Millennial Generation Leadership in the Work Environment for Gen Z Employees, Case Study: Improving Performance Ability and Employee Loyalty

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Abstract
The differences in character between Millennial leaders and Gen Z employees are a new challenge in the multigenerational workplace. This study aims to understand how Millennial leadership styles affect Gen Z performance and loyalty. Through a qualitative approach based on literature studies, it was found that transformational leadership that is open, supportive, and flexible can increase Gen Z work engagement and commitment. However, its success is highly dependent on the leader's ability to understand the emotional and professional needs of this generation. This study highlights the importance of adapting leadership styles in building effective working relationships across generations.

Keywords: Millennial Leadership, Generation Z Employees, Employee Performance, Employee Loyalty, Multi-Generational Work Environment.

Introduction

In the face of a multigenerational workforce, the relationship dynamics between leaders and employees are becoming increasingly complex. Currently, there is a shift in organizational structure where the Millennial Generation is starting to occupy many leadership positions, while Generation Z is present as a new employee who dominates the workforce. The differences in characteristics, work values, and communication styles between these two generations are a challenge in creating a harmonious and productive work environment(Melinda, 2024).

Millennial leadership is often characterized by a style that is participative, transformational, and adaptive to technological change (Kent & Noviaty Kresna Darmasetiawan, 2023). On the other hand, Generation Z shows a tendency to seek meaning in work, value flexibility, and have relatively low loyalty to organizations compared to previous generations (Putri, 2024), This gap in values and expectations can have a direct impact on the performance and loyalty of Gen Z employees, which in turn affects organizational effectiveness.

In addition, a study by Yulianti showed that work motivation and emotional intelligence contribute to proactive work behaviors such as Organizational Citizenship Behaviour (OCB), which indirectly reflect employee loyalty and commitment. Thus, a leadership style that is able to foster a sense of being valued and empowered in Gen Z

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employees is an important factor in improving their performance and loyalty in the workplace (R et al., 2023).

Based on this background, this study aims to analyze how Millennial Generation leadership influences Generation Z employees, with a focus on improving performance and loyalty. This study is expected to contribute to the development of effective leadership strategies in the context of a multigenerational work environment.

Method

This research uses a qualitative approach with a literature review method to examine the leadership role of the Millennial generation towards Generation Z employees in the context of improving performance and loyalty in a multigenerational work environment. The literature study was chosen because it is able to provide an in-depth understanding of complex social phenomena by relying on analysis of various relevant written sources. The data sources in this study were collected from various national and international scientific journals, proceedings articles, books, and related organizational research reports published within the last four years (2020-2024). The selection of sources was done purposively by considering the relevance of the theme, the quality of the publication, and its relationship with the topic of leadership, Millennial generation, Gen Z, and the dynamics of intergenerational working relationships. The data analysis process was conducted using content analysis techniques to identify patterns, themes, and relationships between concepts in the various literature reviewed. The main focus of the analysis was on Millennial leadership styles, Gen Z work characteristics, and the impact of leadership on performance aspects and employee loyalty. The findings from various sources are then synthesized to draw conceptual conclusions that can be used as references for managerial practices and future research.

Results and Discussion

Millennial leadership plays a strategic role in shaping a productive and harmonious work climate for Gen Z employees. The leadership style applied by Millennials tends to be transformational, which includes inspirational motivation, individualized attention, and intellectual stimulation. This style is proven to be able to increase Gen Z's motivation and engagement at work, because they feel personally valued and are given space to innovate and develop (Nababan et al., 2024).

Cross-generational collaboration can be effective when leaders understand the character and preferences of each generation. Millennials who are now many leaders have advantages in flexibility of thinking, openness to change, and utilization of technology. This is very suitable with the character of Gen Z who grew up in a digital environment and prioritizes efficiency, autonomy, and meaning at work (Santoso & Putra, 2024).

However, challenges arise when Millennial leadership styles are not accompanied by empathy and two-way communication. Gen Z has a tendency to feel bored quickly if the work environment is monotonous or authoritarian, and they are not averse to switching jobs if they do not feel valued or emotionally connected to their workplace (Maharani, 2025). Therefore, Millennial leaders need to create an inclusive and supportive workspace, and prioritize flexibility in work patterns.

The results of research conducted at GoTo Group show that digital leadership carried out by young leaders can have a significant influence on the performance of Gen Z employees. Digital literacy and technology-based leadership are the keys to success in building effective communication and work efficiency (Khaira & Airlangga, 2024).

In addition, aspects of the non-physical work environment such as positive social relationships, open communication, and recognition of individual contributions also greatly influence Gen Z's loyalty. Gen Z tends to be more loyal to organizations that provide space to develop personally and professionally, and that value work-life balance (Panggabean & Satwika, 2024). Job satisfaction has also proven to be an important mediating variable in shaping Gen Z loyalty. A supportive work environment, healthy organizational culture, and career development opportunities encourage job satisfaction which then impacts long-term loyalty (Yang & Dini, 2023). This suggests that Millennial leadership must be able to design work strategies that not only pursue productivity, but also create meaningful work experiences for young employees.

Finally, Gen Z's preference for an open, communicative and supportive leadership style indicates that Millennials as leaders should avoid overly instructional or rigid approaches. Coaching-based and collaborative leadership is considered more effective in increasing Gen Z's loyalty and performance (Nababan et al., 2024). Research by Triyanto et al. (2024) shows that work flexibility has a positive impact on work-life balance and increases organizational commitment, especially in the Millennial and Gen Z generations. When this balance is met, loyalty and productivity of young employees increase significantly (Jurnal et al., 2024). The study by Waworuntu et al. (2022) also shows that work-life balance and job satisfaction consistently influence the performance of generation Z and Millennial employees. These generations tend to seek a work environment that supports flexibility, recognition, and transparent communication (Waworuntu et al., 2022).

Conclusion

This research shows that Millennial leadership has a significant influence in shaping the work behavior, performance, and loyalty of Generation Z employees in a multigenerational work environment. The transformational leadership styles exhibited by Millennials-such as providing motivation, personal attention, and space for idea exploration-are successful in encouraging Gen Z to engage more actively, feel valued, and increase their tangible contributions to the organization. However, the success of such leadership relies heavily on the extent to which Millennial leaders understand the character of Gen Z who highly value flexibility, work meaning, and work-life balance. When a Millennial's leadership style is not inclusive, communicative, or unilaterally instructive, the potential for emotional distance between leaders and employees is high-which ultimately results in low loyalty. The synthesis of various studies shows that a supportive work environment, optimal use of technology, and a healthy organizational culture are necessary to accommodate Gen Z expectations. Job satisfaction and effective two-way communication are important elements that mediate the relationship between Millennial leadership style and young employee loyalty. Therefore, a leadership approach that incorporates openness, coaching, and employee

empowerment is a recommended strategy in building sustainable and high-performing working relationships in this cross-generational work era.

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