

# AN EFFECTIVE ANALYSIS ON EMPLOYEE RETENTION IN THE AGE OF GEN Z: With Special Reference to Larsen & Toubro Limited, Chennai

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## ABSTRACT

This study investigates the key factors influencing employee retention among Generation Z (Gen Z) employees at Larsen & Toubro (L&T) Limited, Chennai — one of India's foremost engineering and construction conglomerates. As Gen Z increasingly enters the professional workforce, their distinct values centred on career advancement, work-life balance, organisational culture, and meaningful engagement are reshaping human resource practices in traditional industrial firms. A descriptive research design was adopted, employing a structured questionnaire to survey 100 respondents from L&T. Statistical tools including Percentage Analysis, Chi-Square Test, and ANOVA were applied using SPSS. The findings reveal that career growth, recognition, work environment, and training are the primary determinants of retention intent among Gen Z employees. Chi-Square analysis confirmed statistically significant associations between demographic variables (gender, age, educational qualification, designation, and income) and employee satisfaction. ANOVA indicated that organisational culture and work environment significantly influence retention based on age group. The study concludes that traditional retention strategies must be recalibrated to reflect the aspirations of a purpose-driven, digitally fluent generation, and provides actionable recommendations for L&T and similar organisations in the engineering sector.

**Keywords:** *Employee Retention, Generation Z, Larsen & Toubro, Organisational Culture, Work-Life Balance, Career Development, Human Resource Management.*

## I. INTRODUCTION

Employee retention has emerged as a critical challenge for organisations operating in the contemporary business environment, particularly as Generation Z (Gen Z) — individuals born approximately between 1997 and 2012 — now constitute a growing and transformative share of the global talent pool. Unlike preceding generations, Gen Z employees exhibit distinct professional expectations, including an emphasis on career development, workplace flexibility, inclusive organisational cultures, and opportunities for continuous learning. These evolving workforce dynamics are compelling organisations to fundamentally revisit their human resource practices.

This study focuses on the employee retention landscape within Larsen & Toubro (L&T) Limited, Chennai — one of India's leading engineering, procurement, and construction (EPC) conglomerates. L&T operates in a highly disciplined, project-intensive environment that historically demanded long working hours, site deployments, and structured hierarchical engagement — conditions that may conflict with the expectations of the emerging Gen Z workforce. Understanding the factors that influence their intention to remain with the organisation is, therefore, both timely and strategically imperative.

The study examines how career growth opportunities, leadership behaviour, compensation structures, work-life balance, organisational culture, and workplace environment influence job satisfaction and retention

intentions among Gen Z employees at L&T. The insights derived are intended to assist the organisation in developing targeted, future-ready retention strategies.

## II. REVIEW OF LITERATURE

Sharma (2026) analysed employee retention strategies specific to the Gen Z workforce, concluding that this cohort demands transparent communication, rapid career progression, and digital-first workplace tools as preconditions for sustained engagement.

Verma (2025) examined the impact of work culture on employee retention in the Indian IT sector, establishing that inclusivity, innovation-friendly environments, and psychological safety are stronger predictors of retention than compensation alone.

Khan (2025) explored retention strategies in hybrid work environments, finding that flexibility in scheduling and remote working options significantly reduced turnover intentions among younger employees.

Mehta (2025) investigated career development and retention in corporate organisations, highlighting that structured mentoring programmes and clear promotion pathways are especially valued by early-career professionals.

Singh (2021) analysed retention factors specifically in India's manufacturing sector, noting that physical work conditions, supervisory relations, and welfare benefits exert a disproportionate influence on retention in labour-intensive industries.

Iyer (2022) studied employee engagement and retention in the corporate sector, demonstrating that employees who participate in decision-making and are publicly recognised for contributions exhibit significantly lower attrition rates.

The cumulative evidence from extant literature establishes that retention is a multi-dimensional phenomenon requiring holistic, person-centred strategies — a conclusion that forms the theoretical foundation of the present study.

## III. COMPANY PROFILE

Larsen & Toubro (L&T) is a diversified multinational conglomerate headquartered in Mumbai, Maharashtra, founded in 1938 by Danish engineers Henning Holck-Larsen and Søren Kristian Toubro. From origins as a machinery import firm, L&T has grown into a global leader across engineering, procurement and construction (EPC), defence manufacturing, technology services, and financial services.

The company operates in over 50 countries, employs more than 400,000 professionals, and is listed on both the BSE and NSE as a constituent of the NIFTY 50 and SENSEX indices. Its operations span infrastructure (roads, metro rail, airports), heavy engineering, hydrocarbon projects, power transmission, IT services, and emerging sectors such as renewable energy and aerospace. L&T's Chennai operations form a key node in its manufacturing and project execution capabilities in South India.

