

Predicting Gen Z's Intention to Stay: The Role of Workplace Fun, Psychological Capital, and Work Engagement

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Abstract

Objective: This study aims to investigate the influence of workplace fun and psychological capital on Gen Z employees' intention to stay, and investigate the role of work engagement as a mediator in the relationship between the proposed variables.

Design/Methods/Approach: Purposive sampling was used in this study. Data were obtained through an online survey distributed cross-sectionally, and 341 Gen Z employees working in Jabodetabek participated. The relationship between variables was analyzed through structural equation modeling (SEM) using Lisrel 8.51.

Findings: The findings in this study show that workplace fun, psychological capital, and work engagement have a direct positive effect on intention to stay. Workplace fun and psychological capital also have a direct positive impact on work engagement. Furthermore, work engagement partially mediates the relationship between workplace fun and intention to stay, as well as psychological capital and intention to stay.

Originality/Value: This research enriches the study of Gen Z in the workplace, focusing on the factors influencing Gen Z employees to stay. Furthermore, all industries and businesses from various sectors face the arrival of Gen Z, who will gradually become the primary workforce. The findings of this study extend the study of Gen Z employees within the scope of organizations from various sectors.

Practical/Policy implication: Managers and organizations must foster a positive work environment with workplace fun to encourage Gen Z employees' willingness to stay. Furthermore, organizations must design appropriate ways to cultivate and preserve Gen Z employees' psychological capital and work engagement levels. This can be accomplished by offering innovative training and development, advancing career prospects, and involving Gen Z employees in achieving organizational objectives.

Keywords: Gen Z employee, Intention to stay, Psychological capital, Work engagement, Workplace fun

JEL Classification: M51, M54



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I. Introduction

Currently, the labor market is constantly evolving, and the world of work is changing (de Boer & Bordoloi, 2022; Silva et al., 2023). Three generations dominate the labor force today, namely Gen X, Gen Y, and Gen Z (Climek et al., 2022). Changes in the world of work are caused by shifts in the composition of the workforce (Forbes, 2023). Gen Z is progressively joining the workforce, Gen X is beginning to retire, and Gen Y is entering its prime earning years (Forbes, 2023). In this situation, the critical issue faced by organizations is the impact of high turnover among Gen Z employees, a young worker generation whose work behavior is not yet fully understood by the organization (Frye et al., 2020).

Gen Z, who are those born between 1995 and 2012 (Barhate & Dirani, 2022; de Boer & Bordoloi, 2022; Gabrielova & Buchko, 2021), is the first generation to have constant access to the internet and numerous types of technology, giving them the ability to learn and adapt quickly to new technologies (Loring & Wang, 2022). Kuzior et al. (2022) explained that Gen Z values a fun work environment that brings enjoyment to the workplace. Therefore, the emergence of Gen Z introduces new patterns of behavior in the workplace (Schroth, 2019), necessitating a more profound identification with this generation (Climek et al., 2022; Kuzior et al., 2022). Organizations need to focus on Gen Z, given that all industries and businesses across various sectors will face its massive arrival (Deloitte, 2022).

Organizations must establish a positive and supportive workplace atmosphere that will encourage employees to stay longer with the organization (Gupta & Singh, 2018). According to Sun et al. (2013) and Tetteh et al. (2022), organizational factors and personal factors influence employees' intentions to stay or leave. In terms of organizational factors, Kuzior et al. (2022) indicated in their study that a positive working environment is one of the factors that motivate Gen Z to stay with the organization. Therefore, organizations need to provide a work environment that supports Gen Z employees to feel pleasurable at work (Plester & Hutchison, 2016). Workplace fun fosters a positive work environment for Gen Z employees and, as a result, will reduce their intention to leave (Michel et al., 2019).

In terms of personal factors, Gen Z employees' psychological capital is an essential psychological predictor because it has a direct impact on their work-related behavior (Paek et al., 2015). Psychological capital helps to facilitate favorable outcomes, such as intention to stay (Samroodh et al., 2023). Employees with high levels of psychological capital are more likely to stay with the organization because they can use personal resources to overcome problems encountered (Bouzari & Karatepe, 2017). Furthermore, other personal characteristics, such as an individual's positive emotional state associated with work, expressed as work engagement, influence employees' intention to stay (Rai et al., 2019). Jyoti and Dimple (2022) highlighted that work engagement also plays a role in facilitating the relationship between the work environment and employees' decision to stay. Employees who enjoy their work environment and have a positive work experience are more engaged and desire to stay with the organization for a longer period.

Workplace fun, psychological capital, and work engagement shape employees' positive perceptions of their organization, which in turn affects their intention to stay with the organization (Chen & Ayoun, 2022; Kim & Yoo, 2018; Zhou et al., 2022). Chen and Ayoun (2022) examined restaurant employees in the United States and China and found that workplace fun affects employees' intention to stay in their workplace. Differently, Apriyanti and Pusparini (2022) examined retail industry employees in Indonesia, and found that workplace fun does not significantly affect employees' intention to stay. However, Apriyanti and they underline the role of work engagement, which is proven to mediate the effect of workplace fun on employees' intention to stay.

Previous studies confirm the role of work engagement as a mediator (Karatepe & Avci, 2017; Memon et al., 2021; Tetteh et al., 2022). In this regard, individual psychological capital plays a role in generating positive emotions to encourage work engagement (Tsaur et al., 2019), which ultimately increases employees' willingness to stay in the organization (Bouzari & Karatepe, 2017). Bouzari and Karatepe (2017) examined hotel salespeople in Iran and found that psychological capital has a significant positive impact on employees' intention to stay. In contrast, a study by Zhou et al. (2022) on hotel interns in China found that the relationship between psychological capital and intention to stay is not significant, meaning that individuals with high levels of positive psychological capital do not choose to stay. Given the differences in findings from previous studies, this research aims to examine the factors influencing Gen Z employees' intention to stay.

