

## Original Article

### Transformational Leadership and Organizational Commitment among Generation Z Employees in Indonesia

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#### Abstract:

High employee mobility among Generation Z has emerged as a critical human resource challenge in Indonesia. This study investigates the direct influence of transformational leadership on organizational commitment among Generation Z employees. Using a quantitative correlational design, data were collected from 410 Generation Z workers across various industrial sectors in Indonesia. Transformational leadership was measured using the Bass and Avolio framework, while organizational commitment was assessed using an adapted Meyer and Allen scale. Data were analyzed using Structural Equation Modeling Partial Least Squares (SEM-PLS). The results indicate that transformational leadership has a significant and positive effect on organizational commitment ( $\beta = 0.72$ ;  $p < 0.001$ ), explaining 52.8% of the variance in commitment. These findings demonstrate that transformational leadership plays a crucial role in fostering emotional attachment and loyalty among Generation Z employees. This study contributes to the literature by providing empirical evidence focused exclusively on Generation Z within a developing country context.

**Keywords:** Organizational commitment, transformational leadership, generation Z.

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## Introduction

Changes in the global workforce composition over the past decade have been marked by the growing dominance of Generation Z (Gen Z) in the workplace. Generation Z, born between the mid-1990s and early 2010s, brings characteristics that differ from previous generations, particularly in terms of work orientation, organizational expectations, and relationships with supervisors. According to Twenge (2017), Generation Z tends to demonstrate a strong need for meaningful work, clear direction, and supportive interpersonal relationships at work. These tendencies require organizations to adjust managerial approaches and leadership styles to better align with the characteristics of this generation.

In addition to introducing new expectations into the workplace, Generation Z is also known for a distinct set of characteristics that can serve as both strengths and challenges for organizations. On the positive side, Gen Z grew up as digital natives who are highly accustomed to technology, making them more adaptable to digital transformation, quicker to learn new systems, and capable of multitasking in technology-driven environments ([Prensky, 2001](#); [Francis & Hoefel, 2018](#)). They are also recognized for their orientation toward self-development, openness to diversity, and confidence in expressing ideas and opinions. These characteristics have the potential to foster innovation, creativity, and a more inclusive organizational culture.

On the other hand, several characteristics of Gen Z are often perceived as challenges in organizational contexts. Various studies indicate that Gen Z tends to have a shorter attention span, a preference for immediate feedback, and a strong need for recognition and emotional support from supervisors ([Twenge, 2017](#); [Schroth, 2019](#)). In addition, they place greater emphasis on work–life balance and mental health, making them less tolerant of work environments perceived as excessively stressful or misaligned with their personal values. This situation may contribute to a perception of lower resilience in coping with long-term work pressures compared to previous generations.

Another notable characteristic is Gen Z's relatively flexible attitude toward long-term organizational commitment. Their loyalty is often directed more toward career development and meaningful work than toward the organization itself. Consequently, when their needs for learning opportunities, recognition, or supportive relationships are not fulfilled, they are more likely to consider leaving their jobs (turnover intention) ([Deloitte, 2023](#)). This highlights that the psychological dynamics of Gen Z in the workplace cannot be separated from how organizations particularly leaders build relationships, provide direction, and create environments that support their developmental needs.

In Indonesia, the high job mobility among Generation Z employees has become a strategic issue in human resource management. The Deloitte Global Millennial and Gen Z Survey (2023) reports that more than half of Generation Z employees are actively considering leaving their jobs within the first two years of employment. Similar findings were reported by a Jakpat survey (2023), which revealed that many Gen Z workers in Indonesia intend to change jobs due to a mismatch with organizational culture, limited opportunities for self-development, and perceptions of unsupportive leadership quality.

High turnover intention is closely associated with low organizational commitment. [Meyer and Allen \(1991\)](#) define organizational commitment as a psychological bond that connects individuals to their organizations, consisting of affective, normative, and continuance commitment. Research indicates that affective commitment plays the strongest role in reducing turnover intention, especially among younger employees ([Meyer et al., 2020](#)). Employees with high affective commitment tend to remain in an organization not out of obligation, but because of emotional attachment and value congruence.

