

Extrinsic Motivation vs. Intrinsic Motivation: Dynamics of Influence on Millennial Generation and Generation Z Employees

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ABSTRACT

This article reviews literature examining the impact of extrinsic and intrinsic motivation on Millennial and Gen Z employees. As workplaces evolve under the influence of technology and globalization, the work expectations of these two generations continue to shift. This literature review employs a descriptive qualitative approach to evaluate previous studies on extrinsic and intrinsic motivation in Millennials and Gen Z. The primary goal of this approach is to present and synthesize various research findings related to the dynamics of motivation between these two generations. This literature review analyzes research comparing the effectiveness of both types of motivation, evaluating both classic and modern motivational theories, and provides recommendations for human resource managers to effectively manage a multigenerational workforce.

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1. INTRODUCTION

In a changing work environment due to technological development, globalization, and changing social dynamics, employee motivation is one of the key factors affecting organizational productivity and performance. Motivation theory, which falls into two main categories-intrinsic and extrinsic motivation-has long been the focus of research in the study of organizational behavior and human resource management.

As times change, we see Millennials and Generation Z increasingly dominating the labor market. Generation Z, born between 1997 and 2012, has entered the workforce with renewed vigor and expectations. On the other hand, Millennials, who now occupy many

leadership positions, bring valuable experiences and perspectives.

However, the presence of these two generations also creates challenges for companies, especially in meeting their different expectations. Generation Z prioritizes flexibility, work-life balance, and meaningful work. Meanwhile, Millennials, with their experience, seek constructive feedback and opportunities for growth.

Motivated employees will put forth their best effort in completing assigned tasks, which can lead to improved job performance [1]. Individuals with high motivation do not experience difficulty when handling their tasks; they will strive to achieve the best possible outcomes. Furthermore, they

continuously seek to develop themselves in their work. Motivation also encourages employees to become more engaged in their jobs and company activities. This enthusiasm is reflected in lower resignation rates, perfect attendance, and positive relationships with colleagues. These are just a few reasons why motivation is crucial [17].

While there are similarities in the values these two generations hold, their motivational dynamics in the workplace still vary. Millennials tend to be more influenced by intrinsic motivations, such as personal achievement and self-development. Meanwhile, Generation Z seems to be more responsive to extrinsic motivations, especially in terms of financial compensation and job security, although they also value meaningful work.

These changes pose new challenges for organizations in managing a multigenerational workforce. Ignoring different motivational preferences can potentially decrease employee engagement, satisfaction and productivity. Conversely, understanding the dynamics between intrinsic and extrinsic motivations and how they differ across generations can help organizations create more effective work environments that support employee growth.

In this research, we will explore strategies and best practices to optimize the performance of these two generations, focusing on extrinsic motivation and intrinsic motivation. This study is important to explore the differences and similarities in the influence of extrinsic and intrinsic motivation on Millennial and Generation Z employees, and the implications for human resource management strategies in modern companies.

2. LITERATURE REVIEW

Research on employee motivation has extensively examined two main forms of motivation, namely intrinsic and extrinsic motivation. Intrinsic motivation focuses on internal drives such as satisfaction from the job itself, while extrinsic motivation is related to external factors such as financial rewards

and recognition. However, differences in generational characteristics of employees, particularly between Millennials and Generation Z, add complexity to understanding how these motivations work. This literature review will explore theories of motivation and how the dynamics between intrinsic and extrinsic motivation affect both generations in the workplace.

2.1 Extrinsic Motivation

Extrinsic motivation is the external drive to do or not do a job [2]. Extrinsic motivation comes from factors outside the individual, such as financial rewards, recognition, or the threat of punishment.

Extrinsic motivation refers to the drive to perform an action that originates from external rewards or pressures, rather than the inherent enjoyment of the activity itself. According to Ryan and Deci [3], extrinsic motivation occurs when individuals engage in tasks to achieve outcomes separate from the task, such as financial rewards, praise, or avoiding punishment. In their Self-Determination Theory (SDT), they emphasize that while extrinsic motivators can enhance performance, their effectiveness increases when individuals perceive some degree of autonomy over the actions taken.