This research fills the gap by investigating workplace fun, psychological capital, and work engagement as the factors that affect Gen Z employees' intention to stay in the context of multisector. Previous research highlighted that Gen Z is gradually becoming a major workforce in various industries (Zhou et al., 2022), yet only a few recent studies have focused on this group (Chi & Wang, 2018; Kang et al., 2018). Therefore, more research is needed, specifically with Gen Z, who are now massively entering the workforce (Climek et al., 2022; Frye et al., 2020; Kuzior et al., 2022). Loring and Wang (2022) also highlighted that, as Gen Z continues to enter the workforce, further investigation regarding the antecedents of Gen Z behavior across multisector is required.

This study makes several valuable contributions. This research enriches the human resource management literature by exploring the impact of workplace fun, psychological capital, and work engagement on Gen Z employees' intention to stay in the multisector context. This study aims to expand the study of Gen Z, as there is only a few researches on this generation; therefore, further research that focuses on this generation is needed (Chi & Wang, 2018; Climek et al., 2022; Frye et al., 2020; Kang et al., 2018; Kuzior et al., 2022). Furthermore, the study of multisector organizations in this research is useful given that numerous industries are facing the arrival of Gen Z, who will eventually become the primary workforce (Zhou et al., 2022).

The remainder of this article is organized as follows. The literature review and hypothesis development section discusses theories and prior studies that support the research. The methods section describes the research design and measurements. The following section discusses this study's findings and the discussion. The final section summarizes the research findings and discusses the implications, limitations, and recommendations for future research.

2. Literature Review and Hypotheses Development

2.1. Workplace Fun and Intention to Stay

Workplace fun is defined as a work environment that encourages, supports, and surrounds employees with a range of enjoyable activities (Ford et al., 2003). Fun activities, coworker socializing, and manager support for fun, which are dimensions of workplace fun (Tews et al., 2021), help to meet Gen Z's demands at work (Loring & Wang, 2022). When employees feel fun at work, they will feel positive emotions toward the event, which affects their feelings toward work (Michel et al., 2019). Therefore, organizations need to provide workplace fun, as it helps to encourage employees' intention to stay (Nargotra & Sarangal, 2021). Intention to stay refers to employees' willingness to remain in an employment relationship with their current organization for the long term (Shahid, 2018).

Among young employees, workplace fun plays a vital role in reducing turnover (Tews et al., 2021). Gen Z, as young employees, tends to prioritize workplace fun because they have high expectations of a supportive work environment, and they highly value developing friendships at work (Choi et al., 2013). Workplace fun shapes employees' perceptions of their organization, influencing their intention to stay with the organization (Chen & Ayoun, 2019, 2022). Two studies found that the workplace fun dimensions of coworker socializing and manager support for fun were significantly and negatively associated with turnover (Tews et al., 2014, 2021). This means that when employees have fun at work, it creates positive feelings that allow them to develop a strong willingness to stay in the organization (Tetteh et al., 2022). Fun activities at work serve as a recovery period for employees (Jyoti & Dimple, 2022). A supportive and enjoyable work environment increases employee pleasure at work, which in turn encourages employees' willingness to stay (Ghosh et al., 2013; Plester & Hutchison, 2016). Based on this, workplace fun is a form of a good work environment for employees, thus encouraging them to stay. Thus, the first hypothesis proposed is as follows:

H1: Workplace fun has a positive influence on intention to stay.

2.2. Psychological Capital and Intention to Stay

Psychological capital refers to an individual's positive psychological resources characterized by having self-efficacy, optimism, hope, and resilience (Luthans et al., 2015). Psychological capital promotes a positive work attitude, which in turn leads to positive job outcomes (Kang et al., 2018). This is because individuals with psychological capital will not quit when faced with failure because they have optimism, resilience, hope, and self-efficacy (Luthans et al., 2005). Psychological capital as personal resources influences employees' intention to stay (Avey et al., 2009). Employees with high psychological capital have a higher intention to stay in the organization because they can use personal resources to overcome the issues they confront (Bouzari & Karatepe, 2017). Samroodh et al. (2023) emphasized the importance of psychological capital in facilitating positive outcomes such as intention to stay. Two previous studies support that psychological capital has a significant positive impact on intention to stay (Bouzari & Karatepe, 2017; Kim & Yoo, 2018). Thus, employees' psychological capital as a personal resource contributes positively to employee intention to stay in the organization (Grover et al., 2018; Zhou et al., 2022). In this regard, the proposed hypothesis is:

H2: Psychological capital has a positive influence on intention to stay.

2.3. Work Engagement and Intention to Stay

Work engagement is a positive state of mind related to work characterized by vigor, dedication, and absorption (Schaufeli et al., 2002). Employees' decision to stay or leave depends on their level of engagement (Rai et al., 2019). Employees with high levels of work engagement will develop positive emotions towards their workplace, which in turn will positively impact their intention to stay (Bellamkonda & Pattusamy, 2022). Employees who are high-energy, enthusiastic about their work, and absorbed in their work tend to show lower quit intentions (Karatepe & Avci, 2017). In this case, work engagement plays a role in encouraging employees' intention to stay (Tetteh et al., 2022) and mitigating employees' tendency to leave their workplace (Karatepe & Avci, 2017). Engaged employees show high energy levels in achieving their goals, feel more committed to the organization, and are more willing to stay in the organization (Memon et al., 2021). Two studies found that work engagement significantly influences intention to stay (Apriyanti & Pusparini, 2022; Kim & Yoo, 2018). Therefore, employees who engage with their work will support their intention to stay and be with the organization. Based on this explanation, the third hypothesis is:

H3: Work engagement has a positive influence on intention to stay.

