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A STUDY ON RETENTION CHALLENGES AMONG GEN Z EMPLOYEES

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ABSTRACT

Gen Z workers are now a major part of today's working world. Companies are starting to realize that keeping Gen Z workers with their company is one of the most difficult issues to deal with and one of their biggest concerns. Companies need to make sure that they have a strategy for keeping their Gen Z workers that reflects their individual values — including work-life balance, career growth, and recognition. This research examines the retention challenges of the organization and determines the importance of Work-Life Balance, Compensation and Benefits, and Career Growth Opportunities on Employee Retention Intention. Using a descriptive research design with 120 Gen Z employees through convenience sampling, the research applied simple percentage analysis, chi-square analysis, and correlation analysis. Results indicate that providing a supportive, flexible, and growth-oriented work environment is essential for retaining Gen Z employees. Organizations that align their practices with Gen Z expectations can significantly improve retention and maintain a competitive advantage.

Keywords: Gen Z, Employee Retention, Work-Life Balance, Compensation and Benefits, Career Growth, Turnover Intention, Textile Industry

1. INTRODUCTION

Employee retention is the ability of organizations to keep their workforce intact over time and reduce employee turnover. As Generation Z employees (born between 1997 and 2012) enter the workplace, their different expectations and behaviours have changed how companies approach employee retention. Unlike prior generations, Gen Z employees are comfortable with technology, focused on career building, and interested in meaningful work, flexible scheduling, and continuous learning opportunities.

Companies across industries, including textile manufacturing, are struggling with increasing turnover among Gen Z employees. This generation typically wants to change jobs frequently, move up the career ladder quickly, and has high expectations regarding work culture, recognition, and pay. When a company's practices do not align with Gen Z expectations, workers become disengaged and eventually leave, creating significant costs. This research investigates key factors impacting Gen Z retention —

Work-Life Balance, Compensation and Benefits, and Career Growth Opportunities — and their correlation to Employee Retention Intention.

2. OBJECTIVES OF THE STUDY

Primary Objective: To study the retention challenges among Gen Z employees in the organization.

Secondary Objectives:

- To examine the Work-Life Balance for Gen Z employees in the organization.
- To study the Compensation and Benefits available to Gen Z employees.
- To analyse the Career Growth Opportunities available to Gen Z employees.
- To measure the Employee Retention Intention among Gen Z employees in the organization.

3. STATEMENT OF PROBLEM

Due to high turnover rates and job-hopping among Gen Z employees, organizations have prioritized retaining these members. The biggest issue is that many employers still use traditional retention models designed for older generations, which do not meet Gen Z needs, expectations, and values. This results in higher recruitment and training costs, inability to retain skilled employees, and operational disruptions. Key gaps include insufficient work-life balance initiatives, inadequate compensation packages, lack of structured career development programs, and insufficient recognition systems. This study identifies the main retention factors for Gen Z employees and gaps in current retention strategies to formulate targeted HR policies.

4. REVIEW OF LITERATURE

Pichler et al. (2021) proposed a conceptual framework engaging employee development practices through democratization of learning, reverse mentoring, and intrapreneurship to reduce Gen Z turnover. Gaan and Shin (2022) found that resonant leadership enhanced self-efficacy and organizational identification, both reducing turnover intention among Gen Z software workers in India. Tanoto and Tami (2023), using SEM on 373 respondents, demonstrated that improved work-life balance leads to greater job embeddedness and reduced turnover intentions. Chen et al. (2023) found job autonomy, skill variety, and work relationships positively correlated with retention intentions through employee well-being. Ali et al. (2024) showed that supportive work environments, competitive pay, quality training, and clarity of roles positively impacted Gen Z retention. Kgarimetsa & Naidoo (2024) found recognition and flexible working arrangements significantly predicted retention in South African mining companies. Masood (2024) highlighted career advancement and job security as key retention drivers in high-turnover industries. Calista & Erdiansyah (2025) found compensation and work-life balance were statistically significant predictors of retention intention in Jakarta.

5. RESEARCH GAP & METHODOLOGY

Prior studies primarily examined general workforce retention predictors. There is a lack of empirical research directly related to Gen Z retention in manufacturing and textile industries in India. Most existing studies measured individual retention variables separately rather than examining how Work-Life Balance, Compensation and Benefits, and Career Growth Opportunities simultaneously impact Employee Retention Intention. This study fills that gap by examining these factors collectively.

