

Generation Z as a Transformative Workforce: Skill Demands, Work Expectations, and Talent Retention Challenges in Georgia

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Abstract

The rapid entry of Generation Z into the labour market has fundamentally transformed traditional understandings of work culture and human resource management. International research consistently shows that Generation Z is not merely adapting to existing organizational structures but actively reshaping them by introducing new expectations related to flexibility, technological integration, career development, and value-based organizational culture (Deloitte, 2024; Cilliers, 2017).

This study examines the role of Generation Z as a transformative workforce in the Georgian context and explores how their expectations and behavioural patterns influence organizational practices and HR management strategies. The research is based on a multi-stage qualitative design conducted in 2025, including in-depth interviews with HR experts, focus group discussions with HR managers from leading companies operating in Georgia, and validation interviews with HR specialists.

Findings indicate that organizations in Georgia face increasing challenges in attracting and retaining young talent due to changing employment preferences, including a strong orientation toward flexible work, higher salary expectations, and declining interest in traditionally prestigious sectors characterized by rigid work structures. At the same time, companies report growing demand for new competencies, particularly in digital, AI-related, and analytical domains (World Economic Forum, 2023; OECD, 2023).

The study highlights the need for strategic HR transformation and labour market adaptation to ensure effective integration of Generation Z into the workforce.

Keywords

Generation Z; Labour Market Transformation; HR Management; Talent Retention; Future Skills; Remote Work; Organizational Culture; Georgia

Introduction

The entry of Generation Z (individuals born after approximately 1995) into the labour market represents a fundamental structural shift in workforce composition, organizational culture, and employment relations. As the youngest cohort of employees, Generation Z demonstrates distinct expectations toward employment, including flexibility, technological integration, and meaningful work environments (Deloitte, 2024; Cilliers, 2017).

Globally, labour markets are undergoing rapid transformation driven by digitalization, the expansion of remote work, and cross-border employment opportunities (Kniffin et al., 2021). These developments have increased labour mobility, particularly among younger workers, enabling them to access international employment markets without physical relocation (ILO, 2024).

Empirical research demonstrates that Generation Z prefers flexible, hybrid, and remote work arrangements, with autonomy and work–life balance playing a crucial role in job satisfaction and retention (Allen et al., 2015; Gajendran & Harrison, 2007). These trends challenge traditional organizational models based on fixed working hours and hierarchical management structures.

In transitional labour markets such as Georgia, these global transformations create additional structural pressures. Local organizations increasingly face difficulties in attracting and retaining young professionals, who often prefer freelance work, digital employment, or remote positions in international companies offering more competitive compensation and flexible conditions. This trend is increasingly documented in emerging labour markets, where cross-border digital employment expands opportunities for young professionals (World Bank, 2023; ILO, 2024).

Simultaneously, technological transformation is reshaping labour market requirements, increasing demand for digital literacy, analytical thinking, and AI-related competencies (World Economic Forum, 2023; OECD, 2023).

Against this background, the present study explores how HR professionals in Georgia perceive Generation Z as a transformative workforce and how organizations respond to emerging expectations and competency demands.

Literature Review

Generation Z as a Transformative Workforce

Recent academic literature conceptualizes Generation Z as a cohort that actively reshapes organizational culture rather than passively adapting to it (Seemiller & Grace, 2016; Deloitte, 2024). Studies show that Gen Z employees prioritize flexibility, digital work environments, fair compensation, and continuous professional development (Cilliers, 2017; Iorgulescu, 2016).

Furthermore, Gen Z evaluates employers not only through economic benefits but also through organizational values, inclusivity, and social responsibility, reflecting a shift toward purpose-driven employment models (Deloitte, 2024).

Work Expectations and Employment Preferences

Empirical research consistently demonstrates that Generation Z strongly prefers flexible and hybrid work arrangements (Allen et al., 2015; Gajendran & Harrison, 2007). Flexibility, remote work opportunities, and autonomy significantly influence job satisfaction and retention intentions.

Additionally, Gen Z places high importance on work–life balance, mental well-being, and supportive organizational culture (Deloitte, 2024). Leadership style and organizational climate significantly influence retention and engagement among young employees.

Skill Transformation and Future Competencies

Technological development, particularly the expansion of artificial intelligence and digital systems, is reshaping labour market skill requirements. Organizations increasingly demand competencies in digital literacy, data analysis, and adaptive problem-solving (World Economic Forum, 2023; OECD, 2023).