2.4. Workplace Fun and Work Engagement

Fun activities, coworker socializing, and manager support for fun, which are the three dimensions of workplace fun, have a positive impact on increasing work engagement (Plester & Hutchison, 2016). Fun activities allow employees to recover from work so that in the end, employees become more engaged when carrying out their job duties (Tetteh

et al., 2022). Coworkers socializing with each other through sharing jokes and stories is a driver of work engagement (Conway et al., 2015). When managers encourage fun at work and allow employees to feel enjoyable at work, employees are willing to engage at work (Christian et al., 2011). When employees perceive good working conditions as reflected by workplace fun, they reciprocate by engaging themselves in their work (Jyoti & Dimple, 2022). Several previous studies found that workplace fun has a significant positive relationship with work engagement (Apriyanti & Pusparini, 2022; Fluegge, 2014; Jyoti & Dimple, 2022; Tetteh et al., 2022). Thus, workplace fun can be a powerful way to increase work engagement of Gen Z employees. Therefore, the fourth hypothesis proposed in this study is:

H4: Workplace fun has a positive influence on work engagement.

2.5. Psychological Capital and Work Engagement

Psychological capital refers to individual positive emotions that impact employee outcomes, such as work engagement (Paek et al., 2015). Personal resources such as psychological capital can increase work engagement due to the potential of intrinsic motivation (Gupta et al., 2022). Psychological capital encourages employee motivation that arises through positive psychological constructs, which in turn creates higher work engagement (Luthans et al., 2007). Employees with self-efficacy, hope, optimism, and resiliency can use personal resources to cope with issues and work more effectively, fostering higher work engagement (Bakker, 2011). When employees are confident, hopeful, optimistic, and resilient, they tend to be energized, dedicated, and absorbed in their work (Karatepe & Karadas, 2015). Previous studies highlight that psychological capital is significantly positively related to work engagement (Grover et al., 2018; Gupta et al., 2022; Karatepe & Avci, 2017; Paek et al., 2015; Tsaor et al., 2019). Based on this, the four dimensions of psychological capital together generate positive emotions, which can promote work engagement (Tetteh et al., 2022). Thus, the proposed hypothesis is as follows:

H5: Psychological capital has a positive influence on work engagement.

2.6. Work Engagement as Mediator

Work engagement has been identified as both a predictor and a mediator (Karatepe & Avci, 2017; Memon et al., 2021; Tetteh et al., 2022). When there is workplace fun, employees develop their intention to stay at work through work engagement (Tetteh et al., 2022). Employees who perceive a good work environment as generated by workplace fun tend to engage themselves in their work, which in turn influences their intention to stay (Memon et al., 2021; Plester & Hutchison, 2016). When organizations facilitate workplace fun for employees, this results in a more enjoyable work culture, thereby manifesting work engagement as well as employees' intention to stay in the organization (Jyoti & Dimple, 2022). Xie et al. (2022) explain that individual attitudes can mediate the relationship between environmental stimuli and behavioral intentions. Thus, work engagement is tested in this study as a mediator between the relationship between workplace fun (as a work environment stimulus) and intention to stay (as a response, behavioral intention).

Furthermore, work engagement acts as an underlying mechanism that links psychological capital with employees' intentions to stay (Karatepe & Avci, 2017). Psychological capital and work engagement are antidotes to turnover (Karatepe & Karadas, 2015), encouraging employees to remain in the organization (Kavgacı & Öztürk, 2023). Employees' psychological capital as a personal resource plays a role in generating positive emotions to encourage the positive development of work engagement (Tsaor et al., 2019), as well as increasing employees' willingness to stay in the organization (Bouzari & Karatepe, 2017). Positive resources in the form of self-efficacy, hope, optimism, and resiliency are core constructs of psychological capital (Avey et al., 2009) that can trigger employees to generate positive emotions, inspire employees to be more engaged in their work, and develop higher intentions to stay (Tetteh et al., 2022). Based on this explanation, the following hypotheses are proposed:

H6: Work engagement mediates the effect of workplace fun on intention to stay.

H7: Work engagement mediates the effect of psychological capital on intention to stay.

Based on the seven hypotheses that have been proposed, the conceptual model in this study is presented in Figure 1.

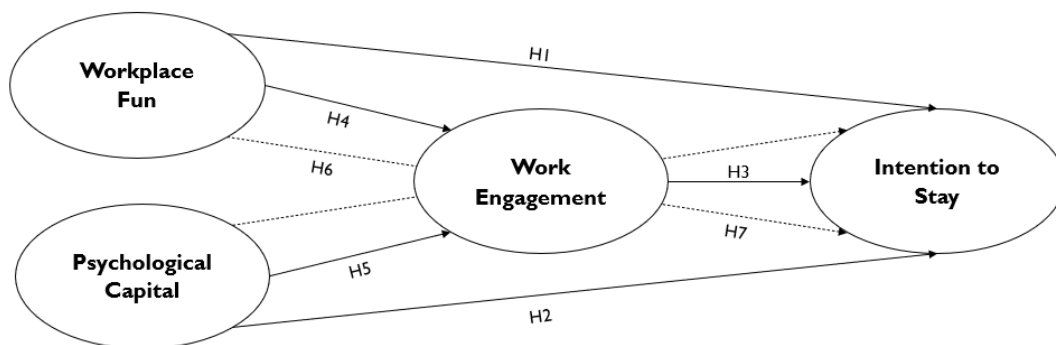


Figure 1. Research Model

3. Method

3.1. Research Design and Data Collection

This study used the purposive sampling technique, which selects samples based on specific criteria that were determined by the researcher (Bougie & Sekaran, 2019). The sample selection criteria are as follows: Gen Z, who was born between 1995 and 2006, has the status of a permanent employee with at least six months of experience, and is working in the Jabodetabek area. The age criteria were determined based on Gen Z's birth year, which refers to previous studies (Barhate & Dirani, 2022; de Boer & Bordoloi, 2022; Gabrielova & Buchko, 2021), and adjusted to the legal age restriction in the labor force according to Indonesian Law Number 13 of 2003. The tenure criteria were established based on a previous study by Blau (1989), which explains that six months is a sufficient period to assess how engaged and committed employees are to the organization, as well as a study by Allen and Meyer (1990), which states that employees who have worked for six months already have experience adapting to and getting to know the work environment.

