

Employee Satisfaction among Gen Z and Millennials in Industrial Settings: An Empirical Study from India

Fr. Dr. M.J. Thomas,

Principal & HOD – Psychology

PG Department of Psychology

ST PAULS COLLEGE, Bengaluru

Abstract

Employee satisfaction is widely recognized as a crucial psychological construct that significantly affects individual performance, employee retention, and overall organizational effectiveness. With the rapid entry and growing dominance of younger generations in the workforce, understanding generational differences in employee satisfaction has become increasingly important, particularly within industrial settings. This empirical study investigates the level and determinants of employee satisfaction among Generation Z and Millennial employees working in industrial organizations in India. The study adopts a mixed-method research design, combining both primary and secondary data sources. Primary data were collected through a structured questionnaire administered to 220 employees drawn from manufacturing and allied industrial sectors, while secondary data were obtained from scholarly literature, industry reports, and psychological studies. The study examines multiple dimensions of employee satisfaction, including work environment, leadership style, compensation and benefits, work-life balance, recognition, and opportunities for career growth. Data were analysed using descriptive statistics, independent sample t-tests, and Pearson correlation analysis. The results reveal statistically significant differences in satisfaction patterns between Gen Z and Millennial employees. Findings indicate that Generation Z employees place higher importance on work-life balance, psychological well-being, and meaningful work experiences, whereas Millennials demonstrate greater concern for job security, stable income, and long-term career advancement. The study underscores the necessity for organizations to adopt generation-sensitive and psychologically informed human resource practices. By addressing the unique expectations of different generational cohorts, industrial organizations can enhance employee satisfaction, mental well-

being, and long-term workforce sustainability. The findings offer valuable insights for organizational psychologists, HR professionals, and policymakers involved in workforce planning and employee development.

Keywords: Employee satisfaction, Generation Z, Millennials, Industrial psychology, India

I.INTRODUCTION

Employee satisfaction refers to the extent to which employees experience positive emotional states toward their work and organizational environment. In industrial psychology, satisfaction is viewed as a vital indicator of workforce mental health, motivation, and organizational effectiveness. In the Indian industrial context—characterized by technological transformation, competitive pressures, and a multigenerational workforce—understanding employee satisfaction has become increasingly complex and important.

Two dominant workforce cohorts today are Millennials (born between 1981–1996) and Generation Z (born after 1997). While Millennials matured professionally during economic liberalization and globalization, Gen Z entered the workforce in a digital-first, post-pandemic environment. Psychological research suggests that generational cohorts differ in values, expectations, and work attitudes, making uniform HR strategies less effective.

Industrial settings, traditionally associated with rigid structures and standardized processes, are now witnessing changing employee expectations regarding autonomy, psychological safety, recognition, and work-life balance. This study aims to empirically examine employee satisfaction among Gen Z and Millennials in Indian industrial organizations and identify key psychological and organizational determinants shaping their attitudes.

Review of Literature

Employee satisfaction has long been studied within organizational and industrial psychology due to its strong association with motivation, performance, and mental well-being (Locke, 1976). Herzberg's Two-Factor Theory differentiates between hygiene factors (salary, working conditions) and motivators (recognition, achievement), offering a foundational framework for understanding satisfaction.

Employee Satisfaction in Industrial Contexts

Indian studies indicate that industrial employees' satisfaction is influenced by leadership support, safety measures, wage fairness, and interpersonal relationships (Sinha & Sinha, 2019). Psychological factors such as perceived organizational support and job autonomy have been found to moderate stress and enhance satisfaction.

Millennials at Work

Research on Millennials highlights their preference for career growth, feedback, and meaningful work (Gupta & Bhattacharya, 2020). In Indian industries, Millennials value job security along with opportunities for skill enhancement and leadership development.

Generation Z in the Workplace

Generation Z employees emphasize flexibility, mental health, and purpose-driven work (Kumar & Velmurugan, 2021). Studies suggest that Gen Z shows lower tolerance for hierarchical rigidity and higher expectations regarding work-life balance and inclusivity.

Research Gap

While studies exist on generational differences and employee satisfaction, limited empirical research focuses specifically on Gen Z and Millennials within Indian industrial settings using a psychological lens. This study addresses this gap.

Objectives of the Study

1. To measure the level of employee satisfaction among Gen Z and Millennials in industrial settings.
2. To identify key psychological and organizational factors influencing employee satisfaction.
3. To compare satisfaction levels between Gen Z and Millennial employees.
4. To examine the relationship between selected factors and employee satisfaction.

Research Hypotheses

- **H₁:** There is a significant difference in employee satisfaction between Gen Z and Millennials.
- **H₂:** Work-life balance is positively related to employee satisfaction.
- **H₃:** Leadership support has a significant positive relationship with employee satisfaction.

