








Factors Affecting Employee Engagement of Generation Z during the Transition from the COVID-19 Pandemic to Endemic

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Abstract

Background: Employee engagement is an important factor for companies to consider as it can increase net profit margin by 6% (Kruse, 2015). Based on previous literature, there are thirteen major factors that influence employee engagement, such as: transformational leadership, transactional leadership, corporate social responsibility (CSR), work-life balance, technology, autonomy, respect, growth and development, job significance, having a creative and challenging job, perceived self-worth, performance evaluation and recognition, and organizational bureaucracy.

Objective: This research aimed to investigate the factors that influence employee engagement of Generation Z in Indonesia, during the transition from the COVID-19 pandemic to the endemic period.

Method: This study collected data through an online survey, which was distributed to service industry employees in Indonesia. The sampling method used was convenience sampling. A total of 94 valid questionnaires were obtained, and all items were graded on a seven-point scale. In addition, 334 people participated in this study. To identify factors that influence employee engagement, exploratory factor analysis was used. Following that, multiple regression analysis was used to investigate the impact of these dimensions on employee engagement.

Results: Thirteen factors that influence employee engagement of Generation Z were identified, namely, transformational leadership, transactional leadership, corporate social responsibility (CSR), work-life balance, technology, autonomy, respect, growth and development, job significance, having a creative and challenging job, perceived self-worth, performance evaluation and recognition, and organisational bureaucracy. Regression analysis shows that the factors influencing employee engagement had positive and significant effects on influencing employee engagement of Generation Z, such as: work-life balance, perceived self-worth, transformational leadership, respect and organizational bureaucracy.

Conclusion: This study revealed that five main factors were identified as crucial for employee engagement in Generation Z, namely: work-life balance, perceived self-worth, transformational leadership, respect and organisational bureaucracy.

Keywords: Employee engagement, Endemic, Generation Z, Pandemic, Workplace

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1. Introduction

Employee engagement is frequently defined as an emotional and intellectual commitment to the company (Baumruk, 2004). According to Baumruk (2004), engaged employees are individuals who are eager to work, have more energy when doing work, listen more carefully, and believe that the company's goals and aspirations are their own. In addition, (Koop, 2021) found that companies with employees who have high employee engagement experience a 6% higher net profit margin than companies that do not have a high employee engagement. Therefore, it is important for companies to increase their employee engagement.

One way to increase employee engagement is to search which factors affect employee engagement in an organisation or institution. Sun and Bunchapattanasakda (2019) stated that some factors that affect employee engagement consist of loyalty, initiative, effectiveness, identity, commitment, ownership, productivity, and others. Therefore, it is vital for companies to understand the factors that affect engagement of an employee. It is also urged by the existence of a new generation that has different values and needs from the previous generation.

Singh and Dangmei (2016) stated that the current generation that will become the next workforce is Generation Z. Koop (2021) writes that by 2025, 27% of the worldwide workforce will be made up by Generation Z. The term 'Generation Z' refers to those who were born between 1995 and 2010 (Francis & Hoefel, 2018) and has changed from the previous generation due to the web, internet, smart phones, laptops, and so on (Singh & Dangmei, 2016). With Generation Z going to fill companies in the years to come, it is required to understand what factors affect the employee engagement for this generation. Unfortunately, little is known of this generation's characteristics, needs, attributes, and work styles. Compared to past generations, they appear to view labour differently. Therefore, it will be challenging for companies to hire and keep members of Generation Z for long-term corporate growth without a basic understanding of the generation (Singh & Dangmei, 2016).

Based on research done by Deloitte and the Network of Executive Women, Generation Z is very divided when it comes to making the decision between a boring career with a high wage and an intriguing one with a lower salary, as they are more diverse and more into a personalised career experience (Gomez, Mawhinney, & Betts, 2020). In order for businesses to take the necessary steps to retain Generation Z and secure their valued abilities, it is crucial to understand the elements that influence their engagement at work.

However, with the COVID-19 pandemic in 2020, it changes the working situation from offline to online. This certainly affects lower employee engagement in the company (Amano, Fukuda, Shibuya, Ozaki, & Tabuchi, 2021). However, according to Nurita (2022), Indonesia is currently in the middle of a transition phase from the COVID-19 pandemic to endemic. This is changing the way Indonesian companies work in which they begin to transition from online to offline again after adapting to the online situation. These changes will certainly affect individual employee engagement; therefore, it is necessary to examine what factors have the most influence on employee engagement in Generation Z, especially during the transition from the pandemic to endemic period.

Although previous research has analysed the factors influencing employee engagement of Generation Z, research that has been carried out so far has only focused on the period from normal to the pandemic period, but research on employee engagement from pandemic to the transition to becoming an endemic has never been done. The most dominant factors influencing employee engagement during the transition to this endemic period were also not previously known.