One organizational factor that has consistently been shown to influence organizational commitment is leadership style. [Yukl \(2013\)](#) emphasizes that leadership plays a crucial role in shaping employees' perceptions, attitudes, and behaviors through social influence processes. In this context, transformational leadership is one of the most widely studied leadership styles due to its ability to foster meaningful relationships between leaders and subordinates.

[Bass and Avolio \(1994\)](#) define transformational leadership as a leadership style that inspires followers to transcend personal interests for collective goals through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Numerous empirical studies have demonstrated that transformational leadership positively

influences organizational commitment ([Khan et al., 2020](#); [Lee & Kim, 2023](#)). Transformational leaders are able to articulate a clear vision, provide personal support, and encourage employee development, thereby strengthening employees' emotional attachment to the organization.

The psychological dynamics of transformational leadership become increasingly relevant when linked to the characteristics of Generation Z in the workplace. In general, Gen Z is known as a generation with a strong need for meaningful work, clear feedback, supportive interpersonal relationships, and a work environment that allows room for growth. These characteristics make them more responsive to the psychological processes fostered by transformational leaders.

From a cognitive perspective, transformational leadership helps employees construct meaning in their work. Through inspirational motivation, leaders communicate a clear and valuable vision, enabling employees to understand how their work contributes to broader organizational goals. This process aligns with the concept of meaningfulness proposed by [Hackman and Oldham \(1976\)](#) in the Job Characteristics Model, which suggests that the perception of meaningful work enhances individuals' psychological involvement in their jobs. When work is perceived as meaningful, individuals are more likely to internalize organizational values and goals into their self-concept. This internalization strengthens psychological attachment to the organization and forms the basis of affective commitment as described by [Meyer and Allen \(1991\)](#).

From an emotional perspective, transformational leadership generates positive relational experiences between leaders and subordinates. The component of individualized consideration makes employees feel personally valued, understood, and appreciated. According to Perceived Organizational Support theory ([Eisenberger et al., 1986](#)), when individuals feel valued and cared for, they develop emotional bonds and a sense of belonging to the organization. Furthermore, supportive relationship quality fosters psychological safety, a concept introduced by [Edmondson \(1999\)](#), referring to a condition in which individuals feel safe to express themselves without fear of negative consequences. This psychological safety enhances emotional comfort in the workplace and encourages the development of affective attachment to the organization.

From a motivational perspective, the influence of transformational leadership can be explained through Self-Determination Theory ([Deci & Ryan, 2000](#)). This theory posits that individual well-being and intrinsic motivation are strongly influenced by the fulfillment of three basic psychological needs: competence, autonomy, and relatedness. Intellectual stimulation enhances employees' sense of competence by encouraging creative thinking and problem-solving. Trust and involvement in decision-making support the need for autonomy. Supportive relationships and personal attention from leaders fulfill the need for relatedness. When these three needs are satisfied, intrinsic motivation increases, leading employees to become more psychologically engaged and more likely to develop affective commitment to the organization.

Transformational leadership also operates through mechanisms of social identification. Based on Social Identity Theory ([Tajfel & Turner, 1979](#)), individuals form their self-concept partly through their membership in social groups. Through idealized influence, transformational leaders are perceived as credible role models. Employees subsequently develop leader identification ([Kark, Shamir, & Chen, 2003](#)), a psychological process in which individuals associate their identity with that of the leader. Because leaders are viewed as representatives of organizational values, identification with the leader can evolve into organizational identification. When the organization becomes part of an individual's self-concept, attachment to the organization increases significantly, ultimately strengthening organizational commitment.