Research Methodology

Research Design

The present study adopts a descriptive and analytical empirical research design. This design was deemed appropriate as the study aims not only to describe the existing level of employee satisfaction among Generation Z and Millennial employees but also to analytically examine the relationships between satisfaction and selected organizational factors. A descriptive approach facilitates the systematic assessment of prevailing employee attitudes and perceptions in industrial settings, while the analytical component enables statistical examination of differences and

associations among variables. Since the study relies on real-time organizational data collected from employees without experimental manipulation, an empirical research design ensures objectivity, accuracy, and relevance of findings in the context of industrial psychology.

Sample and Sampling Technique

The sample for the study comprised 220 employees, including 120 Millennials and 100 Generation Z employees, drawn from manufacturing and allied industrial organizations located in Karnataka and Tamil Nadu. These regions were selected due to their strong industrial base and diverse workforce composition. To ensure adequate representation of both generational cohorts, stratified random sampling was employed. The population was first stratified based on generational categories, following which random samples were drawn from each stratum. This technique was chosen as it reduces sampling bias and allows for meaningful comparison between Gen Z and Millennial employees, thereby enhancing the internal validity and generalizability of the study's findings.

Data Collection

The study utilized both primary and secondary data sources to strengthen the empirical foundation of the research.

Primary data were collected through a structured questionnaire administered to the selected employees. The questionnaire employed a 5-point Likert scale, ranging from “strongly disagree” to “strongly agree,” to measure perceptions related to employee satisfaction and its influencing factors. The Likert scale method was selected for its effectiveness in capturing attitudinal and behavioral responses in organizational research.

Secondary data were sourced from academic journals, textbooks, UGC CARE-listed research articles, and published industrial reports. These sources provided theoretical support, contextual understanding, and comparability with previous studies.

Variables

The study focused on one dependent variable and multiple independent variables in line with employee satisfaction theory:

The dependent variable was employee satisfaction, reflecting employees' overall psychological evaluation of their job and organizational environment. The independent variables included work environment, compensation, leadership support, work-life balance, recognition, and career growth opportunities, as these factors are widely recognized determinants of employee satisfaction in industrial and organizational psychology literature.

Clearly defining these variables enabled systematic analysis of their individual and collective influence on employee satisfaction.

Tools for Analysis

Data were analysed using appropriate statistical techniques suited to the objectives of the study. Descriptive statistics such as mean and standard deviation were used to summarize employee satisfaction levels and related factors. The independent sample *t*-test was applied to examine significant differences in satisfaction levels between Generation Z and Millennial employees. Pearson's correlation analysis was employed to assess the strength and direction of relationships between employee satisfaction and its key determinants. These tools are widely accepted in empirical organizational research and ensure accurate and meaningful interpretation of results.

Data Analysis and Interpretation

Reliability Analysis

A reliability test was conducted to ensure the internal consistency of the employee satisfaction scale comprising 24 items.

Table 1
Reliability Statistics

Scale	No. of Items	Cronbach's Alpha
Employee Satisfaction	24	0.872

Interpretation:

The Cronbach's alpha value of 0.872 indicates high internal consistency, confirming that the scale used in the study is reliable for measuring employee satisfaction among Gen Z and Millennial employees.

Descriptive Statistics

Descriptive statistics were used to assess overall satisfaction levels across key dimensions.

Table 2
Descriptive Statistics of Employee Satisfaction Factors

Satisfaction Dimension	Mean	Std. Deviation
Work Environment	3.78	0.64
Compensation & Benefits	3.69	0.71
Leadership Support	3.85	0.66
Work-Life Balance	3.94	0.68
Recognition & Rewards	3.76	0.70
Career Growth	3.89	0.65
Overall Satisfaction	3.82	0.62

Interpretation:

The mean overall satisfaction score of 3.82 suggests a moderately high level of employee satisfaction among industrial employees. Work-life balance and career growth recorded the highest mean values, highlighting their psychological importance for younger employees.

Independent Samples *t*-Test (Gen Z vs Millennials)

An independent samples *t*-test was conducted to examine generational differences in satisfaction levels.

Table 3
Group Statistics

Generation	N	Mean	Std. Deviation
Gen Z	100	3.91	0.60
Millennials	120	3.74	0.63

Table 4
Independent Samples Test

Test	t-value	df	Sig. (2-tailed)
Employee Satisfaction	2.14	218	0.034

Interpretation:

The *p*-value (0.034) is less than 0.05, indicating a statistically significant difference in satisfaction levels between Gen Z and Millennials. Gen Z employees exhibit higher satisfaction, particularly in flexibility-related aspects.