This background informs the following important research question: What are the factors that influence Generation Z's employee engagement in their workplace during the period when COVID-19 was transitioning from a pandemic to an endemic state? To answer this question, the authors analyse 13 factors that affect employee engagement (Kumar & Padhi, 2021; C. C. Lee, Aravamudhan, Roback, Lim, & Ruane, 2021). Moreover, understanding factors influencing employee engagement of Generation Z in the workplace can contribute to improve the company's employee engagement

strategies towards their employees, and therefore significantly improve the overall company's performance during the period when COVID-19 was changing from a pandemic to an endemic.

2. Literature Review

The literature review should identify any theories or frameworks employed in the study, as well as how the manuscript differs from prior studies and how it is novel.

2.1. Employee Engagement

As stated by (Kahn, 1990), the ability of organisation members to connect their identities to their job obligations was defined as employee engagement. Employees use and express themselves physically, mentally, and emotionally to their work performances as a result of engagement. Moreover, employee engagement is defined as the opposite of burnout, as stated by Maslach and Leiter (2017), where burnout is defined as fatigue, cynicism, and lower professional efficacy, it shows that engagement is identified by involvement, energy, and efficacy. Therefore, the scoring used for employee engagement is the opposite scoring for burnout. This means that the lower scoring in fatigue indicates the higher level of employee engagement.

Employee engagement is a vital set up for companies because employee engagement is beyond job satisfaction. When employees are emotionally invested in their employers, the results are tangible financial advantages (C. C. Lee et al., 2021).

According to Lee et al. (2021), there are six factors that can impact employee engagement which are corporate social responsibility, leadership (transactional and transformational), technology, work-life balance, and autonomy. However, Kumar and Padhi (2021) wrote that it has been suggested that respect, supervisor's support and recognition, growth and development, autonomy and opinion, creative and challenging job, job significance, perceived self-worth, performance evaluation and recognition, and organisational bureaucracy are the nine characteristics that have the biggest impact on employee engagement.

Some of the characteristics from these two earlier studies are considered to be comparable but with different names, therefore the author of this study recommends twelve variables that could affect employee engagement, including leadership (transformational and transactional leaderships), corporate social responsibility (CSR), work-life balance, technology, autonomy, respect, growth and development, job significance, creative and challenging job, perceived self-worth, performance evaluation and recognition, and organisational bureaucracy.

2.2. Transformational & Transactional leaderships

Previous research that was conducted by Parimalam and Mahadevan (2012) which involved 300 employees from 10 banking organisations showed that a favourable link existed between leadership influences and employee engagement. Leadership alone has two outstanding styles which are transformational and transactional leadership styles.

In his descriptive research, Burns (1978) initially introduced the idea of transforming leadership. In the process of transforming leadership, leaders and followers support one another's growth to raise their motivation and sense of purpose. Burns (1978) emphasized despite the fact that the differences between management and leadership are based on traits and behaviors, it can be challenging to distinguish between the two. Consequently, he created the terms "transactional leadership" and "transforming leadership". Burns (1978) stated that both individuals' and organisations' lives are significantly changed as a result of the transforming strategy. It changes employees' perspectives, ideals, expectations, and ambitions. Furthermore, Bass (1985) expanded on Burns (1978) study by addressing the psychological aspects are becoming the foundation of transforming and transactional leadership. Bass (1985) also used the word "transformational" instead of "transforming".

Transformational leadership deals with morality and employees' motivation level as well as their value systems. This style of leadership consists of several behaviors like individualized consideration and intellectual stimulation (Avolio & Bass, 1991) which help employees increase their performances through aligning their values with the organization's value. According to Avolio and Bass (1991); Lee,

Idris, and Tuckey (2018); as well as Li, Castaño, & Li (2018), this situation in turn creates an intrinsic motivation for the employees that are shown in the high level of involvement in their work.

In contrast, in the transactional approach, the relationship is based on a give and take relationship. Transactional leaders work within the existing culture rather than supporting organizational cultural change, whereas transformational leaders work to alter the organisational culture Burns (1978). Employees and organisations should exchange rewards and goals, and according to Howell and Avolio (1993) transactional leadership is the name given to this type of leadership. The employees are rewarded in this leadership style as soon as they reach their objective. Besides the gratification of the employee, it also concerns the fulfilment of the organisation (Bass, 1990; Howell & Avolio, 1993; Humphreys, 2001; Pounder, 2003). Extrinsic motivation and dependent incentives are key to transactional leadership. As a result, this leadership style employs incentives to motivate personnel while reprimanding them for bad performance. The following hypotheses are presented based on the foregoing:

H1a: Transformational leadership is positively related to employee engagement

H1b: Transactional leadership is positively related to employee engagement

2.3. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) demonstrates a company's moral duty to go above and beyond the requirements of the law (Nisberg, 1988). Based on Waldman, Siegel, & Javidan (2006) and McWilliams & Siegel (2001), CSR is explained as a company's action to promote social good, above and beyond their own interests and legal requirements. These activities usually include efforts for environmental sustainability and community volunteer work.

Saad, Gaber, & Labib (2021) found that CSR practices impact employees' cognitive and behavioral engagement, but not their emotional engagement. This may be due to employees' limited knowledge of CSR initiatives aimed at other stakeholders.

