



Recruiting and Retaining Millennials and Gen Zs in the Workplace

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Introduction

In the aftermath of the Great Recession of 2008, the COVID-19 pandemic, and the “quiet quitting” revolution in 2022, young American workers are proactively instigating organizational change. Despite starting their careers in challenging times marked by environmental, economic, political, and social volatility, young employees are increasingly asserting their expectations and values in the workplace. Millennial (born 1981-2000) and Gen Z (born 2001-2020) employees advocate for purposeful work, work-life balance, work location flexibility, learning and skill development opportunities, technological innovation, environmental sustainability, wellness, inclusivity, and social awareness. With Millennials projected to comprise 75% of America's workforce by 2025 (Timmes, 2022) and Gen Zs expected to account for 30% by 2030 (Kumar, 2023), the shift in workforce demographics is both imminent and promising. As they become the majority of the workforce, Millennial and Gen Z workers are creating flatter organizational structures and more supportive, collaborative, inclusive, and socially conscious work cultures, causing a paradigm shift for more traditional hierarchical organizations.

Since the 1990s, organizational leaders have been interested in and concerned about Millennials' potential workplace impact. However, the added influence of Gen Z employees has stirred less interest. These two generations of workers, with many similar experiences and characteristics, are not just demanding change but expecting their workplaces to align with their values. Both groups of workers openly express their concerns and seek organizational change that will support their long-term career success (Timmes, 2022).

Although Millennials and Gen Zs have much in common, there are a few noticeable differences. Millennials were introduced to the Internet and digital technology in their early teens. In contrast, Gen Zs have never known a world without instant global connectivity, social

media, and “smart” technology. Millennials are primarily the children of Boomers (born 1946-1964). They are idealistic, self-confident, optimistic, demanding, and have high expectations of their employers (Christensen et al., 2018; Twenge, 2023).

Gen Zs are primarily children of Gen Xs (born 1965-1980) and tend to be realistic and pragmatic like their parents (Rue, 2018). Gen Zs have lower expectations of their employers than their predecessors due to experiencing impactful life events at a younger age (Ayoobzadeh et al., 2024). During the Great Recession in the late 2000s, many Gen Z members witnessed family members losing their jobs despite their hard work (Gabriellova & Buchko, 2021). As a result, Gen Zs have a more substantial need for job security and financial stability than is demonstrated by their Millennial colleagues.

***2024 Career Optimism Index*[®] Generational Results**

The University of Phoenix Career Institute’s 2024 *Career Optimism Index*[®] (*Index*) represents an analysis of data collected from 5,000 United States (US) adults age 18+ who were either working or wished to be working, and 501 US employers concerning their “sense of optimism about their careers in the context of workplace, economic, and societal trends, and challenges” (pg. 3). Millennial generation employees represented 36% of the respondents (n= 1,800). Gen Z employees represented 15% of respondents (n = 750), with the remainder of employee participants divided between the remaining workforce generations, Boomer+ (16%, n = 800) and Gen X (33%, n = 1,650). Generational response results were not reported for all data analysis categories in the *Index*. However, in all but one of the categories (wage stagnation) where they were reported, Millennial and Gen Z respondents indicated higher levels of concern about workplace issues than their older generation colleagues.

Index results indicated that 61% of Millennial and 66% of Gen Z respondents needed support identifying job options matching their skills and interests. *Index* results also showed that 60% of Millennials and 67% of Gen Zs needed support setting career goals. It could be that these two generations of workers find limited job opportunities and upward mobility opportunities in organizations that do not provide career advancement opportunities that align with workers' interests, talents, sense of purpose, or career aspirations. These results are consistent with the recent *Deloitte Global 2024 Gen Z and Millennial Survey* (Deloitte, 2024) Millennials and Gen Zs wanted purpose-driven work and would refuse job offers not aligning with their ethics and values.

Financial insecurity and job security are critical concerns for roughly 30% of Millennial and Gen Z workers, and the rising cost of living exacerbates that concern (Deloitte, 2024). The same concern emerged in responses to the *Index*, where 49% of Millennials and 51% of Gen Zs were worried about losing their jobs due to a bad economy. Surprisingly, inflation and stagnating wages were of less concern for Millennials (36%) and Gen Zs (26%) than older employees. The lower level of concern about wages may be attributable to younger workers not being in the workforce in previous periods of low inflation and more rapid wage growth.

Younger workers reported a lack of support for upskilling opportunities in their organizations and employers' reluctance to provide professional development resources to help them advance in their careers. *Index* results indicated that 73% of Millennial and 69% of Gen Z workers considered how much a company invested in reskilling/upskilling when looking for new opportunities. *Index* results were consistent with the Deloitte (2024) survey results, which noted that Millennials (45%) and Gen Zs (51%) agreed that their employers were not providing sufficient training.

More than three-quarters of Millennials (77%) and Gen Zs (76%) responded to the *Index* that they needed to improve their skill sets for career advancement. Respondents also indicated they needed help acquiring those new skills (Millennials, 68%; Gen Zs, 71%). Sixty percent of Millennial and Gen Z *Index* respondents stated they needed to acquire new skills within the coming year to remain in their jobs. Unfortunately, 42% of Millennial and 47% of Gen Z *Index* respondents indicated they did not have access to opportunities to develop the skills needed for job retention. When training and professional development opportunities were available, 46% of Millennial and 44% of Gen Z *Index* respondents preferred to learn those skills independently without a structured course. Gen Z workers tend to be autodidactic and independent learners who prefer to choose their learning content and methods (Iftode, 2019).