Amabile [4] describes extrinsic motivation as being driven by tangible rewards like salaries or recognition, which can positively impact performance, particularly when implemented with a thoughtful strategy. While extrinsic motivators may not directly fuel intrinsic satisfaction, Amabile argues that they can still encourage behaviour aligned with external expectations.

Grant [18] adds that although extrinsic motivation is often linked to short-term performance gains, it can positively influence workplace behaviour, particularly when combined with intrinsic motivation in environments requiring creativity and innovation.

Example:

- Bonuses and Incentives: Financial rewards given based on performance.

- Promotion: Promotion as a reward for good performance.
- Recognition: Public recognition or appreciation for good work, such

2.2 Intrinsic Motivation

Intrinsic motivation is motivation that comes from within the individual, driven by the satisfaction or happiness derived from the activity itself, not from external rewards.

Intrinsic motivation refers to the internal drive to engage in an activity because it is inherently interesting, enjoyable, or satisfying, rather than for some separable outcome. Ryan and Deci [3], in their Self-Determination Theory (SDT), describe intrinsic motivation as the pursuit of activities for their own sake, driven by personal interest and the desire for growth, mastery, and autonomy. They argue that intrinsic motivation is linked to greater creativity, engagement, and long-term well-being.

Amabile [4] also highlights intrinsic motivation as crucial for creativity, asserting that people are most likely to be creative when they are driven by the interest, enjoyment, satisfaction, or challenge of the task itself. According to Amabile, intrinsic motivation can lead to higher levels of creativity and performance, especially in environments that foster autonomy and personal interest.

In addition, Csikszentmihalyi [5], through his concept of "flow," emphasizes that intrinsic motivation occurs when individuals are fully immersed in an activity, to the extent that they lose track of time and experience a deep sense of enjoyment and fulfillment.

Example

- Creativity: Employees who enjoy creative and innovative thought processes.
- Challenge: Employees who enjoy challenges and feel satisfied when they overcome difficult problems.
- Personal Achievement: A sense of pride when achieving targets or completing tasks well.

2.3 Motivation Theory

Intrinsic and Extrinsic Motivation is Herzberg's Two-Factor Theory, also known as the Motivation-Hygiene Theory, was developed by psychologist Frederick Herzberg in the late 1950s to explain job satisfaction and motivation in the workplace. Apart from this theory there are several relevant theories, namely :

2.3.1 Teori Self-Determination

Self-Determination Theory (SDT), developed by Edward Deci and Richard Ryan, posits that human motivation is driven by three basic psychological needs: autonomy, competence, and relatedness [6]. Here's a breakdown of the theory and its implications:

a. Autonomy

Both generations place a strong emphasis on autonomy in their personal and professional lives. Millennials and Gen Z often prefer careers that offer flexibility and opportunities for decision-making. Research indicates that they are more motivated when they feel they have control over their work and life choices. For instance, a study highlighted that environment that support autonomy enhance job satisfaction and overall motivation among younger workers [7].

b. Competence

Competence is another crucial factor for both generations. They are focused on skill development and achieving personal goals. With access to numerous learning resources, such as online courses and platforms, they seek challenges that match their abilities and provide tangible progress. Research shows that when individuals perceive themselves as competent, their intrinsic motivation increases, leading to higher engagement and performance [8].

c. Relatedness

The need for relatedness is significant for Millennials and Gen Z. They value social connections and positive relationships, both in their personal lives and workplaces. Studies indicate that social support enhances

motivation and job satisfaction, aligning with SDT principles. Younger generations often look for communities that foster belonging and collaboration, which increases their engagement and commitment [9].