In the context of Generation Z, the role of transformational leadership becomes increasingly crucial. According to Schroth (2019), Generation Z expects leaders not only to act as decision-makers but also as mentors and role models. Research by [Jasmine and Utomo \(2024\)](#) indicates that transformational leadership has a significant influence on the organizational commitment of Gen Z employees in Indonesia, particularly through enhancing feelings of appreciation and clarity of work direction. These findings reinforce the view that leadership quality plays a strategic role in fostering commitment among younger generations (Simatupang et al, 2024).

Thus, the ambivalent characteristics of Gen Z innovative, adaptive, and open on the one hand, yet highly in need of support, sensitive to work pressure, and less inclined toward long-term attachment on the other make leadership increasingly critical. Organizations are not only required to leverage the substantial potential of Gen Z but also to manage emerging challenges through leadership approaches that foster emotional attachment and meaningful work. In this regard, transformational leadership becomes highly relevant to be examined more deeply in relation to organizational commitment among Gen Z employees.

The distinctive characteristics of Gen Z make them particularly influenced by meaning-making processes, emotional attachment, fulfillment of psychological needs, and value identification key pathways in the psychological dynamics of transformational leadership. This underscores that transformational leadership is not only relevant but also strategically important in building organizational commitment among Generation Z employees.

## Method

This study employed a quantitative correlational research design. The sample consisted of 410 Generation Z employees aged 18–29 years, working across various industrial sectors in Indonesia. Participants were recruited through organizational networks that employ Generation Z workers. Transformational leadership was measured using a scale based on Bass and Avolio's transformational leadership model, while organizational commitment was measured using an adapted version of the Meyer and Allen organizational commitment scale. Both instruments demonstrated high reliability, with Cronbach's alpha values exceeding 0.90. Data analysis was conducted using Structural Equation Modeling Partial Least Squares (SEM-PLS). Model evaluation included assessment of  $R^2$ ,  $Q^2$ , effect size ( $f^2$ ), and model fit indices such as SRMR and NFI.

## Results

### Descriptive Test

The study's sample consisted of 410 individuals spread across the largest islands in Indonesia. The sample consisted of Generation Z employees working in all industrial sectors

*Tabel 1: Demographics of the research sample (N=410)*

Demographic Factor	Classification	Total	Percentage
Age	18 – 22 years	148	33,6%
	23 – 26 years	179	40,7%
	27 – 29 years	113	25,7%

<b>ender</b>	Male	156	35,5%
	Female	284	64,5%
<b>Job Type</b>	Private Sector Employee	234	53,2%
	Government Employee (ASN)	127	28,9%
	Financial Services Employee	79	18%
<b>Length of Employment</b>	3- 5 years	264	60%
	6 – 8 years	96	21,8%
	9 – 11 years	80	18,2%

The structural model analysis revealed that transformational leadership has a significant positive effect on organizational commitment ( $\beta = 0.23$ ;  $t = 7.809$ ;  $p < 0.001$ ). The  $R^2$  value of 0.528 indicates that transformational leadership explains 52.8% of the variance in organizational commitment among Generation Z employees. The  $Q^2$  value of 0.303 demonstrates strong predictive relevance of the model. Effect size analysis showed a medium effect of transformational leadership on organizational commitment ( $f^2 = 0.23$ ). Model fit evaluation indicated acceptable fit, with SRMR values below the recommended threshold of 0.10 and consistent NFI values between saturated and estimated models.

Tabel 2:  $F^2$  Values

<b>Exogenous Variable</b>	<b>Effect Size on Organizational Commitmen</b>	<b>Description</b>
Transformational Leadership	0,23	Medium Effect

Source: Processed SmartPLS Output

Table 3. Results of the t-test in SEMPLS hypothesis testing

<b>Hypothesis</b>	<b>t-statistic Value</b>	<b>P-Value</b>	<b>Notes</b>
Transformational Leadership has an impact on Organizational Commitment	7,809	0,000	Hypothesis accepted; data supports the hypothesis

Source: Processed SmartPLS Output

## Discussion

The findings of this study provide strong empirical evidence that transformational leadership plays a significant role in shaping organizational commitment among Generation Z employees in Indonesia. The structural model results demonstrate that transformational leadership has a substantial positive effect on organizational commitment ( $\beta = 0.23$ ;  $p < 0.001$ ), indicating that leadership behavior is a critical psychological mechanism in fostering employee attachment within this generational cohort.