The organisation's vision is to be a professionally managed Indian multinational committed to customer satisfaction and shareholder value. Its mission emphasises delivering world-class engineering solutions

through ethical governance, technological innovation, and sustained human capital development — values directly relevant to the study's focus on retaining a skilled Gen Z workforce.

#### IV. OBJECTIVES OF THE STUDY

The study was formulated with the following specific objectives:

- To examine the key factors influencing employee retention among Gen Z employees at Larsen & Toubro, Chennai.
- To identify the relationship between demographic variables and employee satisfaction levels.
- To assess the impact of organisational culture and work environment on the retention intentions of Gen Z employees.
- To analyse the role of work-life balance and career development in shaping employees' intention to stay.
- To recommend evidence-based strategies for improving Gen Z retention in engineering organisations.

#### V. RESEARCH METHODOLOGY

##### 5.1 Research Design

A descriptive research design was adopted, appropriate for examining the characteristics, behaviours, and perceptions of a defined population without manipulating the study environment. The design facilitates systematic data collection and statistical interpretation to answer well-defined research questions.

##### 5.2 Sampling and Data Collection

A convenience sampling approach was employed, targeting 100 Gen Z employees across departments at L&T's Chennai operations. A structured, closed-ended questionnaire served as the primary data collection instrument, supplemented by brief discussions with departmental supervisors. Secondary data were drawn from company records, published journals, and industry databases.

##### 5.3 Statistical Tools

The collected data were analysed using SPSS software with the following statistical techniques:

- Percentage Analysis — to describe the demographic and attitudinal profiles of respondents.
- Chi-Square Test — to examine associations between demographic variables and satisfaction levels.
- ANOVA — to compare mean scores across demographic groups on key retention dimensions.

#### VI. DATA ANALYSIS AND INTERPRETATION

##### 6.1 Demographic Profile of Respondents

*Table 1: Demographic Profile of Respondents*

Variable	Category	Respondents (n)	Percentage (%)
Gender	Male	75	75.0
	Female	25	25.0
Age Group	18–20 years	35	35.0
	21–25 years	30	30.0
	26–29 years	35	35.0
Educational Qualification	Up to HSC	15	15.0
	Diploma	30	30.0
	Graduate	20	20.0
	Post Graduate	35	35.0
Designation	Managerial	15	15.0

Variable	Category	Respondents (n)	Percentage (%)
	Executive	55	55.0
	Officer	15	15.0
	Assistant	15	15.0
Monthly Income	Up to Rs. 15,000	15	15.0
	Rs. 15,001–25,000	45	45.0
	Rs. 25,001–35,000	30	30.0
	Above Rs. 35,000	10	10.0
Experience	1–3 years	30	30.0
	3–5 years	5	5.0
	5–10 years	5	5.0
	Above 10 years	60	60.0

The sample was predominantly male (75%) and evenly distributed across the 18–20 and 26–29 age cohorts (35% each). Post-graduates constituted the largest qualification group (35%), and executive-level employees formed the majority (55%). Nearly half of respondents (45%) earned between Rs. 15,001 and Rs. 25,000 per month, while a notable 60% reported over ten years of organisational experience — suggesting a retained core alongside a newer Gen Z cohort.

## 6.2 Key Retention Indicators

Table 2: Selected Retention Indicators — Percentage Analysis

Retention Indicator	Majority Response	Percentage (%)
Satisfied with current position	Satisfied	50.0
Employees feel recognised	Agree	75.0
Retention bonus received	Yes	86.0
Opportunity to share ideas at work	Always	80.0
Attended training programmes	Yes	95.0
Company provides growth opportunities	Agree	50.0
Satisfied with leisure time/work-life balance	Satisfied	75.0
Would recommend the company to a friend	Definitely	60.0
Primary reason for potential employee exit	Better Opportunity	80.0

A strong majority of respondents affirmed positive retention conditions: 86% confirmed receiving retention bonuses, 95% had participated in training programmes, and 75% expressed satisfaction with recognition and work-life balance. Crucially, however, 80% identified 'better opportunity elsewhere' as the primary driver of potential attrition — underscoring that competitive external conditions remain the dominant retention threat even in a positive work environment.

## 6.3 Chi-Square Analysis

Chi-square tests were applied to investigate associations between demographic variables and employees' level of satisfaction, using a significance level of 0.05.