2.3.2 Maslow Hierarchy Theory

Maslow's Hierarchy of Needs is a motivational theory proposed by Abraham Maslow in 1943. It outlines five levels of human needs, arranged in a hierarchical order from the most basic needs to more complex psychological desires. Maslow suggested that individuals are motivated to fulfil these needs progressively, moving from basic survival needs to higher-level psychological and self-fulfilment needs.

a. Physiological Needs

While basic needs like food, water, and shelter are primary, Millennials and Gen Z also view access to technology and the internet as essential. They see digital tools as foundational for productivity, communication, and information access.

b. Safety Needs

Security remains essential, but for Millennials and Gen Z, this includes financial stability in a fluctuating economic climate. Experiencing global financial crises and a pandemic, they prioritize job security and health benefits, favouring workplaces that support mental health and offer stability.

c. Love and Belongingness Needs

These generations highly value social connection and community. Social media is central to fulfilling these needs, allowing them to stay connected with friends, family, and co-workers. Workplace relationships are also crucial, so companies promoting collaboration and an inclusive culture are preferred.

d. Esteem Needs

Millennials and Gen Z tend to seek faster recognition and fulfilment in their careers. They value roles that provide opportunities for achievement and acknowledgment. Many actively pursue self-improvement, such as online courses and certifications, to advance professionally and personally.

e. Self-Actualization Needs

For Millennials and Gen Z, self-actualization includes achieving personal goals that align with their values, like environmental sustainability, human rights, and equality. They prefer careers that enable them to follow their passions, contribute to society, and do meaningful work. Companies that support social goals or offer self-development opportunities appeal strongly to these generations.

2.4 Generations Millennials

Millennials in 2024 are those aged 28-43. Millennials tend to be more opinionated, have high self-confidence, and think out of the box. When compared to the previous two generations who were rigid and assertive, Millennials are also known to be more expressive and open-minded.

Based on this description, it can be seen that Millennials have the following characteristics.

- Compared to previous generations, Millennials are more open to change.
- Ambitious and have high self-confidence. That's why this generation is easier to achieve success at a young age.
- Can't be separated from gadgets.
- The downside of this generation is that they are prone to stress and depression.

Some of them also find it difficult to get along. According to Dimock [10] from the Pew Research Centre, beyond politics, most Millennials came of age and entered the workforce facing the height of an economic recession. As is well documented, many of Millennials' life choices, future earnings and entrance to adulthood have been shaped by this recession in a way that may not be the case for their younger counterparts. The long-term effects of this "slow start" for Millennials will be a factor in American society for decades.

According to Robert [11], The Millennials have expertise and knowledge that we do not for example, they understand technology and use it like another appendage. They are not afraid of new ideas. They have grown up with diversity in their classrooms and their activities, and they welcome it now. They are

quick to laugh and quick to critique, not automatically accepting the status quo as the only way to get things done. Yes, they demand a lot, but look what they have accomplished in their short lives.

2.5 Generation Z

Generation Z is those aged 12-37 years old in 2024. According to Dimock [10] from the Pew Research Centre, generation Z are those born between 1997 and ending in 2012 where this phase shows more stable socioeconomic progress and rapid development of information technology. According to Henderson [12], there are at least seven characteristics of Generation Z that make them a digital native generation: money-oriented and ambitious, adventurous, prone to anxiety, likes to set firm boundaries, accomplished gamers, loves nostalgia, and uses social media in various ways.

The typical Generation Z person, or digital natives as often referred to [13]-[16] was the first generation born into a globally (internet) connected world and therefore “live and breathe” technology. This is also true for the higher education environment where Generation Z students rely on PC-recordings instead of taking notes, are more tend to raise questions online, see a lecture as “come and entertain me” and does not like waiting for a response but demand instant information and communication [13]-[16].

Some research illustrated that the brains of Generation Z are structurally different than those of earlier generations, not as a result of genetics, but as a result of the external environment and how our brains respond to such [13]. “The brains of Generation Zs have become wired to sophisticated, complex visual imagery, and as a result, the part of the brain responsible for visual ability is far more developed, making visual forms of learning more effective” [13]. Auditory learning, such as lectures and discussions, is very strongly disliked by this group, whereas interactive games, collaborative projects, advance organizers, and challenges, are appreciated [13].