Additionally, Rupp et al. (2018) conducted a study with 673 working adults from Canada, Mainland China, France, Hong Kong, and Singapore. The results indicated that employees' perception of their company's socially responsible activities can boost their job engagement, regardless of geography or cultural background. The study also highlights the importance of informing employees about the company's CSR initiatives. Based on previous research, the authors propose the following hypothesis:

H2: Corporate social responsibility (CSR) is positively related to employee engagement.

2.4. Work-life balance

The quality of output that employees produce is a concerning factor that organisations need to be focused on. The organisations need to know how well the employees are performing the task since they might not engage in the task that they are assigned for. This situation can be due to employees thinking about their family-related problems when they are at the office. Conversely, they also might think about work-related stuff when they are at home. Employees' act to balance their priority on one specific occasion over the other is called work-life balance. Kirchmeyer (1995) defined work-life balance as the accomplishment to juggle the multiple facets of life, each of which requires a different amount of dedication, energy, and time. According to Heery & Noon (2008), the idea of merging a employee's personal life, community involvement, and own societal interests has been referred to as work-life balance. Work-life balance in a company significantly boosts employee engagement (Richman, Civian, Shannon, Jeffrey Hill, & Brennan, 2008). When employees feel their workload exceeds their capacity or they must complete their tasks in a short amount of time and with limited resources, they may perceive an imbalanced work-life balance (Avery, Tonidandel, Volpone, & Raghuram, 2010; Greenglass, Burke, & Moore, 2003; Leiter & Schaufeli, 1996). According to the previous studies, the proposed hypothesis is:

H3: Work-life balance is positively related to employee engagement.

2.5. *Technology*

Alnoor, Al-Abrow, Abdullah, & Abbas (2019) stated that technology and employee engagement have a connection. They use structural equation modelling (SEM) and partial least squares (PLS) methods to collect and evaluate survey data, while conducting the study at a significant educational institution in Iraq. A positive correlation is suggested between both variables from their study. In contrast, Holt & Diggins (2010) studied an internal communication initiative to ascertain whether the transition from paper-based (magazines) communication towards a digital platform affects employee engagement. The study shows that the switch to digital communication had a favourable effect on staff morale. The following hypothesis is presented based on previous studies:

H4: Technology is positively related to employee engagement.

2.6. *Autonomy*

According to Price (1997), the level of autonomy a company has over its surroundings is known as environmental control. For example, the autonomy of a normal government agency and a corporate firm varies substantially. The decisions made by the government agency in regards to policy, budget, staff, and purchasing are heavily influenced by external entities, such as legislatures and budget offices. None of these choices are significantly made by outside units in a typical company organisation; instead, the most important business decisions are often made by the top executives. In organisational studies that deal with strategy, the use of political power over organisations in society, the function of governing boards, and the vertical integration of corporate corporations, autonomy is the subject of concern, either expressly or indirectly. The variety of these subjects demonstrates how crucial autonomy is to the study of organisations. Undoubtedly, a staple of organisational studies is the concept of autonomy. Kumar and Padhi (2021) find in their research, from a theoretical standpoint, that autonomy and opinion are crucial components of the employee engagement. From the multi-factor theory of employee engagement, autonomy is relevant and can affect employee engagement in different ways depending on which one is eliminated. The following hypothesis is presented based on the foregoing:

H5: Autonomy is positively related to employee engagement.

2.7. *Respect*

According to Cranor (1975), it was stated that respect is the recognition of another person's dignity, which is a value that cannot be swapped for anything else and has no monetary value. Kumar and Padhi (2021) stated that respect stands for the values of the organisation, its vision and mission, and its reputation as a 'wonderful place to work'. The survey and research showed that one of the key parts of employee engagement includes respect. From the practical standpoint, it can be observed that employees who respect their organisation and consider it to be the best place to work will work toward achieving the organisation's vision and mission. Also employees who share those values tend to be more engaged in both their job and the organisation (Kirkpatrick, 2017; Hacker & Brotherton, 1998). The following hypothesis is presented based on previous studies:

H6: Respect is positively related to employee engagement.

2.8. *Growth and development*

Alderfer (1972) argued that career advancement is a form of recognition for employees. He believed that "finding the opportunity to be what one is most fully and become what one can depend on a person obtaining the fulfilment of growth requirements." Management should prioritise training and development to provide opportunities for growth and development, which will increase employees' involvement. The following hypothesis, based on previous research, is proposed:

H7: Growth and Development is positively related to employee engagement.

2.9. Job Significance

Job significance refers to employees' perception of the importance and purpose of their work (Kumar and Padhi 2021). Rosso et al. (2010) states that meaningful work is work that is significant, valuable, and serves a worthwhile purpose. Steger et al. (2013) believe that understanding one's skills, expectations, and successful performance leads to a sense of meaningful work. Olivier & Rothmann (2007) studied employee engagement factors using a sample of employees from a global oil firm in South Africa and found meaningful work to be a strong predictor of work engagement. Based on these findings, the following hypothesis is proposed:

H8: Job significance is positively related to employee engagement.