From a theoretical perspective, these findings are consistent with the three-component model of organizational commitment proposed by Meyer and Allen (1991; 2020). Transformational leadership contributes primarily to affective commitment by strengthening employees' emotional bonds with the organization. Leaders who articulate a compelling vision, provide individualized consideration, and inspire employees to grow are more likely to create meaningful work experiences. This emotional connection is particularly important for Generation Z employees, who tend to remain with organizations when they perceive alignment between personal values and organizational goals ([Simatupang et al., 2025](#)).

The results also support the transformational leadership theory developed by [Bass and Avolio \(1994\)](#), which emphasizes the leader's role in motivating followers to transcend self-interest for collective goals. In the context of Generation Z, transformational leaders function not only as authority figures but also as mentors and role models. [Schroth \(2019\)](#) argues that Generation Z employees expect leaders to provide continuous feedback, personal development opportunities, and psychological support. The strong effect size observed in this study suggests that transformational leadership effectively fulfills these expectations, thereby enhancing organizational commitment.

Empirical evidence from international studies further reinforces these findings. [Khan et al. \(2020\)](#) found that transformational leadership significantly predicts organizational commitment across multiple sectors, emphasizing its role in reducing employee burnout and social loafing. Similarly, [Lee and Kim \(2023\)](#) demonstrated that leadership quality strongly influences organizational commitment through enhanced employee experience. These studies align with the current findings, indicating that transformational leadership remains a robust predictor of commitment across cultural contexts.

More specifically, studies focusing on younger employees support the relevance of transformational leadership for [Generation Z. Jasmine and Utomo \(2024\)](#), in a study conducted in Indonesia's creative industry, reported that transformational leadership significantly enhances organizational commitment among Generation Z employees by fostering a sense of recognition and clarity of purpose. Likewise, [Ye et al. \(2022\)](#) found that empowering leadership behaviors positively influence commitment and innovative behavior among younger employees, suggesting that leadership styles emphasizing empowerment and growth are particularly effective for this cohort.

The substantial explanatory power of the model ( $R^2 = 0.528$ ) highlights that leadership behavior alone accounts for more than half of the variance in organizational commitment. This finding underscores the strategic importance of leadership development as a core organizational intervention. While traditional retention strategies often emphasize compensation and job security, this study suggests that relational and inspirational leadership behaviors may be more influential for Generation Z employees.

Within the Indonesian context, these findings carry important implications. As a developing country with a highly competitive labor market, Indonesia faces increasing challenges in retaining young talent. Cultural norms that emphasize hierarchical leadership may not fully align with the expectations of Generation Z employees, who value open communication and psychological safety. Transformational leadership, which encourages

dialogue, innovation, and mutual respect, may therefore serve as a culturally adaptive leadership approach capable of bridging generational differences.

Overall, this study extends the organizational behavior literature by providing generation-specific evidence on the leadership–commitment relationship. Unlike previous studies that rely on mixed generational samples, the present research isolates Generation Z, allowing for a more precise understanding of leadership dynamics. This contributes to both theory and practice by demonstrating that transformational leadership is not only relevant but essential in fostering organizational commitment among the newest generation of employees.

## Conclusion

This study provides empirical evidence that transformational leadership significantly enhances organizational commitment among Generation Z employees in Indonesia. Organizations are encouraged to invest in leadership development programs that emphasize transformational behaviors to foster stronger emotional bonds with younger employees.

## Limitations and Future Research

This study is limited by its cross-sectional design and reliance on self-reported data. Future research may employ longitudinal or experimental designs to examine causal relationships and explore additional organizational factors that may interact with transformational leadership.

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