The technology preferences of the Generation Z student was tested in a local case study conducted among 3rd year Urban Planning students at the North-West University in South Africa. The preferences and technology usage of lecturers of this group of students were also tested in order to shed some light on the teaching-learning challenges associated with educating Generation Z. Findings of these surveys (over a 7 year period) are presented accordingly.

According to Elizelle [15], Incredible technology changes are defining our current reality, impacting on our approach to society, to planning and to breaking new ground in terms of education. There is a rise of a new generation that is “location-aware” and speaks a “technological-language”.

2.6 Dynamics of Extrinsic Motivation in Millennial and Gen Z Employees

Extrinsic motivation refers to the drive to complete tasks due to external factors, such as financial incentives, bonuses, recognition, or other rewards. The dynamics of extrinsic motivation in Millennials and Gen Z employees vary, as each generation has distinct expectations and values regarding work environment and incentives.

a. Millennial Generation (1981–1996) and Their Response to Extrinsic Motivation

The Millennial generation, also known as Gen Y, values a balance between work and personal life, as well as opportunities for professional development. This generation entered the workforce during an era of rapid technological changes and economic instability, which has influenced their perception of job stability and financial rewards. Key aspects of how Millennials respond to extrinsic motivation include:

1) Financial Rewards and Recognition

While financial incentives remain significant, studies show that Millennials place a high value on recognition that allows them to stand out and be acknowledged for their contributions, whether through praise, awards, or certificates. Calk and Patrick [14] note that Millennials appreciate annual

bonuses and special recognitions as a form of validation for their contributions.

2) Career Development Opportunities

Opportunities for career advancement often carry more weight than financial bonuses for Millennials. They are motivated by the chance to learn and expand their professional skills, placing high value on training programs, mentorship, and access to professional development initiatives.

3) Workplace Flexibility

Millennials have high expectations regarding flexibility, both in terms of work hours and location. This flexibility acts as a form of extrinsic motivation, as companies offering flexible work arrangements are more attractive to Millennial employees, enabling them to achieve work-life balance.

b. Generation Z (1997 onwards) and Their Response to Extrinsic Motivation

Generation Z, raised with digital technology from an early age, holds higher expectations for dynamic work environments and technological integration. Known for being pragmatic and quick to adapt, Gen Z views motivation and incentives differently from Millennials. Some key aspects of extrinsic motivation for Gen Z include:

1) Instant Rewards

Gen Z employees prefer immediate recognition, including project-based bonuses or monthly performance awards. Immediate rewards resonate more with this generation, who appreciate tangible, short-term achievements.

2) Financial Stability

Unlike Millennials, who may prioritize career advancement and work-life balance, Gen Z values financial stability. They are attracted to jobs with clear financial benefits, including health insurance, retirement plans, and other long-term financial incentives, largely due to early exposure to economic uncertainty.

3) Digital Recognition

Gen Z values recognition given through digital platforms, such as company social media or internal networks. They want their accomplishments to be visible to their peers and the public, making digital recognition a

more impactful form of motivation than private acknowledgments.

2.7 Dynamics of Intrinsic Motivation in Millennial and Gen Z

Intrinsic motivation is the internal desire to engage in activities that bring personal satisfaction, joy, or a sense of fulfillment rather than external rewards. For Millennials and Gen Z, intrinsic motivation plays a significant role in their work attitudes and engagement. However, the factors that drive their intrinsic motivation differ due to distinct experiences, values, and expectations. Understanding these generational nuances can help organizations create environments that cultivate high engagement and productivity.

c. Millennials (1981–1996) and Intrinsic Motivation

Millennials are highly purpose-driven and seek to make meaningful contributions through their work. Key elements of intrinsic motivation for Millennials include:

1) Purpose and Meaningful Work

Millennials value purpose and look for meaning in their roles, wanting to feel that their work contributes positively to society or aligns with their values. According to Deloitte's Millennial Survey, this generation prefers working for organizations that prioritize social responsibility, sustainability, and ethical practices. This sense of alignment with a company's mission boosts Millennials' intrinsic motivation, encouraging deeper engagement and satisfaction.