Furthermore, this research focused on Gen Z employees who worked in Jabodetabek, a unified megacity in Indonesia. Gen Z is the largest generational group in Indonesia, accounting for 27.94% of the total population, or 74.93 million people (Statistics Indonesia, 2023). According to the IDN Research Institute (2024), about half of Indonesia's Gen Z population has reached the productive age, with the remainder entering the workforce in the coming years. For Gen Z, Jabodetabek is an ideal area to live and work because of its strategic location, which is close to the city center and business center, and also has adequate public transportation facilities (Good Stats, 2023).

Before data collection, this study conducted a pilot test on five readers to examine questionnaire readability. After reviewing the pilot test results, the questionnaire was distributed on a limited basis to several researchers' colleagues, and 30 respondents were obtained for the pre-test. The pre-test stage aims to evaluate respondents' responses and test the validity and reliability of the research instrument. The pre-test was conducted using IBM SPSS Statistics v.27. The pre-test results show that all indicators used in this study are valid and reliable. Thus, the questionnaire can be distributed widely and then proceed to the main test.

Data was collected through an online self-reported questionnaire created using Google Forms. The questionnaire was distributed from February 23, 2024, to March 23, 2024, through various social media platforms such as WhatsApp, X, Instagram, and Telegram. The questionnaire included a consistency test to ensure the respondent's focus. An example of the consistency test is: "If you read this sentence, please select point 2". The data that was successfully obtained was from 382 respondents. After the screening process, 41 respondents were excluded because they did not meet the sample criteria and did not pass the consistency test. Thus, the amount of data that meets the criteria and is suitable for the main test is 341 respondents. The data were analyzed using the Structural Equation Modeling (SEM) technique using Lisrel v8.51 to test the relationship between variables.

3.2. Measurement

This study used four variables, consisting of workplace fun and psychological capital as independent variables, work engagement as a mediating variable, and intention to stay as the dependent variable. There are 40 items from all indicators that represent four variables, which are measured by scale-response questions to determine the respondent's attitude toward the statement (Schindler, 2019). The measurement of workplace fun is adapted from Tews et al. (2014) with 14 indicators measuring three dimensions, which are fun activities, coworker socializing, and manager support for fun. Psychological capital is measured using 12 Psychological Capital Questionnaire (PCQ-12) indicators adapted from Luthans, Youssef, and Avolio (2007) in Samroodh et al. (2023), which consist of four dimensions, namely hope, optimism, resiliency, and self-efficacy. Measurement of work engagement is based on the Utrecht Work Engagement Scale-9 (UWES-9) adapted from Schaufeli et al. (2006), which measures three dimensions, namely vigor, dedication, and absorption, with nine indicators. Intention to stay is measured using five indicators adapted from Mrayyan (2008). All items are measured using a five-point Likert, with a scale of 1 (strongly disagree) to 5 (strongly agree). Except for the workplace fun variable with the fun activities dimension, indicators are measured using a 5-point Likert frequency scale, with a scale ranging from 1 (never) to 5 (always). The instrument that measured the four variables can be seen in Table I.

Table I. Item Measurement

Variable	Definition	Dimension	Item	Source
Workplace Fun	Enjoyable and pleasurable activities at work, which create a work environment that makes people smile	Fun Activities	At my workplace, there is a public celebration of work achievements.	Tews et al. (2014)
			At my workplace, there is a team-building activity.	
			At my workplace, there is a recognition of personal milestones.	
			At my workplace, there is a social event.	

Variable	Definition	Dimension	Item	Source
Psychological Capital	Positive psychological resources that emerge inside individuals, as represented in hope, optimism, resilience, and self-efficacy	Coworker Socializing	At my workplace, there is a competition between employees.	Luthans, Youssef, and Avolio (2007); Samroodh et al. (2022)
			My coworkers and I share stories.	
			My coworkers and I joke around with each other.	
			My coworkers and I socialize at work.	
		Manager Support for Fun	My coworkers and I socialize outside of work.	
			My managers encourage employees to have fun on the job.	
			My managers emphasize employee fun in the workplace.	
		Hope	My managers try to make my work fun.	
			My managers care about employees having fun on the job.	
			My managers allow employees to play around on the job.	
Optimism	If I should find myself in a jam at work, I could think of many ways to get out of it.			
	There are lots of ways around any problem.			
	I can think of many ways to reach my current work goals.			
Resiliency	When things are uncertain for me at work, I usually expect the best.			
	I always look on the bright side of things regarding my job.			
	I'm optimistic about what will happen to me in the future regarding work.			
Work Engagement	A positive work-related state of mind, as reflected by vigor, dedication, and absorption	Self-Efficacy	I usually manage difficulties one way or another at work.	Schaufeli et al. (2006)
			I can get through difficult times at work because I've experienced difficulty before.	
		Vigor	I feel I can handle many things at a time at this job.	
			I feel confident analyzing a long-term problem to find a solution.	
			I feel confident in representing my work area in meetings with management.	
		Dedication	I feel confident contributing to discussions about the company's strategy.	
			At my work, I feel bursting with energy.	
Absorption	At my job, I feel strong and vigorous.			
	When I get up in the morning, I feel like going to work.			
	I am enthusiastic about my job.			
Intention to Stay	Employees' decisions to stay in an	-	My job inspires me.	Mrayyan (2008)
			I am proud of the work that I do.	
			I feel happy when I am working intensely.	
			I am immersed in my work.	
			I get carried away when I am working.	
			Even if this job does not meet all their expectations, I will not quit.	

Variable	Definition	Dimension	Item	Source
	employment relationship and remain with the organization		I plan to work at my present job as long as possible. I will probably spend the rest of my career in this job. I plan to keep this job for at least two or three years. Under no circumstances I would not leave my present job.	

4. Result and Discussion

4.1. Demographic Profile of Respondents

Table 2 shows the demographic analysis of respondents based on the 341 samples obtained. Respondents in this study were dominated by women, totaling 199, with 58.4%. Most respondents are 22 – 25 years old (48.1%), followed by 26 – 29 years old (42.8%). The educational level of respondents is dominated by the bachelor level, which amounted to 72.1%. Regarding workplace region, most respondents work in Jakarta, with 57.8%. Respondents' working periods are dominated by 25 – 36 months (33.1%). Furthermore, the majority of respondents (61.9%) hold staff roles. Based on the job sector, most respondents work in the technology sector (27.9%).