At the same time, Generation Z expects continuous learning and professional development opportunities as part of employment packages (Cilliers, 2017). Consequently, organizations are investing more in training, reskilling, and talent development strategies.

Talent Retention and Employer Branding

Research indicates that Generation Z is motivated by recognition, well-being, opportunities for skill development, and meaningful work (Backhaus & Tikoo, 2004; Berthon et al., 2005).

However, Gen Z also demonstrates higher job mobility and lower organizational loyalty compared to previous generations, making talent retention a critical strategic challenge for employers (Deloitte, 2024). At the same time, research suggests that loyalty can be increased when organizations provide meaningful work, development opportunities, and flexible work environments (Deloitte, 2024).

Methodology

The study employed a qualitative multi-stage research design aimed at exploring emerging workforce transformations from the perspective of HR professionals in Georgia.

The research was conducted between spring and autumn 2025 and consisted of three consecutive stages:

Stage 1 – in-depth expert interviews

Seven in-depth interviews were conducted with HR professionals and human capital development experts who are both experienced practitioners and active contributors to academic and professional HR development in Georgia.

Stage 2 – focus group discussions

Four focus group discussions were conducted with more than 20 HR managers representing leading companies operating in Georgia for over 15 years. The sample included both locally established companies and Georgian branches of international corporations such as Radisson Red, L’Occitane, and Honeywell Cement.

Stage 3 – validation interviews

Three additional semi-structured interviews were conducted with HR specialists to validate and refine the emerging themes identified during earlier stages of the research.

All qualitative data were analyzed using thematic analysis. Initial coding was conducted based on recurring patterns in HR professionals’ responses, followed by the development of higher-order thematic categories related to workforce expectations, talent attraction challenges, and emerging competency requirements.

The study focuses on organizational perspectives and reflects the views of HR professionals operating primarily in the Georgian private sector.

Findings

Changing Work Attitudes and Motivational Structures

A central finding emerging across all focus group discussions concerns a fundamental transformation in how Generation Z employees perceive work and employment. HR professionals consistently emphasized increasing difficulties in attracting and retaining young talent due to shifting expectations and motivational structures.

Participants noted a declining alignment between Generation Z and traditional work models, particularly regarding fixed working hours and hierarchical organizational structures. As one HR manager observed, organizations are increasingly required to adapt to multigenerational workforce environments and diversify their management approaches.

A particularly salient trend across multiple focus groups concerns the increasing dominance of financial motivation in employment decisions. Respondents highlighted that young professionals prioritize salary levels over long-term career planning, often making employment decisions based primarily on immediate financial benefits. This shift contributes to higher employee mobility, with young workers frequently changing jobs in pursuit of better compensation packages.

Expectations of Accelerated Career Advancement

Another prominent theme concerns expectations of rapid career progression. HR professionals reported that Generation Z employees often expect promotions and advancement within significantly shorter timeframes compared to traditional organizational norms.

This creates a structural tension between organizational career development frameworks, typically based on tenure and progressive skill accumulation, and generational expectations of rapid advancement. Organizations increasingly respond by intensifying internal mobility opportunities; however, HR managers also expressed concern about the long-term sustainability of such accelerated promotion practices.

Sectoral Skill Gaps and Educational Mismatch

The research further revealed significant sector-specific challenges, particularly in technical and production-oriented industries. HR professionals reported declining interest among younger individuals in vocational and technical education pathways, leading to shortages of qualified technical staff.

As a result, organizations are increasingly investing in internal training programs to compensate for these skill gaps. This indicates a growing disconnect between labour market demands and educational choices among Generation Z, requiring organizations to assume a more active role in workforce skill development.

Organizational Adaptation and HR Transformation

A recurring finding across the data concerns the level of organizational readiness for integrating Generation Z into the workforce. Organizations where HR functions remain limited to administrative tasks face greater difficulties in managing generational change.

The findings indicate a shift toward a more strategic role of HR, involving employer branding, talent development, workplace flexibility, and organizational culture transformation. Generation Z expectations for flexibility, continuous feedback, meaningful work, and personalized career paths are pushing organizations toward more employee-centered and adaptive management models.

