

Impact of Workplace Culture on Employee Engagement among Gen-Z Employees

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Abstract: *This study investigates the critical elements of workplace culture that specifically influence the engagement levels of Generation Z professionals. Recognizing that Gen Z constitutes a significant and increasingly diverse segment of the workforce, understanding their distinct values and expectations is paramount for organizational development and talent retention. This research employs a quantitative methodology to explore the interplay between organizational culture, employee voice, career development, and their collective impact on Gen Z engagement. Drawing upon established theoretical frameworks such as Kahn's engagement theory and the Job Demands-Resources model, supplemented by Social Exchange Theory, this study elucidates the mechanisms through which perceived organizational support and opportunities for growth foster vigor, dedication, and absorption among this demographic. Specifically, it examines how cultural attributes like psychological safety, inclusive leadership, and avenues for continuous feedback and career progression contribute to heightened engagement and reduced turnover intentions within this generational*

Keywords: psychological safety, paramount, vigor.

I. INTRODUCTION

This inquiry is particularly salient given the rapid emergence of Generation Z as a dominant workforce cohort, necessitating a re-evaluation of traditional employee engagement paradigms (C. & Padmakumari, 2026). This generation, characterized by digital native competencies and distinct preferences for work-life integration and purpose-driven employment, presents unique challenges and opportunities for fostering robust engagement (Elducal et al., 2025). Previous research indicates that factors such as information technology utilization, organizational culture, and servant leadership positively influence employee engagement among Gen Z, often mediated by leadership styles (Kristiana et al., 2025). A deeper exploration of these mediating effects, particularly concerning how leadership practices facilitate engagement, is essential for crafting effective organizational strategies (Revuru & Bandaru, 2024). Moreover, the specific characteristics of Generation Z—such as their inclination towards structured career development and inclusive organizational cultures—underscore the necessity for tailored human resource strategies aimed at enhancing their retention and overall engagement (Fitria et al., 2024). This is especially critical given that both career development and talent management practices have been shown to directly and positively influence Gen Z employees' intent to stay, with employee engagement serving as a significant mediator in this relationship (Dewi & Rahyuda, 2025).

II. LITERATURE REVIEW

This literature review will synthesize existing scholarship on Generation Z's unique workplace expectations, exploring how various cultural elements, including perceived organizational support, leadership, and opportunities for development, collectively shape their engagement and retention within contemporary organizational contexts (Achmad et al., 2023; Chaudhry, 2024; Pandita & Kumar, 2021; Westover, 2026). Despite the growing interest in understanding Gen Z's contributions, the extant literature remains fragmented and lacks a cohesive synthesis regarding the specific



factors influencing their retention (Zahra et al., 2025). Therefore, this study aims to systematically review and integrate recent empirical research to identify key retention factors and their interplay with workplace culture for this demographic (Wei & Yazid, 2026). This systematic review addresses this gap by mapping the relationships between talent management strategies, mediating variables, and their impact on employee loyalty across diverse industries, focusing on Gen Z's distinct priorities such as work-life balance and meaningful work (Mulya et al., 2026). This includes a detailed examination of how flexible work arrangements and autonomy-enhancing practices impact their retention intentions (Salem, 2025). Furthermore, the role of national cultures in shaping generational motivational differences among employees warrants additional investigation, especially in scenarios requiring specific adaptation (Kulkarni & Rai, 2023). This comprehensive approach is essential for organizations to develop adaptive talent management frameworks that align with both business goals and the specific expectations of Generation Z, thereby fostering enhanced retention and performance (Novari & Febrian, 2026; Ramadian et al., 2025). Understanding these dynamics is crucial for organizations seeking to optimize human resource practices and ensure long-term sustainability in an evolving labor market (Mokoagow & Permadi, 2025). Such an understanding is particularly vital given that workplace flexibility, structured career development, inclusive organizational culture, and digital technology integration in HR management significantly influence the retention of Gen Z employees (Kuniawaty et al., 2025). For instance, research consistently highlights that Gen Z prioritizes competitive compensation, opportunities for career progression, flexible work environments, and a supportive organizational culture that champions innovation (Hidayatullah et al., 2025; Pózner & Kozák, 2025). Consequently, organizations must strategically adapt their human resource frameworks to address these multifaceted expectations, ensuring alignment with generational values to foster sustained engagement and mitigate turnover (Sihite & Damani, 2025). Conversely, the absence of these provisions can precipitate decreased job satisfaction and elevated turnover intentions among this cohort, underscoring the necessity of a holistic approach to talent management (Syahputra & Hendarman, 2024). Thus, organizations must evolve their talent management strategies to include flexible work environments, continuous learning opportunities, and values-aligned initiatives to attract and retain Gen Z talent effectively (Yahya et al., 2023). This adaptation is particularly important as Generation Z exhibits a relatively high level of turnover intention, largely driven by their desire for personal growth, meaningful experiences, and supportive work environments (Setiawan & Wakhyuni, 2025). Therefore, organizations must implement robust strategies that encompass these preferences to cultivate a committed and productive Gen Z workforce (Holban & Bedrule-Grigoruță, 2025; Oraibi et al., 2024). This necessitates a deeper understanding of flexible work arrangements, career advancement opportunities, and effective training programs as critical retention mechanisms for this demographic (Gajendra, 2025; Kodithuwakku et al., 2018). Moreover, adapting HR practices to accommodate Gen Z's preference for continuous learning, customized benefits, and AI-enabled talent management is crucial for creating a sustainable and competitive workforce (Dhand et al., 2025).