2.10. Creative and challenging job

Intrinsic rewards are modestly significantly connected with work values including creativity, challenge, variety, and accomplishment (Lyons, Duxbury, & Higgins, 2006). According to Basinska & Dâderman (2019), work engagement and job burnout were positively correlated with three intrinsic values (creativity, challenge, and variety) that are linked to intrinsic rewards. Additionally, according to Basinska & Dâderman (2019) these three ingrained principles for hard effort (Creativity, Challenge, and Variety). They were positively linked with theories about cognitive processes. Based on these, the proposed hypothesis is as below:

H9: Creative and Challenging job is positively related to employee engagement.

2.11. Perceived self-worth

Perceived self-worth refers to a person's overall sense of personal value as well or how much a person valued, liked, or felt about oneself (Warner, 2019). This is almost similar to what Crocker and Wolfe (2001) described as an individual's perception of their worth based on perceived success or failure in meeting personal standards. From a sociological and psychological perspective, self-worth is a person's subjective evaluation of their worth (Horberg & Chen, 2010).

Knowing how self-worth influences engagement will help us better understand employee job satisfaction because self-worth and engagement are emotionally motivated. (Tennen & Affleck, 1993). Kumar and Padhi (2021) also stated that organisational policy can be reframed and defined so that an employee's sense of self-worth within the company determines whether they are satisfied there or not, which has a substantial impact on engagement levels. Therefore, the following hypotheses is proposed as below:

H10: Perceived self-worth is positively related to employee engagement.

2.12. Performance evaluation and recognition

Kumar and Padhi (2021) mentioned that the term "performance evaluation and recognition" refers to an organisation's system for performance appraisal. It's crucial to create a good performance evaluation system. This is because performance evaluation mechanisms will affect the level of employee engagement, just as LePine, Erez, & Johnson (2002) said.

Mone & London (2010) suggested that improving employee engagement through the design of the performance management process will increase performance. As stated by Gruman & Saks (2011), focusing on employee engagement as a vital determinant of the job performance will better enhance the process of performance management.

Beyond what is possible with a traditional focus on performance alone, performance improvement may be facilitated by placing a strong emphasis on employee involvement in the performance management process. (Gruman & Saks, 2011). Thus, the proposed hypothesis is as below:

H11: Performance evaluation and recognition is positively related to employee engagement.

Organisational bureaucracy

2.13. Organisational bureaucracy

According to Weber (1978), as cited in Longhofer (2016), bureaucracy is defined as a very formalised, highly structured, and impersonal organisation. Aghaz & Tarighian (2016) stated that bureaucracy is frequently regarded as red tape, laziness of bureaucrats, complexity of rules and regulations, and inefficiency. However, bureaucracy is not always viewed negatively. Adler and Borys (1996) stated that bureaucracy can help improve rationality, as supported by Adler (1999). This statement is proven once again as Aghaz & Tarighian (2016) reached a conclusion that allowing bureaucracy helps employees' engagement with both their work and also helps improve their organisation.

Guest (2014) suggested that a system of human resource management policies, practices, and procedures better be nested deep within the organisation to improve the organisations' employee engagement. Thus, as proposed by Aghaz & Tarighian (2016) organisational structure as a form of bureaucracy should be designed well so it can contribute to employee engagement and performance. This is also supported by LePine, Erez, & Johnson (2002) who stated that organisational bureaucracy will impact the level of employee engagement. The following hypothesis is proposed based on the previous findings:

H12: Organisational bureaucracy is positively related to employee engagement.

With all the variables explained, Figure 1 explains the research model of this study.