2) Opportunities for Learning and Growth

Continuous development is essential for Millennials, who view learning as a lifelong process. They are intrinsically motivated by opportunities to expand their skills and advance in their careers. This preference makes professional development, training, and mentorship programs powerful tools for maintaining Millennial engagement and motivation.

3) Autonomy and Responsibility

Millennials are more engaged when they are trusted with responsibility and given

autonomy in their roles. They are intrinsically motivated by environments that allow them to contribute ideas, take initiative, and have control over their work processes. This preference for autonomy drives innovation and a sense of ownership, which enhances their intrinsic satisfaction at work.

4) Work-Life Balance

A healthy balance between work and personal life is a key intrinsic motivator for Millennials, who prioritize flexibility as part of their work experience. The ability to achieve personal well-being and pursue interests outside of work contributes to their intrinsic motivation. This preference has led to increased demand for flexible work arrangements, remote work, and policies that support employee wellness.

Generation Z (1997 onwards) and Intrinsic Motivation

Gen Z is a digital-native generation that values pragmatism, real-time results, and flexibility. Their intrinsic motivation is influenced by unique elements shaped by growing up in a technology-centric world:

a. Skill Mastery and Practical Learning

Gen Z is highly motivated by skill acquisition and personal development. Unlike Millennials, who often focus on broad career growth, Gen Z emphasizes mastery of specific skills that can make them competitive and secure in the job market. They are intrinsically driven by opportunities to develop expertise in areas relevant to their roles and career paths, which they see as essential to long-term security.

b. Innovation and Creativity

This generation values the freedom to innovate and apply creative problem-solving. Growing up in a fast-evolving digital environment, Gen Z is motivated by roles that allow them to experiment, use technology, and bring fresh perspectives to their work. This preference makes them intrinsically motivated in environments that prioritize innovation and embrace change.

c. Work-Life Integration

Unlike Millennials who often focus on work-life balance, Gen Z values work-life integration, where work can seamlessly fit into their lives. This intrinsic motivation stems from their comfort with digital solutions that allow work to be flexible. By blending their professional and personal lives, they maintain fulfilment and satisfaction without strict boundaries.

d. Feedback and Recognition

Gen Z appreciates continuous, transparent feedback that allows them to learn and improve. They are intrinsically motivated by real-time feedback that gives them a clear sense of progress. Transparent communication and recognition systems that celebrate small wins boost their intrinsic motivation and make them feel valued and understood.

3. METHODS

This study uses a qualitative approach to explore the dynamics of the influence of intrinsic and extrinsic motivation on employees from the Millennial Generation and Generation Z. The qualitative approach was chosen because it is able to explore in-depth understanding of the perceptions, experiences, and views of research subjects related to motivation in the context of work. The main focus of this research is to understand in detail how both generations respond to workplace motivation, both intrinsic and extrinsic, and what factors influence their preferences. Data was collected from various scientific sources to analyze Millennial and Z generation responses to various forms of motivation and how this affects their performance and loyalty.

4. RESULTS AND DISCUSSION

4.1 Extrinsic Motivation in the Millennial and Gen Z Generation

Extrinsic motivation focuses on external factors that drive employees to

achieve goals or complete tasks, such as financial incentives, recognition, bonuses and rewards. Millennials and Generation Z have different responses to this extrinsic motivation, which is influenced by their social background, technology, and experiences in the workforce.

a. Millennials' Response to Extrinsic Motivation

Millennials, consisting of individuals born between 1981 and 1996, grew up amidst technological transitions and experienced economic instability that affected their views on job stability and career development. Therefore, their response to extrinsic motivation focuses on meaningful recognition and personal development opportunities.