Table 2. Respondent's Demography

Profile	Classification	Total	Percentage
Gender	Male	142	41,6%
	Female	199	58,4%
Age	18 – 21 Years Old	31	9,1%
	22 – 25 Years Old	164	48,1%
	26 – 29 Years Old	146	42,8%
Education	High School	27	7,9%
	Diploma	39	11,4%
	Bachelor	246	72,1%
Workplace Region	Master	29	8,5%
	Jakarta	197	57,8%
	Bogor	25	7,3%
	Depok	39	11,4%
	Tangerang	52	15,2%
	Bekasi	28	8,2%
Job Tenure	6 – 12 Months	61	17,9%
	13 – 24 Months	76	22,3%
	25 – 36 Months	113	33,1%
	>36 Months	91	26,7%
Job Position	Staff	211	61,9%
	Supervisor	77	22,6%
	Manager	32	9,4%
	Senior Manager	21	6,2%
Job Sectors	Technology	95	27,9%
	Services	52	15,2%
	Trade	39	11,4%
	Finance & Banking	49	14,4%
	Media	29	8,5%
	Public	53	15,5%
	Property & Real Estate	24	7,0%

4.2. Measurement Model

The data collected for this study were then assessed for validity and reliability. The validity test aims to examine how well an indicator can measure the variable to be tested, while the reliability test aims to evaluate the extent to which an indicator can be relied on to provide consistent results (Bougie & Sekaran, 2019). This study includes three multidimensional variables: workplace fun, psychological capital, and work engagement, and one unidimensional variable, namely intention to stay. The measurement model's validity and reliability tests in multidimensional variables must be further examined with second-level measures using second-order confirmatory factor analysis. The second-order confirmatory factor analysis measurement employs the latent variable score of each dimension acquired from the first measurement model, namely first-order confirmatory factor analysis.

In the validity test, the indicators are considered valid if they have a standardized loading factor (SLF) value $\geq 0,50$ (Hair et al., 2019). Furthermore, the reliability test is evaluated using the construct reliability (CR) and average variance extracted (AVE) values derived by calculating each indicator's SLF and error values. The values of CR $\geq 0,70$ and AVE $\geq 0,50$ indicate that the indicator is reliable (Hair et al., 2010). Based on the first-order confirmatory factor analysis results presented in Table 3, all indicators have SLF values greater than 0.50; CR values greater than 0.70; and AVE values greater than 0.50. Thus, all indicators used in this study are valid and reliable.

Table 3. First-Order Confirmatory Factor Analysis

Variable	Dimension	Item	t-value	SLF	error	CR	AVE	Conclusion
Workplace Fun	Fun Activities	FA1	17.02	0.79	0.38	0.862	0.556	Valid and Reliable
		FA2	14.60	0.71	0.50			
		FA3	17.52	0.81	0.34			
		FA4	15.35	0.74	0.45			
		FA5	13.52	0.67	0.55			
	Coworker Socializing	CS1	16.57	0.79	0.38	0.840	0.567	Valid and Reliable
		CS2	14.41	0.72	0.48			
		CS3	15.98	0.77	0.41			
		CS4	14.91	0.73	0.47			
	Psychological Capital	Manager Support for Fun	MSF1	19.06	0.85	0.28	0.893	0.630
MSF2			16.78	0.78	0.39			
MSF3			19.84	0.87	0.24			
MSF4			18.57	0.83	0.31			
MSF5			12.01	0.61	0.63			
Hope		HO1	17.18	0.79	0.38	0.830	0.620	Valid and Reliable
		HO2	15.82	0.75	0.44			
		HO3	17.93	0.82	0.33			
Optimism		OPI	16.48	0.77	0.41	0.817	0.599	Valid and Reliable
		OP2	15.64	0.74	0.45			
	OP3	17.58	0.81	0.34				
Resiliency	RE1	18.39	0.83	0.31	0.811	0.590	Valid and Reliable	
	RE2	15.40	0.74	0.45				
	RE3	15.25	0.73	0.47				
Self-Efficacy	SE1	18.03	0.82	0.33	0.830	0.620	Valid and Reliable	
	SE2	15.59	0.74	0.45				
	SE3	17.20	0.80	0.36				
Work Engagement	Vigor	VII	16.50	0.78	0.39	0.833	0.625	Valid and Reliable
		VI2	16.13	0.77	0.41			
		VI3	17.76	0.82	0.33			
	Dedication	DE1	16.71	0.79	0.38	0.804	0.578	Valid and Reliable
		DE2	16.12	0.77	0.41			
		DE3	14.49	0.72	0.48			
	Absorption	AB1	16.55	0.79	0.38	0.804	0.578	Valid and Reliable
		AB2	15.35	0.75	0.44			

Variable	Dimension	Item	t-value	SLF	error	CR	AVE	Conclusion
Intention to Stay	-	AB3	15.14	0.74	0.45	0.922	0.703	Valid and Reliable
		ITS1	17.00	0.78	0.39			
		ITS2	20.01	0.87	0.24			
		ITS3	21.72	0.91	0.17			
		ITS4	16.08	0.75	0.44			
		ITS5	20.19	0.87	0.24			

In the next stage, validity and reliability tests on multidimensional variables were conducted using second-order confirmatory factor analysis. Workplace fun has three dimensions, namely fun activities, coworker socializing, and manager support for fun. Psychological capital has four dimensions, which are hope, optimism, resiliency, and self-efficacy. The work engagement variable consists of three dimensions, namely vigor, dedication, and absorption. The second-order confirmatory factor analysis results presented in Table 4 show that all dimensions measuring each variable have SLF values greater than 0,50; CR values greater than 0,70; and AVE values greater than 0,50. According to these findings, all dimensions that measure workplace fun, psychological capital, and work engagement variables are valid and reliable.