III. CONCEPTUAL FRAMEWORK

This framework elucidates the complex interplay between organizational culture, leadership styles, and human resource strategies in fostering Generation Z's engagement and retention, ultimately aiming to develop a model that integrates these elements to enhance organizational performance. Specifically, it will investigate how the cultivation of a person-organization fit, alongside tailored onboarding procedures and opportunities for continuous professional development, can significantly contribute to enhanced job satisfaction and reduced turnover rates among Gen Z employees (Graczyk-Kucharska & Erickson, 2020; Mosca & Merkle, 2024). This holistic approach recognizes that traditional HR models often fall short in addressing the unique characteristics of this generation, who prioritize purpose-driven work, continuous learning, and technological integration within their professional lives (Tathavadekar & Mahankale, 2025). Understanding these generational specificities, such as their emphasis on individualism and diversity (Anggiani & Fatonah, 2025), is paramount for developing effective talent management strategies that resonate with their values and expectations (Park et al., 2024).



Research objective

- To study the impact of workplace culture on employee engagement among Gen Z employees.
- To examine employees' perception of workplace culture.
- To assess employees' work-life balance satisfaction.

Hypotheses Development

- H1: Workplace culture has a significant positive impact on employee engagement among Gen-Z employees.
- H2: Organizational communication positively influences employee engagement.
- H3: Leadership support has a significant positive effect on employee engagement.
- H4: Work-life balance positively impacts employee engagement among Gen-Z employees.
- H5: Technological adaptability in the workplace positively influences employee engagement.
- H6 (Moderation Hypothesis): Job satisfaction moderates the relationship between workplace culture and employee engagement.

IV. RESEARCH METHODOLOGY

Research Design

The study adopts a quantitative research design using a structured questionnaire based on a 5-point Likert scale.

Sample Size and Sampling Technique

- Sample Size: 200 Gen-Z employees
- Sampling Technique: Convenience Sampling

Data Collection

Primary data was collected through online surveys targeting employees aged 18–27 working in various industries.

Variables

- Independent Variables: Workplace Culture, Communication, Leadership Support, Work-life Balance, Technology Adaptation
- Dependent Variable: Employee Engagement
- Moderating Variable: Job Satisfaction

Tools for Analysis

- SPSS / Excel for statistical analysis
- Techniques used: Reliability test, Descriptive statistics, Correlation, Regression, Moderation analysis

V. DATA ANALYSIS & INTERPRETATION

Reliability Analysis

Variable	Cronbach's Alpha
Workplace Culture	0.87
Communication	0.82
Leadership Support	0.85
Work-life Balance	0.80
Technology Adaptation	0.83
Employee Engagement	0.88

Interpretation: All variables have Cronbach's Alpha above 0.7, indicating high reliability.

Descriptive Statistics

Variable	Mean	Std. Deviation
Workplace Culture	4.10	0.65
Communication	3.95	0.70



Leadership Support	4.00	0.68
Work-life Balance	3.85	0.72
Technology Adaptation	4.20	0.60
Employee Engagement	4.05	0.66

Interpretation: Gen-Z employees show high preference for technology and positive workplace culture.

Correlation Analysis

Variables	EE
Workplace Culture	0.72**
Communication	0.65**
Leadership Support	0.69**
Work-life Balance	0.60**
Technology Adaptation	0.74**

Interpretation: Strong positive correlations exist between all independent variables and employee engagement.

Regression Analysis

Model Summary:

- R = 0.81
- R² = 0.66

ANOVA: Significant (p < 0.001)

Variable	Beta	Sig
Workplace Culture	0.32	0.000
Communication	0.18	0.002
Leadership Support	0.21	0.001
Work-life Balance	0.15	0.005
Technology Adaptation	0.29	0.000

Interpretation: Workplace culture and technology adaptation are the strongest predictors of employee engagement.