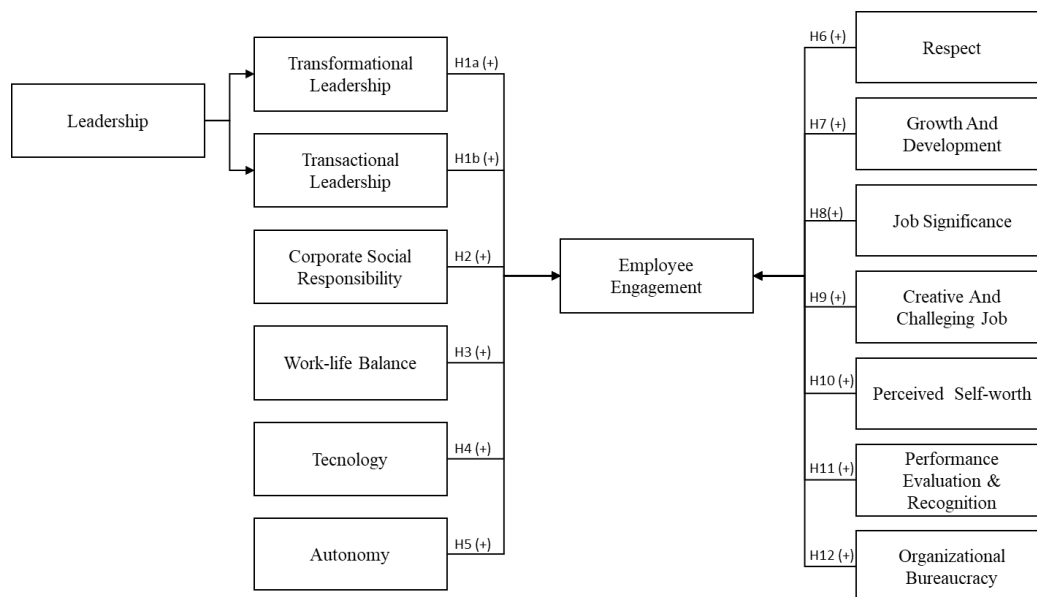


Figure 1. Research model of this study

In this study, the term “independent variables” might be used to represent the thirteen independent variables; the term “dependent variable” might be used to represent the variable employee engagement; and the term “the fourteen variables” might be used to represent all of the variables used in this study.

3. Method

3.1. Sample / Participants

An online survey was used in this study to gather the primary data of aspects affecting employee engagement of Generation Z in the service industry. The sampling method used convenience sampling. The selected industry, which is the service industry, was chosen because it provides a broader sense of choice to collect the data.

3.2. *Instrument(s)*

There were 94 questions in the survey. The questions were derived from earlier research on employee engagement and the variables that influence it (as you can see at Table 3). Every single metric employed a seven-point comparative scale, with 1 denoting disagreement, while 7 denoting agreements.

3.3. *Data collection procedures*

The online questionnaire was delivered to the respondents via an online link, which they completed. Due to the COVID-19 epidemic, face-to-face contact is avoided, hence this method is ideal for data collecting. There were 334 valid questionnaires in total were gathered and used for the analysis.

3.4. *Data analysis*

Data has been analysed using SPSS version 26. The respondents' demographic features, mean value, and standard deviation were examined using descriptive statistics. To assess the degree of the relationships between the variables, correlation analysis was utilised. The validity of the instrument was further evaluated using exploratory factor analysis (EFA), and the reliability of the tool was evaluated using Cronbach's alpha. Lastly, multiple regression analysis was employed to investigate the scope to which the independent variables have the most influence on the dependent variable.

4. **Results**

4.1. *Profile of respondents and descriptive statistics*

The total respondents of this survey are 334, with 55.1% female, with 24-27 age group consisting of 53.9%, and 48.1% having undergraduate degree. Table 1 displayed specific demographic information about the respondents.

Table 2 shows the variables' descriptive statistics, as well as the connections between the fourteen variables. The link between variables was determined using the correlation coefficients. The results of this investigation revealed the strongest link between respect and employee engagement (0.697) and whereas all other structure correlations ranged from 0.434 to 0.697. At the 0.01 level, it was found that the correlation coefficients were significant. This showed a significant positive association between employee engagement and all of the aforementioned variables. As a result, it can be applied to further research.

4.2. *Results of factor analysis*

To ensure that the questions appropriately reflect the construct to the chosen variables, EFA was conducted (Akturan & Tezcan, 2012). Bartlett's Test of Sphericity was used in the study to evaluate the sampling adequacy of the identified response variables with a p-value less than 0.05. EFA was conducted to determine whether the construct was accurately measured by the items to the Kaiser-Meyer-Olkin (KMO), for which the criteria must exceed 0.5. (Malhotra, 2020). In the current study, all the variables' KMO Scores were above 0.5 (ranging from 0.698 – 0.950). This suggests that the sample size was adequate for factor analysis to be performed.

The validity of the convergent estimates was also reduced in the current investigation using factor loading, and a cutoff threshold of 0.5 was employed to define substantial factor loading (Hair, Black, Babin, & Anderson, 2014). The factor loading score, which ranges from 0.506 to 0.926, was quite high. The values of the factor scores exceeded the 0.5 thresholds for minimum acceptability. To assess the dependability, this examination evaluated the inward consistency of the things utilising Cronbach's alpha. The value of the Cronbach's alpha starts from 0.770 to 0.945 which were considered to be significantly high. According to the threshold, they were all above 0.70 (Nunnally, 1978). Factor loading and Cronbach's alpha of each construct are attached in Table 3. In conclusion, all of the items in this study pass the validity and reliability tests.

Table 1. Respondents' demographic characteristics.

