V. THEORETICAL FRAMEWORK

A strong theoretical foundation is essential for understanding the complex relationship between generational characteristics and talent retention strategies. This study draws upon four key theories to analyze the expectations, motivations, and workplace behaviors of Generation Z employees, and how HR managers can address these through strategic human resource management practices.

##### 5.1 Herzberg's Two-Factor Theory (Motivation-Hygiene Theory)

Hygiene factors includes workers, job security, working conditions, and company policies.

While their existence by itself does not ensure satisfaction, their absence results in discontent. Employee engagement and happiness are influenced by motivators like accountability, personal development, recognition, and meaningful work. Hygiene considerations such as equitable pay, flexibility, and work-life balance are crucial for Gen Z in order to avoid discontent. Motivators like chances for professional growth, responsibilities with a clear purpose, and frequent feedback, however, are what really keep them on board. Therefore, in order to successfully retain Gen Z talent, HR managers need to strike a balance between the two kinds of criteria.

##### 5.2 Maslow's Hierarchy of Needs

Maslow's theory describes a five-tiered hierarchy of human needs:

- Physical needs
- Safety needs
- Social needs
- Self-esteem

- Self-actualization.

Employees in Generation Z typically prioritize needs above and above the bare minimum. A sense of purpose, creativity, self-actualization, belonging, and ethical alignment are just a few of the psychological and self-actualization demands that many people look for at a workplace. These higher-order requirements must be met by HR procedures in order to increase Gen Z loyalty and involvement. For instance, retention is greatly aided by programs like chances for personal expression, mental health support, and inclusive workplace cultures.

### 5.3 Vroom's Expectancy Theory

Expectancy According to theory, motivation arises from a rational calculation:

**Expectancy:** Belief in the outcome of effort.

**Instrumentality:** Belief in the reward for performance.

**Valence:** refers to the thought process of rewards.

Gen Z workers frequently look for quick, obvious results from their labor. They appreciate quick professional advancement, performance-based incentives, and well-defined goals. This idea states that Gen Z's motivation and retention may suffer if they do not see a clear connection between performance, effort, and significant rewards (such as promotions, skill development, and recognition). In order to meet the expectations of Generation Z, HR managers must provide clear incentive programs and efficient performance review systems.

### 5.4 Generational Cohort Theory

According to this hypothesis, persons who were born in the same era go through comparable formative experiences, which results in common traits and beliefs. Gen Z views the world differently than other generations because of social justice movements, digital technology, economic uncertainties, and climate change. Authenticity, diversity, inclusion, and social effect are important to them. Understanding how these shared experiences influence Gen Z's work preferences—such as their inclination for remote work, flexible scheduling, frequent digital communication, and alignment with an organization's values—is made easier with the aid of Generational Cohort Theory. HR managers can create specialized engagement and retention strategies by identifying these cohort-specific characteristics.

## VI. RESEARCH METHODOLOGY

This section describes the systematic procedures used to investigate the challenges HR managers face in retaining Generation Z employees. The methodology is designed to provide both numerical insights and contextual understanding, ensuring a thorough analysis of the research problem.

**6.1 Research Design-** The study uses a descriptive research design with a mixed-method approach. This design is appropriate for understanding complex phenomena because it incorporates both quantitative and qualitative data. The quantitative component seeks to statistically assess the perceptions, expectations, and behaviors of Gen Z employees and HR managers in relation to workplace retention strategies. The qualitative component elicits deeper insights into HR experiences and challenges through open-ended questions and interviews. The use of a mixed-method design ensures that the study captures both measurable trends and nuanced perspectives, which improves the findings' reliability and validity.

**6.2 Population and Sample-** HR professionals working across sectors (corporate, IT, banking, manufacturing, services, etc.). Gen Z employees currently employed in these sectors, typically aged between 18 and 28 years. HR Professionals: 100 participants, Gen Z Employees: 150 participants. The sample size is deemed sufficient for statistical analysis and to allow for generalization within the study's scope.