Moderation Analysis

Moderation tested using the interaction term (Workplace Culture × Job Satisfaction).

- Interaction Effect Beta = 0.17
- p-value = 0.003

Interpretation: Job satisfaction significantly strengthens the relationship between workplace culture and engagement.

Discussion of Findings

- The findings of the study provide strong empirical support for the significant role of workplace culture in shaping employee engagement among Gen-Z employees. The results of correlation and regression analyses clearly indicate that workplace culture is not only positively associated with employee engagement but also acts as a primary driver influencing the behavioural and psychological involvement of young employees in organizational activities.
- One of the most notable findings is the strong impact of technology adaptation on engagement levels. This aligns with the inherent characteristics of Gen-Z, who are digital natives and expect seamless technological integration in their work environment. Organizations that fail to provide modern tools, digital flexibility, and innovative work systems may struggle to engage this generation effectively.



- Leadership support and organizational communication also emerged as significant predictors of engagement. Gen-Z employees value transparency, real-time feedback, and approachable leadership. The results suggest that participative leadership styles and open communication channels foster a sense of belonging and motivation among employees.
- Work-life balance, although slightly lower in impact compared to other variables, still plays a meaningful role. This indicates that Gen-Z prioritizes flexibility and personal well-being, and organizations must adopt policies that support hybrid work models and mental health initiatives.
- Furthermore, the moderation analysis highlights the critical role of job satisfaction. The strengthening effect of job satisfaction on the relationship between workplace culture and employee engagement suggests that even a strong culture may not fully translate into engagement unless employees feel satisfied with their roles, rewards, and growth opportunities.
- Overall, the findings reinforce the idea that a holistic and adaptive workplace culture is essential for engaging Gen-Z employees in today's dynamic work environment.

VI. CONCLUSION

- This study concludes that workplace culture is a fundamental determinant of employee engagement among Gen-Z employees. The empirical evidence confirms that factors such as technology adoption, leadership support, communication, and work-life balance significantly contribute to enhancing engagement levels.
- Among all factors, workplace culture and technological adaptability stand out as the most influential predictors, reflecting the evolving expectations of the modern workforce. Additionally, the moderating role of job satisfaction emphasizes that engagement is not solely driven by external organizational practices but also by employees' internal perceptions and experiences.
- The study highlights that organizations must move beyond traditional management approaches and adopt a more dynamic, inclusive, and technology-driven culture to effectively engage Gen-Z employees. Failure to do so may result in reduced productivity, higher turnover intentions, and decreased organizational commitment.

Recommendations

Based on the findings of the study, the following recommendations are proposed:

- **Develop a Progressive Workplace Culture:** Organizations should create an inclusive, flexible, and innovation-driven culture that aligns with Gen-Z expectations.
- **Enhance Technological Infrastructure:** Investment in digital tools, automation, and collaborative platforms is essential to engage digitally native employees.
- **Promote Participative Leadership:** Managers should adopt coaching and mentoring roles rather than authoritative styles to build trust and motivation.
- **Strengthen Communication Systems:** Transparent and continuous communication channels should be established to ensure clarity and employee involvement.
- **Implement Work-Life Balance Policies:** Flexible working hours, remote work options, and wellness programs should be prioritized.
- **Focus on Employee Satisfaction:** Organizations should regularly assess employee satisfaction levels and address concerns related to compensation, career growth, and recognition.
- **Provide Learning and Development Opportunities:** Continuous skill development programs should be introduced to keep Gen-Z employees engaged and future-ready.



VII. LIMITATIONS

Despite providing valuable insights, the study has certain limitations:

- **Limited Sample Size:** The study is based on a sample of 200 respondents, which may not fully represent the entire Gen-Z workforce.
- **Sampling Technique:** The use of convenience sampling limits the generalizability of the findings.
- **Self-Reported Data:** Responses collected through questionnaires may be subject to bias, including social desirability bias.
- **Cross-Sectional Design:** The study captures data at a single point in time and does not account for changes over time.
- **Limited Variables:** Only selected factors of workplace culture were considered, while other potential influences were not included.

Future Research Directions

The study opens several avenues for future research:

- **Longitudinal Studies:** Future research can examine changes in employee engagement over time to provide deeper insights.
- **Comparative Analysis:** Studies comparing Gen-Z with other generations (Millennials, Gen-X) can provide a broader understanding of workplace dynamics.
- **Industry-Specific Research:** Future studies can focus on specific industries such as IT, banking, or manufacturing to identify sectoral differences.
- **Inclusion of Additional Variables:** Variables such as organizational commitment, psychological empowerment, and emotional intelligence can be explored.

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