Recruiting and Retaining Millennial and Gen Z Employees

Millennial and Gen Z workers seek positive, supportive work environments that allow them a healthy work-life balance. Further, the youngest generation of employees, the Gen Zs, prioritize job security and do not job-hop due to preference, restlessness, or disloyalty but because employers fail to meet their needs or expectations (Ayoobzadeh, 2024). The *Index* highlighted four areas of concern among Millennial and Gen Z employee respondents: job match and career support, financial and job security, upskilling and professional development, and learning preferences.

Job Match and Career Support

Index respondents expressed concern about career alignment, setting goals, and finding positions matching their skills, interests, and values. Addressing these areas is crucial for employers wanting to attract and retain top talent. The self-efficacy beliefs of Millennial and Gen Z workers were influenced by their COVID-19 pandemic experiences (Amalia, 2022). Their

ability to deal with pandemic situations and their comfort level with remote working altered their perceptions of what are and are not preferable work environments (Amalia, 2022).

For Millennials and Gen Zs, the ideal job offers them purpose, fulfillment, appreciation for their contributions, and continual growth opportunities (Hutanu et al., 2020). Additionally, they seek fair compensation, a well-defined career path, skill development, and working conditions that promote a healthy work-life balance and overall well-being (Amalia, 2023). Organizations that articulate a vital mission and vision and demonstrate ethical business practices will be more attractive to young job candidates seeking purposeful work. Employers must create positive and supportive work cultures that provide flexibility in job roles to take advantage of individual employees' skills, talents, preferences, and career goals.

Financial and Job Security

Financial security was another concern reported by Millennial and Gen Z Index respondents, in addition to worries about job security. Younger workers' life experiences have demonstrated that no job is secure and that economic upheavals can quickly lead to unemployment. Both generations carry burdensome debt related to the cost of living and inflation, student loan balances, and rising housing costs. Consequently, a pressing goal of Millennials and Gen Zs is to find a position that offers a compensation package that will cover their expenses, allow them to save for emergencies and retirement, and offer stability and certainty (Gabrielova & Buchko, 2021).

Satisfaction with pay and rewards contributes to longer employee tenure and fosters greater employee workplace contributions and flexibility (Corduneanu et al., 2022). Difficulty in recruiting and retaining Millennial and Gen Z employees may spur employers to revise their compensation packages to provide additional take-home pay, signing bonuses, and coverage of

household moving expenses to attract new hires. Young job candidates will be more easily recruited by employers who offer them comprehensive medical, dental, vision, and mental health insurance coverage and who include financial literacy education as part of the company's employee development programming.

Upskilling and Professional Development

A lack of employer-supported professional development and skills training opportunities also emerged as a concern among younger generation *Index* respondents. As the first digital native generations in the workforce, Millennial and Gen Z workers are introducing fresh perspectives, behaviors, and expectations related to professional growth (Saxena, 2024). Younger workers desire opportunities to expand their knowledge and advance their careers to fulfill their need for purposeful work. However, traditional methods of training and talent development are not well-accepted by younger workers (Saxena, 2024).

Companies must be creative in designing curriculum and delivery methods for employee professional development. Technology-savvy younger workers expect online, easily accessed, self-paced courses and appreciate individual and group mentoring, career coaching, reverse mentoring, and other individually focused training methods (Chen et al., 2020). Employers demanding skill growth without supporting needed professional development opportunities for their employees are likely among the 56% of *Index* employer respondents who reported having trouble hiring employees to fill open positions.

Learning Preferences

Index results indicated that providing employees with various knowledge and skill-building choices that support independent learning options may aid employers' efforts to retain younger workers. Millennials and Gen Zs are self-learners and prefer to access knowledge

digitally. They are comfortable with technology and prefer a technological approach to learning, such as podcasts, gamified learning programs, and interactive, self-paced online instructional applications (Mantha & Pratapa, 2024). Combining digital tools and interactive materials in employee development program delivery methods is critical for gaining younger workers' active engagement. The applications and digital platforms selected for training delivery should enable workers to access the application everywhere and anywhere (Paulina & Ernawati, 2022).

Conclusion

Engaging and retaining younger workers presents a challenge and an opportunity for employers (Harter, 2024). By gaining insight into the work preferences of Millennial and Gen Z workers entering the workforce, employers can be better prepared to provide resources to bridge the gap between workers' demands and the realities of the current job market and work environments. Employers can avoid adverse outcomes, such as challenges in recruiting and retaining a skilled workforce, by aligning support systems with young workers' expectations (Ayoobzadeh et al., 2024).

Recent research suggests a shift in mindset from Millennials' optimistic, idealistic, and demanding nature to a more cautious and practical approach among Gen Zs, who prioritize job security and stability (Ayoobzadeh et al., 2024). That shift has important implications for employers who want to continually improve their employment marketplace positions. As Millennials and Gen Zs become an increasing percentage of the workforce, employers must innovate across various organizational systems and functions to attract and retain top young talent. This includes designing recruiting programs, support systems, compensation and benefits packages, professional development opportunities, skill-building initiatives, and career progression pathways that align with the job and career goals of young job candidates and

employees (Saxena, 2024). Employers willing to implement the necessary changes will be well-positioned to attract and retain a more motivated and optimistic workforce.

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