Importantly, while HR professionals identified significant challenges associated with generational change, they also recognized Generation Z as a catalyst for organizational modernization. The pressure to adapt to younger employees' expectations is contributing to broader organizational transformation, including improved communication, increased transparency, and more flexible work arrangements.

Discussion

The findings of this study demonstrate that Generation Z is not merely integrating into existing organizational systems but actively transforming them. The Georgian case reflects broader global labour market transformations associated with digitalization, increased labour mobility, and the normalization of remote work (Kniffin et al., 2021; Deloitte, 2024).

First, the strong emphasis on financial motivation and job mobility identified in the empirical data aligns with international research indicating that Generation Z tends to prioritize immediate financial benefits and flexible employment arrangements over long-term organizational loyalty (Deloitte, 2024; Iorgulescu, 2016). The findings suggest that in the Georgian labour market, this trend is intensified by the availability of remote employment opportunities in international markets, which increases competitive pressure on local organizations.

Second, the expectation of accelerated career progression identified by HR professionals reflects generational differences in career perception and time horizons. Existing research indicates that Generation Z expects continuous feedback, rapid skill development, and visible career growth (Cilliers, 2017). The tension observed between traditional hierarchical career models and Gen Z expectations in Georgian organizations confirms similar patterns documented in international literature.

Third, the mismatch between vocational education pathways and labour market needs identified in the findings reflects a broader global challenge. Research on future skills emphasizes that organizations increasingly compensate for educational system gaps through internal training and reskilling initiatives (World Economic Forum, 2023; OECD, 2023). The Georgian case illustrates how these global structural transformations manifest in transitional economies.

Finally, the findings highlight a structural transformation of HR functions from administrative units toward strategic organizational actors. This shift corresponds with international research emphasizing the increasing importance of employer branding, organizational culture design, and talent development in attracting and retaining younger employees (Backhaus & Tikoo, 2004; Berthon et al., 2005).

Overall, Generation Z emerges not only as a challenging workforce cohort but as a catalyst for organizational modernization. Their expectations accelerate the transition toward more flexible, transparent, and employee-centered organizational models, which may ultimately enhance organizational adaptability and innovation capacity.

Limitations

This study has several limitations that should be acknowledged.

First, the research reflects exclusively the organizational perspective, as data were collected only from HR professionals. The study does not include direct empirical data from Generation Z employees themselves. Consequently, the findings represent how organizations perceive and interpret generational changes rather than how Gen Z individuals subjectively experience them. To address this limitation, the literature review incorporates international research reflecting Generation Z perspectives.

Second, the study focuses primarily on the private sector, as HR practices in Georgian public institutions are typically more standardized and less autonomous. Therefore, the findings may not fully represent dynamics within the public sector. The study also focuses on organizations operating in urban economic centers, which may not fully reflect rural labour market dynamics.

Third, the research design is qualitative and exploratory, which limits the generalizability of the results. However, the multi-stage design, including expert interviews, focus groups, and validation interviews, enhances the credibility and depth of the findings.

Future research should incorporate mixed-method approaches and include direct surveys or interviews with Generation Z employees in Georgia to provide a more comprehensive understanding of generational workforce transformations.

Conclusion

The present study demonstrates that Generation Z is emerging as a transformative force in the Georgian labour market, fundamentally reshaping work expectations, career models, and organizational practices.

The findings reveal four key structural shifts:

- (1) increasing dominance of financial motivation and job mobility,
- (2) expectations of accelerated career progression,
- (3) misalignment between educational pathways and labour market needs, and
- (4) the growing need for strategic HR transformation.

These transformations create significant challenges for organizations but also provide opportunities for modernization and increased competitiveness. Organizations that demonstrate greater flexibility, invest in employee development, and adopt strategic HR practices are better positioned to attract and retain young talent.

From a policy perspective, the findings suggest the need for stronger alignment between educational systems and labour market requirements, as well as increased support for vocational and technical education pathways. From an organizational perspective, companies must move beyond traditional hierarchical models and adopt more agile, employee-centered management approaches.

Overall, Generation Z should not be perceived solely as a disruptive workforce cohort but rather as a catalyst for positive organizational transformation, accelerating the development of more adaptive, innovative, and future-oriented labour market structures in Georgia.

Disclosure Statement

The authors used ChatGPT (OpenAI) as a language editing and structuring support tool during the preparation of this manuscript. All research design, data collection, analysis, and conclusions are solely the responsibility of the authors.

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