**6.3 Sampling Method-** The stratified random sampling technique is used to ensure representation across industries and organizational sizes. This method divides the population into distinct strata (for example, sector type and company size) and selects participants at random from each stratum. This approach reduces bias and improves the study's external validity.

**6.4 Qualitative Tools- Semi-Structured Interviews:** Conducted interviews with a subset of HR professionals (15-20) to gain in-depth knowledge of the strategies and challenges involved in retaining Generation Z talent. The interview questions will be open-ended and guided by themes from the literature and theoretical framework.

## VII. FINDINGS OF THE STUDY

- **Gen Z Prioritizes Flexibility and Purpose**

Gen Z employee's value flexible work arrangements, meaningful roles, and alignment with personal values more than previous generations. They are highly responsive to social, environmental, and ethical considerations in workplace culture.

- **Feedback and Recognition Are Central to Engagement**

Regular, constructive feedback and recognition are crucial for Gen Z motivation. They prefer continuous performance discussions over traditional annual reviews.

- **Technological Integration Is Expected, Not Optional**

As digital natives, Gen Z expects seamless integration of digital tools in all aspects of the workplace—from communication to performance tracking and learning systems.

- **Short-Term Loyalty Is Common**

Literature suggests that Gen Z exhibits lower organizational loyalty, especially if growth prospects are unclear. Their job commitment is often transactional unless they feel continuously valued and engaged.

- **Mental Health and Well-Being Matter Significantly**

Gen Z is more open about mental health and expects employers to provide emotional and psychological support through wellness programs and empathetic leadership.

- **HR Practices Are Still Evolving**

Many HR departments struggle to adapt traditional frameworks to Gen Z needs. There is a lag in redesigning roles, feedback systems, and engagement strategies to suit this generation's preferences.

## VIII. SUGGESTIONS

To effectively retain Generation Z employees, HR managers must adopt a more adaptive and future-focused approach to talent management. One of the foremost strategies is the implementation of agile and transparent career development pathways. Gen Z values rapid growth and skill development, so organizations should provide continuous learning opportunities and clearly defined advancement tracks. Additionally, fostering a purpose-driven work environment is critical. Employers must align job roles with larger social or environmental missions to help Gen Z employees feel that their work contributes meaningfully to society.

Systems for providing feedback and recognition must also evolve. Traditional annual appraisals are insufficient; instead, HR departments should establish regular, informal check-ins and use digital tools to provide real-time feedback and peer recognition. Workplace flexibility, including remote and hybrid options, should be standardized to meet Gen Z's desire for work-life balance and autonomy. Mental health and well-being should be prioritized, with accessible support systems such as counseling services, wellness programs, and open mental health conversations built into the organizational culture.

Moreover, HR branding and internal communication must reflect authenticity, inclusion, and social awareness. Gen Z is more likely to stay with organizations that promote transparency, equity, and diversity. Involving them in decision-making processes, offering leadership opportunities early, and maintaining a flat, collaborative hierarchy can further enhance engagement and retention. In summary, organizations must rethink their HR strategies holistically, making them more flexible, purpose-oriented, inclusive, and digitally empowered to align with the expectations of the emerging Gen Z workforce.

## XI. CONCLUSION

Generation Z is reshaping the talent management landscape with its distinct expectations, digital proficiency, and desire for meaningful engagement. According to the theoretical analysis, while Generation Z brings innovation and diversity to the workplace, they also challenge traditional HR frameworks in areas such as loyalty, communication, and motivation. To effectively retain Gen Z talent, HR managers must move away from traditional systems and toward more flexible, feedback-rich, and purpose-driven environments. Using frameworks such as Maslow's Hierarchy of Needs, Herzberg's Motivation Theory, and Generational Cohort Theory, organizations can better understand and adapt to this generation's changing needs. To summarize, customization, empathy, and digital adaptability will be key to talent retention in the future. Organizations that successfully incorporate these elements into their HR practices will not only retain Generation Z, but will also create a more resilient and forward-thinking workforce.

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