Characteristics	Frequency	%	Cumulative %
<i>Gender</i>			
Female	184	55.1%	55.1%
Male	150	44.9%	100.0%
<i>Age of Group</i>			
16-19 years old	32	9.6%	9.6%
20-23 years old	122	36.5%	46.1%
24-27 years old	180	53.9%	100.0%
<i>Education</i>			
Junior High School	1	0.3%	0.3%
Senior/Vocational High School	124	37.1%	37.4%
Diploma 1	5	1.5%	38.9%
Diploma 2	2	0.6%	39.5%
Diploma 3	28	8.4%	47.9%
Diploma 4	2	0.6%	48.5%
Undergraduate	163	48.8%	97.3%
Graduate	5	1.5%	98.8%
Post-Graduate	4	1.2%	100.0%
<i>Employment Status</i>			
Contract Employee - Full Time	81	24.3%	24.3%
Contract Employee - Part Time	25	7.5%	31.7%
Permanent Employee - Part Time	27	8.1%	39.8%
Full Time Employee	201	60.2%	100.0%

4.3. Multiple regression analysis

4.3.1 Multicollinearity test

Before performing a regression analysis, multicollinearity issues must be evaluated. When a high correlation is determined between two or more independent variables, multicollinearity exists between them (Hair, Hult, Ringle, & Sarstedt, 2014). The two metrics for measuring multicollinearity that are most frequently employed are tolerance, and the variance inflation factor (VIF). The allowed tolerance values ranged from 0.1 to 1.0 (Kutner, Nachtsheim, & Neter, 2004). In this current study, the tolerance value ranges from 0.294 – 0.795. This value shows that it is still in the acceptable range. The next measure to test multicollinearity is Variance Inflation Factor (VIF). The VIF with a value of 5 or higher exhibits substantial issues with construct indicators that are formatively measured (Kautish & Sharma, 2019; Kautish, Sharma, Mangla, Jabeen, & Awan, 2021). The VIF statistics in the current study range from 1.257 – 3.4.

4.3.2 Testing for model fit.

The prediction model had an adjusted R² of 0.603 and was statistically significant ($F(5, 328) = 102.074, p < 0.01$). This indicates that 60.3% of the variance in the dependent variable (employee engagement) can be accounted for by the independent variables, which include respect, work-life balance, perceived self-worth, transformational leadership, and organizational bureaucracy. In other words, this model can predict employee engagement in Generation Z by 60.3%. The Durbin-Watson test was used to check for autocorrelation, and a result of 1.960 was discovered. Since the acceptable range is 1.5 to 2.5, this means that no autocorrelation is found for this model (Yash & Nagendra, 2019).

4.3.3 Parameter estimates and hypothesis testing.

Multiple regression analysis was applied to test the hypotheses and evaluate the impact of 13 independent variables on the employee engagement of Generation Z in Indonesia. Since all items were measured using the same scale, standardised regression coefficients (b) were used as parameter estimates in this study. Figure 2 and Table 4 show all the statistically significant t-values (p -value < 0.01).

Using the stepwise method in multiple regression analysis, the result of this study suggested that not all of the independent variables have impacts on employee engagement of Generation Z. From 13 independent variables, only 5 independent variables (work-life balance, respect, organizational bureaucracy, transformational leadership, and perceived self-worth) influenced significantly to employee engagement in Generation Z.

The work-life balance factor has the strongest correlation with employee engagement among Generation Z in Indonesia ($\beta = 0.292, p < 0.01$). Perceived self-worth ($\beta = 0.192, p < 0.01$), transformational leadership ($\beta = 0.190, p < 0.01$), and respect ($\beta = 0.161, p < 0.01$) are also significant contributors to employee engagement in Generation Z. The least impactful factor is organizational bureaucracy ($\beta = 0.111, p < 0.01$) but still has statistical significance.

Table 2. Descriptive statistics and correlation result

No	Construct	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Employee engagement	5.60	0.95													
2	Leadership (Transformational leadership)	5.27	1.17	.656*												
3	Leadership (Transactional leadership)	5.40	1.05	.669*	.841*											
4	Corporate social responsibility	5.74	0.99	.580*	.681*	.697*										
5	Work-life balance	5.44	1.18	.692*	.660*	.716*	.696*									
6	Technology	5.87	1.08	.508*	.541*	.542*	.655*	.583*								
7	Respect	5.44	1.12	.697*	.721*	.742*	.737*	.747*	.590*							
8	Growth and development	5.15	1.26	.570*	.657*	.618*	.617*	.612*	.546*	.733*						
9	Creative and challenging job	5.51	1.03	.477*	.452*	.490*	.398*	.334*	.390*	.515*	.578*					
10	Perceived self-worth	5.69	0.98	.633*	.605*	.647*	.623*	.584*	.533*	.697*	.669*	.570*				
11	Autonomy	5.59	0.99	.579*	.626*	.691*	.654*	.577*	.580*	.679*	.668*	.634*	.790*			
12	Organizational bureaucracy	4.86	1.43	.434*	.368*	.364*	.299*	.374*	.247*	.425*	.517*	.466*	.390*	.412*		
13	Performance evaluation & recognition	5.54	1.11	.592*	.706*	.701*	.694*	.652*	.515*	.665*	.627*	.472*	.667*	.666*	.413*	
14	Job significant	5.59	1.07	.568*	.624*	.646*	.659*	.669*	.504*	.629*	.606*	.425*	.692*	.657*	.342*	.747*