Financial Rewards and Meaningful Recognition: For Millennials, financial incentives remain important, but they also value recognition that allows them to be recognized and stand out. In this case, forms of recognition such as public praise, awards for major contributions, and certificates are the main attraction. This direct recognition is important as it increases their sense of involvement in the team. Calk and Patrick (2017) note that for Millennials, these rewards reflect validation of their contributions, thus increasing job satisfaction and a sense of belonging to the organization.

Opportunities for Career Development: Millennials highly value opportunities to develop professionally. They are more motivated by opportunities to learn and improve their skills than financial incentives. For example, training programmes, mentorship and ongoing career development have great appeal to this generation, as they see them as tools to expand their capabilities and reach higher up the career ladder. This shows that companies that provide professional development opportunities are favored by Millennials.

Work Flexibility as a Form of Extrinsic Reward: For Millennials, flexibility, whether in the form of flexible working hours or remote working arrangements, is a highly valued form of extrinsic reward. They want work-life balance and see flexibility as one

way to achieve it. Many companies have implemented flexible work arrangements to attract Millennials, which in turn increases employee retention among this generation.

b. Generation Z's Response to Extrinsic Motivation

Generation Z, born between 1997 and 2012, is the first generation to grow up in an environment dominated by digital technology. They have high expectations of a dynamic work environment and the ability to gain instant rewards and digital recognition. **Instant Rewards and Short-term Satisfaction:** Generation Z is more likely to value instant rewards in the form of project bonuses or monthly performance-based awards. They are accustomed to the 'instant' culture created by technological advancements, which allows everything to be obtained quickly. This makes them more driven by short-term rewards as opposed to annual rewards or year-end bonuses.

Financial Stability and Long-term Security: Unlike Millennials who may be more flexible in choosing jobs throughout their careers, Gen Z places great importance on financial stability. They are particularly attracted to jobs with clear financial benefits, including health insurance, retirement plans, and other long-term financial incentives. Early exposure to economic uncertainties, such as the global economic crisis and pandemic, makes them highly value financial stability.

Digital Recognition as a Form of Reward: As digital natives, Gen Z values recognition given through digital platforms. They are happy to have their achievements recognized on company social media or internal company networks. For them, digital recognition not only allows them to feel appreciated, but also adds a sense of pride when their achievements are visible to their colleagues and the public.

4.2 Intrinsic Motivation in Millennials and Gen Z

Intrinsic motivation is the internal drive to perform an activity because it provides personal satisfaction or a sense of achievement, rather than external rewards.

For Millennials and Gen Z, intrinsic motivation plays an important role in shaping their attitudes and engagement at work.

a. Intrinsic Motivation of Millennials

Millennials are more driven by personal values and meaningful contributions through their work. Key factors that drive intrinsic motivation for this generation include:

Meaningful Work and Clear Purpose: Millennials highly value work that has a positive impact on society and aligns with their personal values. They are more driven if their work helps create positive social change. Deloitte's Millennial Survey shows that this generation prefers to work for companies that have a commitment to social responsibility and sustainability.

Opportunities to Learn and Grow: Millennials are passionate about learning and see the learning process as part of their life journey. They seek opportunities to expand their knowledge and skills, both through formal and informal training. Therefore, companies that offer professional development opportunities and mentorship programmes tend to be more attractive to this generation.

Autonomy and Responsibility: This generation feels more engaged when given the freedom to manage their work and have control over their work processes. They are motivated by an environment that supports autonomy and personal initiative, which increases creativity and job satisfaction. In addition, the responsibility given by the company also fosters a sense of confidence and ownership in their work.

Work and Personal Life Balance: Millennials highly value work-life balance. They consider flexibility in work as an important element of an ideal work experience. Hence, many companies are now providing flexible work arrangement options to attract this generation, hoping to increase their retention and engagement within the organization.

b. Intrinsic Motivation of Generation Z

For Generation Z, who have grown up in a digitally integrated environment, intrinsic motivation is influenced by pragmatism, instant results, and high flexibility.