A descriptive research design was used. Primary data were collected using a structured Likert-scale questionnaire distributed to 120 Gen Z employees through convenience sampling. Secondary data were obtained from peer-reviewed journals and HR publications. The study was conducted between January 2026 and March 2026, employing simple percentage analysis (S.P.A.), chi-square tests of independence, and correlation analysis.

Research Hypotheses:

- H01: There is no significant relationship between work-life balance and employee retention intention.
- H02: There is a significant relationship between compensation and benefits and employee retention intention.

6. DATA ANALYSIS AND INTERPRETATION

6.1 Demographic Profile of Respondents

Table 1: Gender Distribution

Gender	No. of Respondents	Percentage (%)
Male	85	70.8
Female	35	29.2
Total	120	100.0

70.8% of respondents are male and 29.2% are female, reflecting the typical gender distribution of the textile manufacturing sector.

Table 2: Age Distribution

Age Group	No. of Respondents	Percentage (%)
18-21 years	30	25.0
22-25 years	67	55.8
26-29 years	23	19.2
Total	120	100.0

55.8% of respondents are in the 22-25 age group, followed by 18-21 years (25.0%) and 26-29 years (19.2%), indicating a predominantly early-to-mid career workforce.

Table 3: Educational Qualification

Qualification	No. of Respondents	Percentage (%)
Diploma	10	8.3
UG	52	43.3
PG	19	15.8
Professional	28	23.3
Others	11	9.2
Total	120	100.0

43.3% hold an undergraduate degree, followed by professional qualifications (23.3%) and postgraduate degrees (15.8%), reflecting the diverse educational background of the Gen Z workforce.

Table 4: Current Job Level

Job Level	No. of Respondents	Percentage (%)
Entry Level	16	13.3
Junior Executive	43	35.8
Team Leader	34	28.3
Others	27	22.5
Total	120	100.0

35.8% are junior executives, followed by team leaders (28.3%) and entry-level employees (13.3%), reflecting a workforce primarily in early-to-mid hierarchical levels.

6.2 Work-Life Balance Analysis

Table 5: Summary of Work-Life Balance Perceptions

Statement	Majority Response	Percentage (%)
Flexible working arrangements available when required	Neither Agree nor Disagree	38.3
Workload manageable within regular hours	Agree	34.2
Work-related stress is at a reasonable level	Strongly Agree	43.3
Leave policies are supportive and accessible	Agree	35.8
Personal time outside hours is respected	Strongly Agree	26.7

43.3% strongly agree that work-related stress is at a reasonable level, and 35.8% agree that leave policies are accessible. However, a notable 38.3% remain neutral on flexible working arrangements — a key Gen Z priority — suggesting an area for organizational improvement.

6.3 Compensation and Benefits Analysis

Table 6: Summary of Compensation and Benefits Perceptions

Statement	Majority Response	Percentage (%)
Compensation is fair compared to industry	Strongly Agree	35.0
Benefits meet employee expectations	Agree	49.2
Performance-based incentives are motivating	Agree	42.5
Compensation structure encourages higher performance	Strongly Agree	33.3
Bonuses and allowances are competitive	Strongly Agree	30.0

35.0% strongly agreed that compensation is fair relative to industry standards, and 49.2% agreed that organizational benefits meet their expectations. These positive perceptions of financial rewards contribute significantly to employee retention and motivation.

6.4 Career Growth Opportunities Analysis

Table 7: Summary of Career Growth Perceptions

Statement	Majority Response	Percentage (%)
Clear career advancement opportunities available	Agree	40.0
Adequate training and development programs provided	Neither Agree nor Disagree	35.8
Opportunities to acquire new skills exist	Strongly Agree	34.2
Professional growth is encouraged	Strongly Agree	35.8
Promotions based on performance and merit	Agree	39.2

40.0% agree that clear career advancement paths exist, and 35.8% strongly agree that professional growth is encouraged. However, 35.8% remain neutral on the adequacy of training and development programs — a concern given Gen Z's high value on continuous skill development.

6.5 Employee Retention Intention Analysis

Table 8: Summary of Retention Intention Perceptions

Statement	Majority Response	Percentage (%)
Intention to continue working in the foreseeable future	Strongly Agree	29.2
Thoughts of leaving occur infrequently	Agree	36.7
Strong sense of organizational loyalty is present	Agree	37.5
Organization recommended as a good place to work	Agree	37.5
Long-term association with organization is preferred	Disagree	45.0

37.5% feel a sense of loyalty and 36.7% indicate infrequent thoughts of leaving, yet 45.0% disagreed that they prefer long-term association with the organization. This suggests stable short-to-medium term retention but challenges in establishing deep, long-term commitment.