Table 4. Second-Order Confirmatory Factor Analysis

Variable	Dimension	SLF	error	CR	AVE	Conclusion
Workplace Fun	Fun Activities	0.87	0.24	0.876	0.704	Valid and Reliable
	Coworker Socializing	0.75	0.44			Valid and Reliable
	Manager Support for Fun	0.89	0.21			Valid and Reliable
Psychological Capital	Hope	1.01	0.02	0.986	0.946	Valid and Reliable
	Optimism	0.97	0.06			Valid and Reliable
	Resiliency	0.97	0.06			Valid and Reliable
	Self-Efficacy	0.94	0.12			Valid and Reliable
Work Engagement	Vigor	0.94	0.12	0.946	0.853	Valid and Reliable
	Dedication	0.93	0.14			Valid and Reliable
	Absorption	0.90	0.19			Valid and Reliable

4.3. Structural Model Goodness of Fit

The goodness of fit test determines how well the model represents the relationship between latent variables and the observed indicators of those variables (Hair et al., 2019). Goodness of fit is evaluated based on absolute fit indices, incremental fit indices, and parsimony fit indices. According to the findings in Table 5, absolute fit indices using RMSEA, GFI, and SRMR indicators yielded estimated values that met the threshold of good fit criteria. Furthermore, incremental fit indices for NFI, NNFI, CFI, IFI, and FRI indicators show calculated values greater than 0.90, indicating that all indicators meet the good fit standard. In parsimony fit indices, both the PGFI and PNFI indicators also meet the good fit criteria. Based on this explanation, the structural model in this study has met the requirements of a good fit. Thus, the relationship between variables formulated in the model can be further analyzed.

Table 5. Goodness of Fit Test Result

Goodness of Fit Indicators	Standard Value	Result	Conclusion
Absolute Fit Indices			
Root/Mean Square/Error of Approximation (RMSEA)	RMSEA \leq 0.08 (good fit) RMSEA $<$ 0.05 (close fit)	0.068	Good Fit
Goodness-of-Fit Index (GFI)	GFI \geq 0.90 (good fit) 0.80 \leq GFI $<$ 0.90 (marginal fit)	0.92	Good Fit
Standardized Root/Mean Square/Residual (SRMR)	SRMR \leq 0.05 (good fit)	0.033	Good Fit
Incremental Fit Indices			
Normed Fit Index (NFI)	NFI \geq 0.90 (good fit) 0.80 \leq NFI $<$ 0.90 (marginal fit)	0.98	Good Fit
Non-Normed Fit Index (NNFI)	NNFI \geq 0.90 (good fit) 0.80 \leq NNFI $<$ 0.90 (marginal fit)	0.99	Good Fit
Comparative Fit Index (CFI)	CFI \geq 0.90 (good fit) 0.80 \leq CFI $<$ 0.90 (marginal fit)	0.99	Good Fit

Goodness of Fit Indicators	Standard Value	Result	Conclusion
Incremental Fit Index (IFI)	IFI \geq 0.90 (good fit) 0.80 \leq IFI < 0.90 (marginal fit)	0.99	Good Fit
Relative Fit Index (RFI)	RFI \geq 0.90 (good fit) 0.80 \leq RFI < 0.90 (marginal fit)	0.98	Good Fit
Parsimony Fit Indices			
Parsimony Goodness-of-Fit Index (PGFI)	PGFI \geq 0.50 (good fit)	0.65	Good Fit
Parsimony Normed Fit Index (PNFI)	PNFI \geq 0.50 (good fit)	0.79	Good Fit

4.4. Hypotheses Testing

Hypotheses testing was carried out using the structural equation modeling (SEM) analysis technique using Lisrel 8.51. SEM is a statistical approach for assessing and estimating causal relationships by comparing the fit of the pattern created from the model specification to the pattern acquired from the collected data (Hair et al., 2019). Figure 2 shows the R² value of the test result. The R² value for work engagement is 0.72, indicating that the variation in work engagement is explained by workplace fun and psychological capital by 72%. Other factors not examined in this study explain the remaining 28% variation in work engagement. Furthermore, the R² value for intention to stay is 0.76. This means that workplace fun, psychological capital, and work engagement can explain 76% of the variation of intention to stay, with the remaining (24%) explained by other factors not included in this study.

The effect analysis between latent variables is evaluated based on the t-value obtained from the test. For one-tailed hypothesis testing with a 95% confidence interval, the t-value \geq 1.645 indicates that the relationship between variables is significant (Hair et al., 2010). Figure 2 shows the results of hypothesis testing presented with a path diagram. A summary of the hypothesis testing results is presented in Table 6.

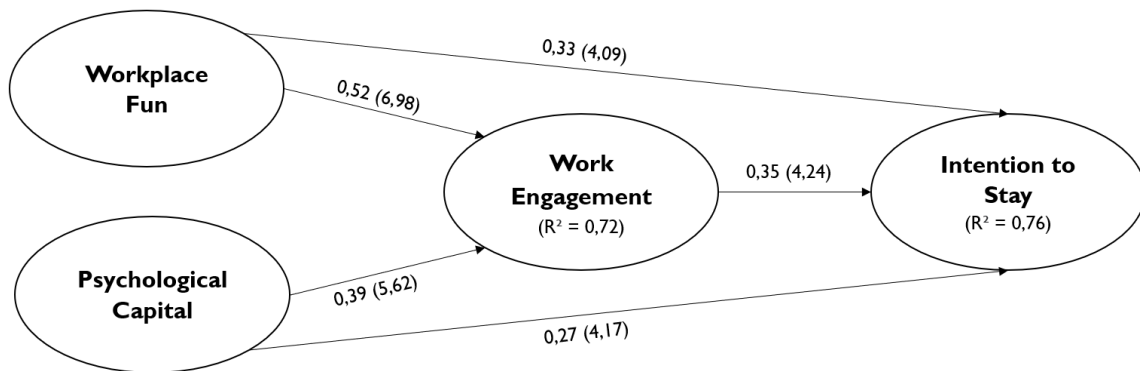


Figure 2. Structural Model Path Diagram

Based on the findings (see Table 6 and Figure 2), the standardized loading factor (SLF) and t-value are positive. This result indicates that there is a positive influence between the variables tested. Furthermore, the findings reveal that all five hypotheses have t-values greater than 1,645. According to the result of direct effect testing, H1 is accepted (t-value = 4.09; SLF = 0.33), H2 is accepted (t-value = 4.17; SLF = 0.27), H3 is accepted (t-value = 4.24; SLF = 0.35), H4 is accepted (t-value = 6.98; SLF = 0.52), and H5 is also accepted (t-value = 5.62; SLF = 0.39).

