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The Role of Employee Engagement in Increasing Millennial and Gen Z Employee Retention

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Abstract

This study aims to examine the role of employee engagement in increasing employee retention of Millennials and Gen Z in modern organizations. The research background is based on the high challenges in retaining a young workforce that is dynamic and easily switchable. The research method uses a quantitative approach with a survey of 30 respondents of Millennial and Gen Z employees from various industry sectors. Data were analyzed using multiple linear regression to test the influence of the employee engagement dimension—including emotional engagement, cognitive commitment, and social attachment—on employee retention intention. The results showed that all dimensions of employee engagement had a positive and significant influence on employee retention, with emotional engagement as the most dominant factor ($\beta = 0.68$; $p < 0.01$). The practical implications of this study emphasize the importance of developing holistic engagement programs, such as personalization training and interactive internal communication platforms, to increase employee loyalty of Millennials and Gen Z. The theoretical contributions of the research include an in-depth understanding of engagement mechanisms in the demographic context of the younger generation and Human Resources policy recommendations to strengthen retention strategies in the digital age.

Keywords: Employee Engagement, Employee Retention, Millennials, Gen Z, Modern Organizations

1. Introduction

Employee retention is a crucial aspect of the sustainability and success of modern organizations. High employee turnover rates can have various negative impacts, such as increased recruitment and training costs, disrupted productivity, and loss of valuable knowledge and experience in the organization (Karyati et al., 2025). Therefore, retaining qualified employees is a top priority for human resource management so that organizations can achieve their strategic goals effectively and efficiently (Ekhsan, 2019; Kossivi et al., 2016). In addition, employee retention also contributes to the stability of the work environment and the improvement of the overall performance of the organization. Employees who feel valued and emotionally engaged tend to have high loyalty, which in turn increases their motivation and commitment to the company (Nguyen & Vu, 2025). Thus, an effective retention strategy not only reduces the costs associated with employee turnover, but also strengthens the organization's culture and drives long-term growth (Wadia & Bisht, 2023).

Millennials and Gen Z are now the dominant groups in the global workforce, bringing about significant changes in organizational dynamics and work culture. According to a report from the Pew Research Center (2020), millennials have been the largest group in the workforce since the early 2020s, while Gen Z is starting to enter the labor market quickly and is expected to dominate in the coming years. These two generations are known to have unique characteristics, such as a preference for work flexibility, intensive use of digital technology, as well as values that emphasize a balance between personal and professional life (Sulaeman et al., 2025)

The difference in job values and expectations between millennials and Gen Z and previous generations requires organizations to adjust their human resource management strategies. Millennials tend to look for meaning and purpose in their work and appreciate opportunities for self-development, while Gen Z is more adaptive to technology and prioritizes job stability and security (Sulaeman et al., 2025). A deep understanding of the characteristics and needs of these two generations is essential for companies to design effective policies in attracting, managing, and retaining young talent in the modern era (Lallukka, 2024).

Companies today face significant challenges in retaining employees from millennials and Gen Z who have different job characteristics and expectations than previous generations (Ngo & Badri, 2025). The high turnover rate among these two generations is often due to their need for a dynamic work environment, clear career development opportunities, and a better work-life balance (Hausknecht et al., 2009; Twenge et al., 2019). In addition, millennials and Gen Z tend to be dissatisfied more quickly if organizations fail to provide meaningful work experience and opportunities to contribute tangibly, making them more vulnerable to seek out other job opportunities that are considered more in line with their values and aspirations (Weaver, 2024).

In addition to internal factors, companies also have to face external challenges such as fierce competition in recruiting and retaining young talents that are increasing in this digital era. Millennials and Gen Z are highly connected to technology and information, so they have extensive access to a wide range of job opportunities and information about different organizational cultures (El Hajal & Losekoot, 2024). This makes them more selective and critical in choosing a workplace, demanding companies to not only offer competitive compensation, but also build an organizational culture that is inclusive, innovative, and responsive to their needs (Mabaso & Dlamini, 2021). Therefore, companies need to develop adaptive and personalized retention strategies to deal with these challenges effectively (Patel, 2019).

Employee engagement has been widely recognized as a key strategy in improving employee retention in various modern organizations. Employee engagement reflects the level of emotional and psychological commitment that individuals have to their work and the organization they work for (Gichuhi & Mbithuka, 2018). Employees who have a high level of engagement tend to show greater loyalty, increased productivity, and a desire to stay longer in the organization (Saks, 2006). Thus, employee engagement not only contributes to improved individual and team performance, but also significantly reduces turnover rates that are detrimental to the company (Pandita & Khatwani, 2022).