7. STATISTICAL ANALYSIS

7.1 Chi-Square Analysis: Work-Life Balance and Retention Intention

Table 9: Chi-Square Test Results

Test Statistic	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	262.637	238	0.131
Likelihood Ratio	195.953	238	0.978
Linear-by-Linear Association	5.207	1	0.022
N of Valid Cases	120	–	–

The p-value of 0.131 exceeds the 5% significance level ($p > 0.05$), indicating the observed association is not statistically significant. The null hypothesis is accepted: there is no significant relationship between work-life balance and employee retention intention in the current sample. This suggests that while work-life balance is valued, its direct effect on retention may be mediated by other organizational variables.

7.2 Correlation Analysis: Compensation & Benefits and Retention Intention

Table 10: Correlation Results — Compensation & Benefits vs. Retention Intention

Variable	Compensation and Benefits	Employee Retention Intention
Compensation and Benefits	1.00	0.435**
Employee Retention Intention	0.435**	1.00
Sig. (2-tailed)	–	0.000
N	120	120

** Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation coefficient of 0.435 indicates a moderate positive correlation ($p = 0.000$, $p < 0.01$). The alternative hypothesis is accepted: there is a significant positive relationship between compensation and benefits and employee retention intention, corroborating the broader literature on financial rewards as a key retention driver.

8. FINDINGS AND SUGGESTIONS

8.1 Key Findings

- 70.8% of respondents were male; 55.8% in the 22-25 age group; 43.3% held undergraduate qualifications; 35.8% occupied junior executive positions.
- 43.3% strongly agreed that work-related stress is manageable, while 38.3% were neutral on availability of flexible working arrangements.
- 35.0% strongly agreed compensation is fair; 49.2% agreed benefits are satisfactory; 33.3% strongly agreed compensation encourages performance.
- 40.0% agreed clear advancement opportunities exist; 35.8% strongly agreed professional growth is encouraged; however, 35.8% remained neutral on adequacy of training programs.
- 45.0% disagreed they prefer long-term association with the organization, despite 37.5% expressing loyalty.
- Chi-square test: No statistically significant relationship between work-life balance and retention intention ($p = 0.131$).
- Correlation analysis: Statistically significant positive relationship between compensation/benefits and retention intention ($r = 0.435$; $p < 0.01$).

8.2 Suggestions

- Develop formal flexible working arrangements, including remote working and flexible hours, to meet Gen Z work-life balance expectations.
- Regularly review workload distribution to ensure tasks can be completed within standard working hours and minimize burnout.
- Establish a clear, merit-based compensation review process that keeps pay levels competitive with industry benchmarks.
- Create structured mentorship, skill development, and career advancement programs to support Gen Z's desire for career growth.
- Introduce recognition programs (monetary and non-monetary) to acknowledge individual and team contributions and reinforce motivation.
- Conduct regular employee engagement surveys and feedback mechanisms to identify retention risks in a timely manner.
- Invest in leadership training to develop managers capable of providing responsive, empathetic, and developmental guidance.
- Cultivate an organizational culture of inclusivity, open communication, and alignment with Gen Z social values.

9. CONCLUSION

This study examined the retention challenges among Gen Z employees with a focus on work-life balance, compensation and benefits, career growth opportunities, and employee retention intention. The research indicates

that retaining Gen Z workers requires a multidimensional approach flexible enough to meet the individual needs and values of each employee in this group.

The relationship between pay and benefits and retention intention was statistically significant ($r = 0.435$, $p < 0.01$), confirming that competitive pay and benefits are critical retention factors. Although no significant direct relationship between work-life balance and retention intention was established statistically, qualitative results support the importance of flexibility and stress management in employee experience. Career advancement opportunities and structured training programs remain vital, yet employees reported insufficient provision of such programs. The finding that 45.0% do not prefer long-term association with one company underscores the need for organizations to invest in workplace cultures that align with Gen Z values. Organizations that proactively align HR policies with Gen Z expectations — competitive pay, professional advancement, and a supportive culture — will be

positioned to reduce turnover, maintain productivity, and achieve long-term organizational success.

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