Table 3. Validity and reliability result

Construct	Item Example	References	KMO	Factor Loading	Cronbach Alpha
Employee engagement	At my work, I feel bursting with energy	Adapted from Schaufeli & Bakker (2004)	0.908	0.544 - 0.871	0.906
Leadership (Transformational leadership)	My leader is an inspiration to us	Adapted from C. C. Lee et al. (2021)	0.950	0.591 - 0.889	0.945
Leadership (Transactional leadership)	My leader only tells me what I have to know to do my job	Adapted from C. C. Lee et al. (2021)	0.856	0.594 - 0.815	0.833
Corporate social responsibility	Care of customers complaints	Adapted from C. C. Lee et al. (2021)	0.900	0.574 - 0.784	0.902
Work-life balance	I fell tension about balancing all my responsibilities	Adapted from C. C. Lee et al. (2021)	0.824	0.727 - 0.854	0.862
Technology	I am permitted to use a new technology	Adapted from C. C. Lee et al. (2021)	0.704	0.844 - 0.926	0.870
Employee value proposition/respect	I find that my values and the organization's values are very similar	Adapted from Price (1997)	0.933	0.670 - 0.871	0.927
Career growth	My present job provides me with good opportunities to realize my career goals	Adapted from Weng, McElroy, Morrow, & Liu (2010)	0.928	0.506 - 0.908	0.937
Creative and challenging job	My promotion speed in the present organization is fast	Adapted from Afsar & Umrani (2019)	0.772	0.506 - 0.853	0.818
Perceived self-worth	I am taken seriously around here	Adapted from Pierce, Gardner, Cummings, & Dunham (1989)	0.926	0.729 - 0.857	0.930
Autonomy	I am allowed to decide how to go about getting my job done (the methods to use)	Adapted from Price (1997)	0.910	0.753 - 0.848	0.915

Construct	Item Example	References	KMO	Factor Loading	Cronbach Alpha
Organizational bureaucracy	The pattern of managers is formal and strict	Adapted from Shen, Gao, & Yang (2017)	0.800	0.838 - 0.868	0.872
Performance evaluation and recognition	Your supervisor rated you on how well you did your job, not on his/her personal opinion of you	Adapted from Belsito & Reutzel (2019)	0.758	0.784 - 0.871	0.859
Job significance / role ambiguity	I know exactly what is expected of me	Adapted from Caillier (2010)	0.698	0.813 - 0.840	0.770

Table 4. Multiple regression coefficients and hypothesis testing

Hypotheses	Standardized coefficients (β)	t-values	p-values
H _{1a}	0.190	3.611	0.000
H _{1b}	0.069	0.956	0.340
H ₂	-0.068	-1.192	0.234
H ₃	0.292	5.392	0.000
H ₄	0.017	0.378	0.706
H ₅	-0.048	-0.791	0.429
H ₆	0.161	2.534	0.012
H ₇	-0.105	-1.825	0.069
H ₈	-0.047	-0.854	0.394
H ₉	0.086	1.892	0.059
H ₁₀	0.192	3.854	0.000
H ₁₁	-0.037	-0.657	0.512
H ₁₂	0.111	2.873	0.004

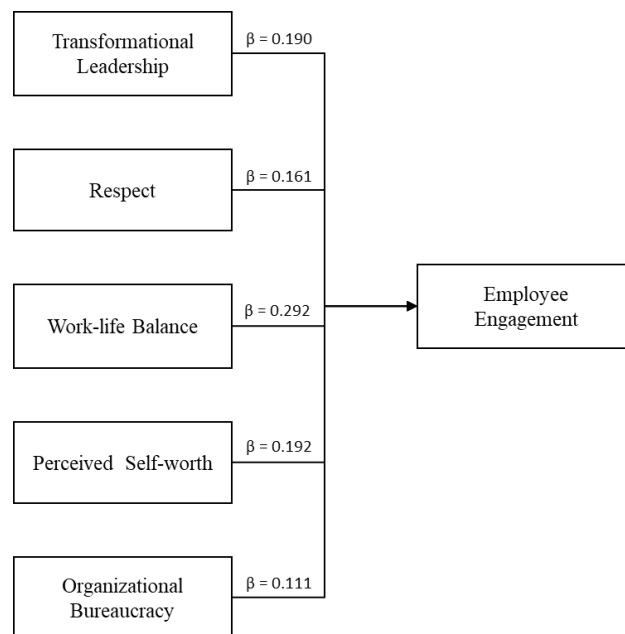
**Figure 2.** Path analysis results and the tested model

Table 5. Coefficients for the Final Multiple Regression Model (N = 334)

Final Model Variabel	Standardized Coefficients		
	Beta	t	Sig
(Constant)		6,609	0,000
Respect	0,161	2,534	0,012
Work-life Balance	0,292	5,392	0,000
Perceived Self-Worth	0,192	3,854	0,000
Transformational Leadership	0,190	3,611	0,000
Organizational Bureaucracy	0,111	2,873	0,004

Dependent Variable : Employee Engagement (p < .01)

5. Discussion

The existing study has a few theoretical ramifications. First, this research empirically investigated the effects of 13 independent variables to the dependent variable, employee engagement. The authors discovered that employee engagement positively linked with all of the variables, meaning higher scores of the variables correspond to higher employee engagement.