Table 6. Hypotheses Testing Result

Hypotheses	Path	SLF	t-value	Conclusion
H1	Workplace Fun → Intention to Stay	0.33	4.09	Accepted
H2	Psychological Capital → Intention to Stay	0.27	4.17	Accepted
H3	Work Engagement → Intention to Stay	0.35	4.24	Accepted
H4	Workplace Fun → Work Engagement	0.52	6.98	Accepted
H5	Psychological Capital → Work Engagement	0.39	5.62	Accepted
H6	Workplace Fun → Work Engagement → Intention to Stay	0.18	3.83	Accepted
H7	Psychological Capital → Work Engagement → Intention to Stay	0.14	3.31	Accepted

In testing the mediation role of work engagement, the direct effect, indirect effect, and total effect of the examined variables are calculated. Based on the test results in Table 6, the relationship between workplace fun → work engagement → intention to stay has a t-value of 3.83, which indicates that H6 is accepted. According to the mediation effect test results presented in Table 7, the value of the total effect for H6 is 0.512. Meanwhile, the direct effect value of workplace fun → intention to stay is 0.33. This implies that work engagement partially mediates the effect of workplace fun on intention to stay. Furthermore, the relationship between psychological capital → work engagement → intention to stay has a t-value of 3.31 indicating that H7 is supported. The total effect value obtained in H7 is 0.4065, and the direct effect value of psychological capital → intention to stay is 0.27. Therefore, the effect of psychological capital on intention to stay is partially mediated by work engagement. It is categorized as partial mediation if the effect of workplace fun and psychological capital on intention to stay (direct effect) decreases but remains statistically significant, when work engagement (as a mediating variable) is included in the relationship between variables (Baron & Kenny, 1986).

Table 7. Result of Mediation Effect Testing

Hypotheses	Path	Direct Effect	Indirect Effect	Total Effect	Conclusion
H6	WF → WE → ITS	0.33	0.182	0.512	Partial Mediation
H7	PC → WE → ITS	0.27	0.1365	0.4065	Partial Mediation

Note:

WF: workplace fun
WE: work engagementPC: psychological capital
ITS: intention to stay

4.5. Discussion

The results of testing the first hypothesis in this study prove that workplace fun has a positive direct effect on Gen Z employees' intention to stay. This finding supports previous studies that found that workplace fun helps increase employees' intention to stay in the organization (Chen & Ayoun, 2022; Selvi & Madhavkumar, 2023). Gen Z employees emphasize fun as they have high expectations of a supportive work environment and greatly value developing friendships through work, as reflected by workplace fun (Choi et al., 2013). Workplace fun creates a positive work environment for employees, which in turn will drive positive outcomes. In terms of the workplace fun dimension, fun activities serve as a recovery period for employees from work pressures, which in turn can increase employees' spirits (Jyoti & Dimple, 2022). Coworker socializing also supports the fulfillment of Gen Z's expectations at work, who want good communication with their colleagues (Baum, 2020). Manager support for fun can encourage employees to feel a positive exchange relationship and return with positive behavior to the organization, such as their willingness to stay with the organization (Chen & Ayoun, 2022).

The second hypothesis revealed that psychological capital positively affects Gen Z employees' intention to stay. This finding is consistent with prior studies, which found that psychological capital has a significant positive effect on employee intention to stay (Bouzari & Karatepe, 2017; Kim & Yoo, 2018; Samroodh et al., 2023). Gen Z employees are self-motivated, risk-taking, and looking for new ways to solve problems (Loring & Wang, 2022). Furthermore, Gen Z employees are agile and adaptable, allowing them to choose their path at work (Gabrielova & Buchko, 2021). This indicates that Gen Z can utilize personal resources (i.e., psychological capital) to overcome issues in the workplace (Bouzari & Karatepe, 2017). Psychological capital, embodied by hope, optimism, self-efficacy, and resiliency, contributes to positive work outcomes (Kang et al., 2018). Employees with high levels of psychological capital tend to show higher intentions to stay in the organization (Bouzari & Karatepe, 2017).

The third hypothesis in this study found that work engagement positively affects intention to stay. In line with previous research (Apriyanti & Pusparini, 2022; Kim & Yoo, 2018; Nargotra & Sarangal, 2021), work engagement characterized by vigor, dedication, and absorption, plays a role in boosting employees' intention to stay. Kuzior et al. (2022) explained that one of the factors that make Gen Z employees stay in the organization is their engagement with their work. Gen Z employees who are engaged will develop positive emotions toward their work, thus work engagement affects employees' intentions to stay (Bellamkonda & Pattusamy, 2022). This is because engaged Gen Z employees show more positive attitudes and behaviors related to work, such as having high energy, being enthusiastic about their work, and being absorbed in their work (Karatepe & Avci, 2017), and respecting their employers, which is manifested in their willingness to stay (Saks, 2006).

In the fourth hypothesis, this study proves that workplace fun positively influences work engagement. This finding supports previous studies that highlighted workplace fun, as support from the organization acts as a driver to improve work engagement (Apriyanti & Pusparini, 2022; Fluegge, 2014; Jyoti & Dimple, 2022; Tetteh et al., 2022; Tsaour et al., 2019). Organizations that promote workplace fun will drive positive outcomes that impact employee behavior (Sakr et al., 2019). When employees experience fun at their workplace, they will feel positive emotions rather than negative emotions towards the event (Michel et al., 2019). In this case, when Gen Z employees feel the organization is supporting a good work environment with workplace fun, they feel happy to return positive results to the organization by being engaged in work (Nargotra & Sarangal, 2021).