Furthermore, employee engagement plays an important role as a mediator in creating a work environment that supports and motivates employees, especially millennials and Gen Z who highly value meaning and involvement in their work (Shuck & Wollard, 2010). Through effective engagement strategies, such as providing constructive feedback, career development, and recognition of employee contributions, organizations can build strong and sustainable relationships with this young workforce (Growth, 2019). Therefore, proper employee engagement management is a strategic foundation in an effort to improve employee retention, as well as create an adaptive and innovative organizational culture (Macey & Schneider, 2008).

Research shows that high employee engagement rates are positively correlated with loyalty and commitment to the organization, thus reducing the intention to leave the company (Saks, 2006; Harter et al., 2002). Millennials and Gen Z, who now dominate the workforce, have unique characteristics such as the need for meaning in work, flexibility, and more intensive recognition, which makes employee engagement an important strategy to retain them (Deloitte, 2024). A study by Fernandez et al. (2023) also emphasizes that a personalized and communicative approach to engagement can overcome the challenge of high turnover among this young generation. In addition, various studies underline that employee engagement not only impacts retention, but also increases employee productivity and well-being. According to a Deloitte report (2024), millennials and Gen Z highly value a work environment that supports work-life balance, as well as clear career development opportunities. Organizations that are able to create an inclusive work culture and provide constructive feedback consistently tend to be more successful in retaining young talent (Fernandez et al., 2023; Deloitte, 2024). Therefore, employee engagement is a strategic foundation that must be developed by companies to effectively deal with the dynamics of the millennial and Gen Z workforce.

2. Research Methods

This study uses a quantitative approach with a survey method to collect data from 30 respondents consisting of Millennial and Gen Z employees who work in various industrial sectors. The quantitative approach was chosen because it allows for the measurement of the relationships between variables objectively and systematically. Respondents were selected purposively to ensure the representation of the Millennial and Gen Z generations, which

was the main focus of this study. The survey instrument is designed to measure the dimensions of employee engagement, namely emotional engagement, cognitive commitment, and social attachment, as well as employee retention intention as a dependent variable.

The collected data was then analyzed using multiple linear regression to test the influence of each dimension of employee engagement on employee retention intention. Multiple linear regression analysis was chosen because it was able to identify the relative contribution of each independent variable while testing the simultaneous relationship between these variables and dependent variables. With this method, the study can provide a comprehensive picture of how emotional engagement, cognitive commitment, and social engagement collectively and individually influence the decision of Millennial and Gen Z employees to stay in their organizations.

3. Results and Discussions

Employee Engagement Levels in Millennials and Gen Z

This study measures the level of employee engagement in two generational groups, namely millennials and Gen Z, using three main dimensions: emotional engagement, cognitive commitment, and social attachment can be seen in Table 1.

Table 1. Employee Engagement Levels in Millennials and Gen Z

Dimensi Employee Engagement	Millennial Generation (Mean)	Generation Gen Z (Mean)	Difference (Δ)
Emotional engagement	3.85	3.70	0.15
Cognitive commitment	3.90	3.88	0.02
Social attachment	3.75	3.90	-0.15

Table 1. The results of the analysis show that overall, the two generations have a fairly high level of engagement, but there are significant differences in several dimensions. Millennials show an average emotional engagement score of 3.85 (on a scale of 1–5), which indicates that they feel quite emotionally connected to work and the organization. Cognitive commitment in this generation is also relatively high with an average score of 3.90, indicating a strong awareness and belief in the values and goals of the organization. Meanwhile, social attachment, which reflects interpersonal relationships and a sense of community in the workplace, has an average score of 3.75.

Meanwhile, Gen Z shows a slightly lower emotional engagement score, which is 3.70, but has a cognitive commitment score that is almost on par with millennials, which is 3.88. Interestingly, social attachment in Gen Z is higher than in millennials, with an average score of 3.90, which shows that Gen Z prioritizes social relationships and interactions in the work environment. This comparison indicates that although both generations have good engagement levels, their focus and priorities in employee engagement differ, which management needs to pay attention to in designing an effective retention strategy.

The Influence of the Employee Engagement Dimension on Retention Intention

The results of multiple linear regression analysis show that all three dimensions of employee engagement—emotional engagement, cognitive commitment, and social engagement—simultaneously have a significant effect on the retention intentions of Millennials and Gen Z generations can be seen in Table 2.

Table 2. Results of Multiple Linear Regression Analysis of the Effect of Employee Engagement Dimension on Retention Intention

Variable Independent	Coefficient (β)	t-Statistic	Significance (p)	Information
Emotional Engagement	0.45	4.12	0.001	Significant
Cognitive Commitment	0.30	2.74	0.008	Significant

Social Attachment	0.18	2.10	0.041	Significant
Model (R ²)	0.68			Variation in persistent intent

Table 2. A coefficient of determination (R²) value of 0.68 indicates that 68% of the variation in persistent intent can be explained by the three dimensions of engagement. This emphasizes the importance of employee engagement as the main factor in retaining young employees in various industry sectors. Partially, emotional engagement had the most dominant influence on persistence intent with a regression coefficient of 0.45 ($p < 0.01$), suggesting that employees who felt emotionally connected to the organization tended to have stronger intent to persist. Cognitive commitment also makes a significant positive contribution (coefficient of 0.30, $p < 0.05$), which means that awareness and belief in organizational values also strengthen retention. Meanwhile, social attachment exerted a positive but smaller effect (coefficient of 0.18, $p < 0.05$), indicating that interpersonal relationships in the workplace also supported employees' decision to stay afloat, although not as much as the other two dimensions.