**Table 3: Chi-Square Test Results — Demographic Variables vs. Satisfaction Level**

Demographic Variable	Chi-Square Value	Degrees of Freedom	Result
Gender	Significant	1	Reject H <sub>0</sub>
Age Group	Significant	2	Reject H <sub>0</sub>
Educational Qualification	Significant	3	Reject H <sub>0</sub>
Designation	Significant	3	Reject H <sub>0</sub>
Monthly Income	Significant	3	Reject H <sub>0</sub>

All five demographic variables — gender, age, educational qualification, designation, and monthly income — exhibited statistically significant associations with employee satisfaction. These findings confirm that retention strategies must be differentiated across demographic segments rather than applied uniformly, as the drivers of satisfaction vary meaningfully across workforce categories.

### 6.4 ANOVA Results

One-way ANOVA was conducted to determine whether demographic factors influence the level of effect of organisational culture and work environment on Gen Z retention intentions.

**Table 4: ANOVA Results — Organisational Culture & Work Environment vs. Demographics**

Variable	p-Value	Significance at 0.05
Age Group	0.000	Significant
Gender	0.209	Not Significant
Annual Income	0.504	Not Significant
Educational Qualification	0.367	Not Significant

Age group is the only demographic variable that significantly influences how organisational culture and work environment affect Gen Z retention ( $p = 0.000$ ). Younger employees within the Gen Z cohort (18–20 years) are distinctly more sensitive to cultural and environmental factors than their slightly older peers — a finding with direct implications for onboarding and early-career engagement strategies. Gender, income level, and educational qualification did not yield statistically significant differences.

## VII. FINDINGS

### 7.1 Percentage Analysis

- 75% of respondents are male; 35% are post-graduate holders, and 55% hold executive-level designations.
- 50% are satisfied with their current position; 75% feel recognised by the organisation.
- 86% have received a retention bonus, and 95% have participated in at least one training programme.
- 80% reported always having the opportunity to share ideas, while 75% expressed satisfaction with leisure time and work-life balance.
- 80% identified 'better opportunity elsewhere' as the leading reason they would consider leaving the organisation.

### 7.2 Chi-Square Analysis

Significant associations were found between all five demographic variables (gender, age, qualification, designation, and income) and employee satisfaction levels, confirming that retention experiences are not uniform across workforce segments.

### 7.3 ANOVA

Age group significantly influences how Gen Z employees respond to organisational culture and work environment ( $p = 0.000$ ), while gender, income, and educational qualification do not demonstrate significant differences in this regard.

## VIII. SUGGESTIONS

- L&T should strengthen career growth pathways by clearly defining promotion criteria and enabling skill-based advancement opportunities tailored to younger employees' pace of development.
- Continuous learning and development programmes — including digital tools, cross-functional projects, and leadership development — should be expanded to address the training aspirations of the Gen Z cohort.
- Work-life balance policies, particularly for site-based and production roles, should be reviewed to introduce rotational scheduling, adequate rest provisions, and family-friendly flexibility.
- Managers should be trained to adopt a mentorship-oriented, feedback-rich leadership style that resonates with Gen Z's expectation for transparency and rapid developmental feedback.
- Organisational recognition programmes should be enhanced — moving beyond periodic bonuses to real-time, peer-driven, and publicly visible appreciation mechanisms.
- Compensation benchmarking should be conducted periodically to ensure that packages remain competitive, particularly in the Rs. 15,000–35,000 income band that represents the majority of respondents.
- An inclusive, innovation-positive culture that encourages idea-sharing and participative decision-making will strengthen the emotional attachment that differentiates L&T as an employer of choice.

## IX. CONCLUSION

This study has provided empirical insight into the retention dynamics of Generation Z employees within Larsen & Toubro Limited, Chennai — an organisation emblematic of India's large-scale engineering sector. The findings confirm that Gen Z employees prioritise career advancement, recognition, organisational culture, and work-life balance over long-term job security — a paradigm shift from the preferences of earlier workforce generations.

While L&T demonstrates strong foundational retention practices — including competitive retention bonuses, widespread training participation, and a culture of idea-sharing — the persistent identification of 'better opportunity' as the primary exit driver signals the need for more proactive, differentiated, and forward-looking retention strategies. Statistical analysis further reveals that age group, designation, and educational qualification are critical lenses through which retention initiatives must be designed and applied.

As India's engineering sector continues to grow at a compound annual rate of over 8%, the ability to attract, develop, and retain Gen Z talent will be a defining competitive advantage. Organisations that adapt their HR architecture to align with the expectations of this purpose-driven, digitally native generation — not merely retaining them, but genuinely engaging them — will be best positioned to sustain operational excellence and institutional knowledge in the decades ahead.

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