Skill Mastery and Practical Learning: Gen Z prioritizes the development of practical skills that can be directly applied in the workplace. They are more driven by opportunities to hone specific skills and become experts in certain fields, which they believe will provide security in the long run. They see mastery of specialized skills as crucial in achieving career stability.

Creativity and Innovation: Gen Z has a high preference for the freedom to innovate and solve problems creatively. Accustomed to rapid digital change, they are motivated by roles that allow experimentation and new perspectives. Companies that encourage innovation and change are considered more attractive by this generation as it allows them to utilize their technological skills.

Work and Personal Life Integration: Unlike Millennials who prefer a balance between work and personal life, Gen Z is more interested in the integration between the two. This reflects their preference for digital solutions that allow them to work flexibly. They feel more satisfied when work can fit into their personal lives without separating work and life outside the office.

Continuous Feedback and Real-Time Recognition: Gen Z highly values continuous and transparent feedback. They are more motivated when they get immediate feedback that allows them to learn and adapt quickly. Clear communication systems and recognition of small achievements are a big boost to their intrinsic motivation.

4.3 Implications for Human Resource Management (HRM)

A deeper understanding of the motivational differences between Millennials and Gen Z can help companies design more effective and inclusive HR management strategies for both generations.

a. Implementation of Different Compensation Strategies

Companies can consider different compensation approaches for Millennials and Gen Z. For Millennials, who are more motivated by career development, companies can provide more training and mentoring programs that support professional growth. Meanwhile, Gen Z is more motivated by financial stability and short-term financial incentives, so companies can offer benefits such as health insurance, pensions, and short-term project bonuses.

b. Empowerment Through Flexibility and Autonomy

Flexibility in the workplace proves to be an important element for both generations. Companies can consider flexible work arrangements for Millennials, who value work-life balance. Meanwhile, for Gen Z who are more concerned with instant recognition and continuous feedback, companies can create a work environment that supports real-time feedback and opportunities to showcase work directly.

c. Specific and Relevant Skill Development

Targeted training programs can be an effective HR management tool for both generations. Training programs for Millennials can focus more on long-term career development, while training programs for Gen Z can focus on developing practical skills that match their current job needs.

d. Inclusive Approach to Extrinsic and Intrinsic Motivation

Companies that successfully understand and accommodate the extrinsic and intrinsic motivation needs of both generations can create a more productive, inclusive work environment that supports long-term retention. For companies seeking maximum productivity, a combination of motivational approaches based on financial incentives, work flexibility, and personal development opportunities can be the key to success in managing a multigenerational workforce.

5. CONCLUSION

This research concludes that extrinsic and intrinsic motivation play an important role in improving the performance of Millennial and Z generation employees. The Millennial generation tends to be more responsive to intrinsic motivation such as personal achievement and self-development, while the Z generation is more responsive to extrinsic motivation such as financial compensation and job security. A deep understanding of these dynamics allows companies to manage human resources more effectively, create a productive work environment, and increase job satisfaction.

This research concludes that there are significant differences in motivational preferences between the Millennial generation and generation Z, which are influenced by generational characteristics and the rapidly developing work environment. Millennials, who currently occupy many leadership positions, are more motivated by intrinsic factors such as self-development, personal achievement, and the opportunity to make meaningful contributions in the workplace. They tend to seek challenges that allow them to grow personally and professionally, and appreciate constructive feedback that helps in their career development.

Both extrinsic and intrinsic motivation play vital roles in motivating Millennial and Generation Z employees. A deep understanding of these dynamics can help organizations manage human resources more effectively, creating a productive and satisfying work environment. From this research, organizations are expected to adjust their HR management approach to be more inclusive for both generations. Organizations can consider a combination of intrinsic and extrinsic motivations to create a work environment that supports employee productivity and retention. For Millennials, organizations can focus on personal and career development opportunities, while for Generation Z, financial incentives and a flexible work environment can be effective

strategies. Understanding the motivational preferences of these generations is important for companies to create the right HR

management strategies, improve engagement, and maximize employee performance.

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