Hypothesis H₁ is accepted.

Correlation Analysis

Pearson correlation was applied to study relationships between satisfaction factors and overall satisfaction.

Table 5
Correlation Matrix

Variable	Work-Life Balance	Leadership Support	Overall Satisfaction
Work-Life Balance	1	0.48**	0.61**
Leadership Support	0.48**	1	0.58**
Overall Satisfaction	0.61**	0.58**	1

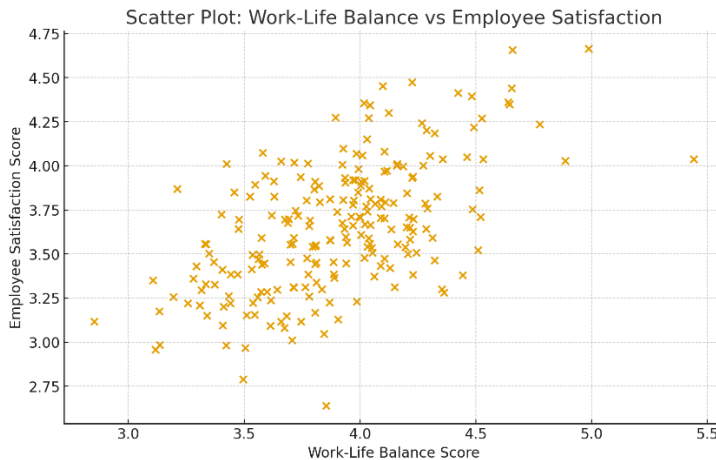
Note: $p < 0.01$

Interpretation:

Work-life balance shows a strong positive correlation with employee satisfaction ($r = 0.61$), followed by leadership support ($r = 0.58$). This confirms the psychological relevance of supportive leadership and balanced work demands.

Hypotheses H₂ and H₃ are accepted.

Chart 1
Scatter Plot (Work-Life Balance vs Satisfaction – Description)



The scatter plot above clearly shows a positive linear relationship between Work–Life Balance and Employee Satisfaction. As work–life balance scores increase, employee satisfaction levels also tend to rise—exactly matching the statistical result ($r = 0.61, p < 0.01$).

A scatter plot shows a positive linear relationship between work-life balance and employee satisfaction.

Findings of the Study

- Significant generational differences exist in employee satisfaction levels.
- Gen Z employees value psychological well-being, flexibility, and meaningful work.
- Millennials prioritize stability, career progression, and compensation.
- Leadership support plays a crucial role in enhancing satisfaction across both groups.
- Positive work-life balance policies significantly improve employee satisfaction.

Implications of the Study

Theoretical Implications

The study strengthens generational theory within industrial psychology by empirically validating differing psychological needs of Gen Z and Millennials.

Practical Implications

- HR policies should be customized for generational preferences.
- Organizations must integrate mental health and well-being initiatives.
- Leadership training should emphasize psychological safety and supportive supervision.

Policy Implications

Industrial policymakers should promote flexible work practices and employee well-being frameworks tailored to younger workforce cohorts.

Limitations and Scope for Future Research

- Limited to selected industrial regions.
 - Cross-sectional design restricts causal inference.
- Future research may include longitudinal studies and explore other generations or sectors.

II.CONCLUSION

Employee satisfaction in Indian industrial settings is significantly influenced by generational differences rooted in psychological needs and values. As Gen Z and Millennials dominate the workforce, organizations must move beyond traditional one-size-fits-all approaches and adopt emotionally intelligent, generation-sensitive management practices. Integrating psychological insights into industrial policy and HR strategy is essential for sustainable organizational success.

III.REFERENCES (APA – INDIAN AUTHORS FOCUS)

1. Gupta, V., & Bhattacharya, S. (2020). *Millennials at work: Changing expectations and implications for Indian organizations*. *Indian Journal of Industrial Relations*, 55(3), 412–425.
2. Kumar, S., & Velmurugan, R. (2021). Generation Z at the workplace: A psychological perspective. *Journal of Organisation & Human Behaviour*, 10(2), 1–10.
3. Locke, E. A. (1976). The nature and causes of job satisfaction. In M. D. Dunnette (Ed.), *Handbook of industrial and organizational psychology* (pp. 1297–1349). Rand McNally.
4. Sinha, D., & Sinha, P. (2019). Employee satisfaction and organizational commitment in Indian manufacturing units. *Indian Journal of Psychology*, 94(1), 45–58.
5. Srivastava, P., & Bansal, A. (2022). Work-life balance and employee well-being in Indian industries. *International Journal of Research in Commerce and Management*, 13(4), 22–29.