The first factor in this study is transformational and transactional leadership. A previous study by Lee et al. (2021) showed that there is no significant correlation between employee engagement and transactional leadership. However, our study found that transformational and transactional leadership shows a positive correlation towards employee engagement. This means that leadership in a company has a direct effect on the company's employee engagement. Due to this difference, further study may be needed.

Corporate social responsibility is the next factor analysed in this study. The researchers found that CSR and employee engagement have a positive correlation. Thus, CSR is a crucial component in improving employee engagement. A company with good CSR will encourage employees to have better engagement.

As for work-life balance, it is found that there is a positive correlation with employee engagement. When employees are able to balance their private life with their work or responsibility, their engagement towards the company will definitely improve. This result is also supported by previous study done by Richman et al. (2008) where they found that there is a positive correlation as well as influence between work-life balance and employee engagement.

A positive correlation is also shown between technology and employee engagement, which can be interpreted that a company with higher interest to digitalize and improve its technology will be able to attract better employee engagement in Generation Z. This result is also supported by previous study done by Lee et al. (2021)

The next factor shows the same result as several previous studies (Lee et al., 2021; Kumar and Padhi, 2021) where autonomy shows a positive correlation with employee engagement. This can happen due to the employee's confidence in their ability to work autonomously will be boosted through the trust from management and also support from the colleagues. Through this boosted confidence, employee engagement will also improve gradually.

The next factor analysed in this study is respect. We found that respect has a positive correlation towards employee engagement. It means that employees that value, respect, and consider their organization as the best place to work and implement their company's values tend to be more engaged with their jobs and also their organization. The result from a previous study done by Kumar and Padhi (2021) also supported this finding.

Growth and development also show the same result as the previous study (Kumar and Padhi, 2021). The two variables have a positive association, which indicates that when the management of a company gives an opportunity for its employees to develop and move forward in their career, employee engagement in that company will improve eventually. Job significance and employee engagement are

positively correlated in this study. Just like the previous study (Kumar and Padhi, 2021), it means that by creating a job that is felt to be very important, meaningful, as well as helpful for the company, the employees will be more engaged towards the company.

This study's finding also supports the previous finding (Kumar and Padhi, 2021) where employee engagement is also positively correlated with a creative and challenging job. This means that if a company is able to challenge its employees' ability and also gives them chances to be creative, then the employee engagement of the Generation Z employees will also follow to be higher.

Perceived self-worth is positively correlated with employee engagement, meaning that when an employee feels valued and respected for their work, employee engagement will also increase, this is in accordance with the findings of Tennen & Affleck (1993), that knowing someone is appreciated for their work increases employee engagement because of self-worth and employee engagement is emotionally motivated.

Employee engagement is positively correlated with performance evaluation and recognition. In accordance with prior discoveries by Kumar and Padhi (2021) it means that performance evaluation and recognition are important in increasing employee engagement. Thus, it is important for a company to improve its performance appraisal mechanism.

Organizational bureaucracy is positively correlated with employee engagement, namely by increasing the effectiveness of a human resource management system embedded in the organization, increasing employee involvement, and this is supported by the findings of Kumar and Padhi (2021). Therefore, as stated by Aghaz & Tarighian (2016) that the organisational structure as a form of employee must be designed properly so that it can contribute to employee engagement and performance.

Besides using correlation to see what variables have a correlation with employee engagement, the authors use multiple regression using stepwise methods to see which factors have the most impact on employee engagement. This study found that work-life balance, perceived self-worth, transformational leadership, respect, and organizational bureaucracy have a significant and direct impact on influencing employee engagement of Generation Z. This means that to achieve positive employee engagement of Generation Z, companies must focus on the balance of the work and personal life of their employees, improve employees' overall sense of personal value, show transformational leadership, improve employees' respect for the organisation, and have a well-defined organisational bureaucracy.

However, this study found that for Generation Z employees, the work-life balance factor had the highest influence on employee engagement. This means that solely targeting the other aspects will not be adequate to create employee engagement. Other aspects with superior quality, such as high perceived self-worth, advanced transformational leadership, higher respect, and organisational bureaucracy will not be enough to engage employees of Generation Z if they cannot effectively manage the work-life balance aspect of the employees.

6. Conclusions

To conclude, it is highly recommended that companies prioritise employees' work-life balance, perceived self-worth, respect, and organisational bureaucracy to accomplish better engagement. Companies need to take into consideration their employees' ability in managing work-life at the office and private life outside the workplace, how appreciated employees feel, how employees view their companies' vision, and how employees understand their companies' organisational structure. Other than that, with the result of this study, the authors found that Generation Z tends to prefer leaders with transformational leadership characteristics, instead of transactional leadership characteristics. Thus, to create better engagement of Generation Z with their companies, the leaders need to have transformational leadership characteristics.

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