The fifth hypothesis in this study found that psychological capital positively affects work engagement. The results obtained in this study are in line with previous research (Grover et al., 2018; Gupta et al., 2022; Karatepe & Avci, 2017; Paek et al., 2015; Tsaor et al., 2019), which states that the four dimensions of psychological capital (hope, optimism, resiliency, and self-efficacy) help increase work engagement. Gen Z employees believe that their role models are themselves because they can rely on themselves while facing challenges at work (Otieno & Nyambegera, 2019). This is closely related to psychological capital, which is an employee's personal factors that are psychological predictors of behavior (Sun et al., 2013). Psychological capital can increase intrinsic motivation, which creates positive emotions and ultimately encourages work engagement (Tetteh et al., 2022).

In the mediating effect test, this study demonstrated that work engagement partially mediates the effect of workplace fun on intention to stay (hypothesis 6 accepted). These findings support previous studies by Apriyanti and Pusparini (2022). With workplace fun, Gen Z employees will produce positive emotions towards perceived events. These positive emotions are manifested by the improvement of work engagement, which ultimately affects employees' willingness to stay in the organization (Tetteh et al., 2022). Furthermore, hypothesis 7 in this study is supported, which states that the effect of psychological capital on intention to stay is partially mediated by work engagement. Previous studies highlight that work engagement acts as a mediator (Karatepe & Avci, 2017; Memon et al., 2021; Tetteh et al., 2022). Psychological capital as a personal resource plays a role in generating positive emotions (Zhou et al., 2022). With the support of work engagement, Gen Z employees can develop positive emotions through vigor, dedication, and being absorbed in their work, thus showing a higher intention to stay (Bellamkonda & Pattusamy, 2022).

5. Conclusion

A study of the factors that influence Gen Z employees' intention to stay is valuable for organizations, considering that Gen Z is the next generation that will gradually become the primary workforce in various sectors. This study found that workplace fun, psychological capital, and work engagement affect Gen Z employees' intention to stay. Furthermore, workplace fun and psychological capital also impact Gen Z employees' work engagement. Organizational support with workplace fun fosters a good work environment, and psychological capital owned by employees creates positive emotions that ultimately result in positive behaviors such as increased work engagement and intention to stay. Furthermore, the findings from this study highlight the strong influence on the relationship between workplace fun and work engagement. Gen Z employees desire to have exciting and satisfying work experiences (Scholz, 2019). Therefore, when Gen Z employees feel supported by the organization through workplace fun, they are happier and more engaged at work. Engaged Gen Z employees develop positive emotions in the form of a high level of vigor, dedication, and being absorbed in their work, which in turn increases their willingness to stay.

This research has theoretical implications that enrich the human resource management literature, particularly in the context of Gen Z employees and multisectors. Previous studies have emphasized the importance of studying Gen Z employees (Chi & Wang, 2018; Climek et al., 2022; Frye et al., 2020; Kang et al., 2018; Kuzior et al., 2022). Moreover, earlier research also highlighted that further exploration is needed regarding the factors that influence Gen Z employees' attitudes at work in a multisector context (Loring & Wang, 2022).

This research provides managerial implications that can be used as a reference for employers. The findings of this study revealed that workplace fun affects Gen Z's work engagement and intention to stay. Organizations can foster workplace fun by providing fun activities at work as a recovery period for employees, as well as promoting good social relationships among employees through public celebrations, social events, and team building. Furthermore, managers must encourage workplace fun and strive to make employees enjoy their work. Manager support for fun creates positive exchange relationships with employees and, in return, it generates positive employee behavior toward the organization (Chen & Ayoun, 2022).

Furthermore, this study proves that psychological capital influences work engagement and intention to stay among Gen Z employees. Psychological capital as a positive personal resource promotes positive work attitudes and outcomes (Kang et al., 2018), which enhances Gen Z's work engagement and intention to stay. Organizations must effectively develop talent management programs to support Gen Z for growing, maintaining, and sustaining their psychological capital at an optimal level. Organizations can provide training and development, mentoring, constructive feedback, counseling programs, and rewards as a form of recognition for Gen Z employees.

Aside from the findings and contributions, it should be noted that this study has some limitations that can serve as a foundation for future research. The first limitation is that this study used data collection procedures with self-reported questionnaires, distributed cross-sectionally. Furthermore, the respondents in this study were spread across seven sectors, consisting of technology, public sector, services, property and real estate, finance and banking, trade, and media. The critical thing to ensure is that the usefulness of workplace fun may be limited and different in other sectors because they have different work environments (Tetteh et al., 2022; Tews et al., 2015). The third limitation is this study did not examine respondents' demographic factors as control variables that might influence the impact of workplace fun, psychological capital, and work engagement on Gen Z employees' intention to stay.

To address these limitations, future research can use longitudinal data collection procedures by providing a time lag when distributing surveys to reduce the tendency for common method bias (Podsakoff et al., 2012). For example, the distribution of surveys with two waves (e.g., a study conducted by Paek et al., 2015) or three waves (e.g., a study by

Bouzari & Karatepe, 2017). Furthermore, future research needs to explore the types of fun that occur naturally from organizational members and fun that are managed by the organization. In addition, future research needs to identify whether demographic factors such as gender, education level, age, and tenure of employees can enhance or diminish employees' intention to stay. Moreover, future research can consider other antecedent variables such as organizational culture, leadership role, career development, and work-life balance to expand the study of factors influencing Gen Z employees' intention to stay.

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Author Contribution

Author 1: conceptualization, writing original draft, data curation, formal analysis, investigation, methodology, visualization.

Author 2: conceptualization, review, supervision, validation.

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Conflict of Interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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