The Simultaneous Relationship of Employee Engagement with Employee Retention

Multiple linear regression analysis shows that all three dimensions of employee engagement—emotional engagement, cognitive commitment, and social engagement—simultaneously have a significant influence on the retention intentions of Millennial and Gen Z generations can be seen in Table 3.

Table 3. Results of the Simultaneous Relationship Test of the Dimension of Employee Engagement with Intention to Survive

Statistic	Value
Koefisien Determinasi (R ²)	0.68
F-Statistik	2.57
Signifikansi (p)	0.001

Table 3. The determination coefficient (R²) of 0.68 indicates that 68% of the variation in retention intention can be explained by these employee engagement variables. This confirms that overall employee engagement is a major factor influencing an employee's decision to stay in the organization. In addition, the significance test of the regression model as a whole showed an F-value of 25.67 with a p-value < 0.001 , which means that this regression model is very statistically significant. In other words, the combination of the three dimensions of employee engagement together makes a strong and reliable contribution in explaining employee retention intentions. These findings underscore the importance of holistic employee engagement management to improve employee retention, especially for Millennials and Gen Z who have different work characteristics and needs.

Discussion

Employee engagement has proven to be a key factor in increasing employee retention, especially for the Millennial and Gen Z generations who have different characteristics and work needs than previous generations (Oraibi et al., 2025). This study confirms that emotional engagement, cognitive commitment, and social attachment significantly affect young employees' retention intentions. This is in line with previous findings that show that employees who feel emotionally connected to the organization tend to be more loyal and committed to staying (Mabaso & Mathebula, 2025) High emotional engagement creates a sense of belonging and job satisfaction that encourages employees to remain contributing in the long run (Makumbe et al., 2025).

Additionally, cognitive commitment that reflects employees' beliefs and awareness of the organization's values and goals also plays an important role in retention. Millennials and Gen Z tend to look for meaning and purpose in their work, so when they feel that organizational values align with personal principles, they are more motivated to stick with it (Lee et al., 2021). Social attachment, although it exerts a smaller influence than the other two dimensions, is still important because positive interpersonal relationships in the workplace can increase a sense of community and social support that strengthens employees' decision to stay (García et al., 2019). This study also

confirms that employee engagement is simultaneously able to explain most of the variability in employee retention intention, with an R^2 value of 0.68. This shows that nearly 70% of employees' decisions to stay are predictable through their level of engagement at work. These findings are consistent with studies that emphasize the importance of a holistic approach to managing engagement to improve retention, especially among young workers who are highly dynamic and adaptive to change (Hendriana et al., 2023). Therefore, organizations need to develop a comprehensive and integrated engagement strategy.

However, the main challenge facing companies is how to adapt engagement strategies to the unique needs of the Millennial and Gen Z generations. Recent studies show that although Gen Z has a high level of engagement, they also tend to change jobs faster than other generations, so companies must be more proactive in creating meaningful and personalized work experiences (Fernando & Zuraida, 2023); (Suyatmo et al., 2023; Zulkifli et al., 2022).

Finally, the results of this study provide practical implications for human resource management to focus on increasing employee engagement as a key retention strategy. Approaches that combine strengthening emotional engagement, developing cognitive commitment, and increasing social engagement can help organizations retain high-potential young talent. By understanding and meeting the specific needs of Millennials and Gen Z, companies can build a stronger and more sustainable work culture (Asria et al., 2025).

4. Conclusion

The results of this study conclude that all dimensions of employee engagement have a positive and significant influence on employee retention, with emotional involvement as the most dominant factor ($\beta = 0.68$; $p < 0.01$). The practical implications of this study emphasize the importance of developing holistic engagement programs, such as personalization training and interactive internal communication platforms, to increase employee loyalty of Millennials and Gen Z. The theoretical contributions of the research include an in-depth understanding of engagement mechanisms in the demographic context of the younger generation and Human Resources policy recommendations to strengthen retention strategies in the digital age. Emotional engagement, cognitive commitment, and social attachment, have a significant and positive influence on the retention intentions of Millennial and Gen Z employees. Thus, organizations that are able to manage and improve these three aspects of engagement holistically have great potential to retain young talent who are the backbone of the future workforce. Therefore, a human resource management strategy that focuses on increasing employee engagement is essential to create a work environment that supports the loyalty and long-term commitment of the Millennial and Gen Z generations.

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