A Study On Strategic Initiative for Reinvigorating Employee Engagement Among Gen Z

R. Jayanthi[1*], and Soney Mathews[2]

[1] Professor, Acharya Bangalore B School, Bengaluru, India
[2] Associate Professor, St. Joseph College of Commerce, Bangalore, India

ARTICLE INFO	ABSTRACT
Keywords: *Gen Z,* *Factor Analysis,* *Career Development,* *Employee Engagement,* *Diverse Expectations*	Gen Z are already in the workforce today, being a tech savvy Gen, they have bought new perspectives and expectations at the workplace. The objective of this paper is to understand what are the factors that govern engagement of Gen Z at the workplace and to know the correlation of these factors on employee engagement. Literature review is basis for developing the hypothesis of the study. Study of research papers helped in identifying the common factors mentioned in the study, MS Excel was used to analysis the data that was collected. Correlation co-efficient and regression are the statistical tools used. All the factors identified have a positive correlation with organizational performance and employee engagement of Gen Z. Career development and Rewards and recognitions were the two important factors identified. This paper throws light on the policy changes that has to been done to accommodate the young work force who are ready to join but have diverse expectations of the work place, failing which companies may find it difficult to attract, retain and engage Gen Z in the days to come.

1. Introduction

Generations are shaped by the events and incidents they face during their formative years. (Balik and Fry, 2019). Young people during Great Depression after the war experienced the traumas of war and partition, this generation shared characteristics like patriotism, reverence to the nation, belief in government, Millennial generation experienced the terrors of 9/11 and economic crisis the world faced, that were life altering events for them, the workforce of this generation was looking for job security and high rewards to keep their future secured.

Recently, the corona virus has impacted everyone, and the long-term impact is on Gen Z it will be years before correct data is available to understand the impact of this experience on Gen Z. Existing research can help employees what they should expect and how they can manage their Gen Z employees today and in future. Importantly, for the workforce to be equipped for development, employers will need to address the requirements of fallouts from COVID-19 on the future employees (Rikleen, 2020).

---

* Corresponding author E-mail address: jayanthi@acharyabbs.ac.in

Gen Z are people born between the years 1996 to 2010, they are the first generation to not know life without widespread internet use, and they age around 16 to 25 years making them the young member of the workforce today. Gen Z comprises about 44 percent of the work force by 2025, globally many of the Gen Z live in Asia. It is imperative that younger generation will occupy the boardroom and determine the policies which govern the business world.

Gen Z are characterized as digital natives, and technology is their fifth sense, work is more about what you do and less about where you do it. Gen Z are better collaborative workers than the previous generation. 51% of new generation workers view performance as linked with collaboration on both strategic and operational level.

Less than a quarter of companies have a strategy in place to specifically cater to the needs of this generation in the job design. Some of the common employee branding and engagement strategy for Gen Z are:

- Gen Z will demand companies to be honest and transparent
- Honesty & Confidence is rated as essential for leadership qualities
- 8 seconds is the average attention span of Gen Z
- Healthcare, training, and workplace flexibility are common attraction that drives Gen Z
- Gen Z would like to be associated with people who learn
- Gen Z retention drivers are Advancement, learning, autonomy, and balance in life.

(Source: Wills Towers Watson 2010 Global workforce study)

1.1. Employee Engagement and Employee Relations of Gen Z

Employee engagement is the level of commitment and involvement an employee has towards his organization and its values. Employee engagement involves a positive fulfilling affective motivational state of work-related wellbeing that can be seen as the antipode of Job burnout (Bakker et al., 2008) Engagement can lead to lot of positive outcomes such as increased profitability, higher levels of productivity & task performance, customer satisfaction, however this can be challenging in the context of changing business scenario.

Companies need to adjust their workplace to the needs of Gen Z, what have bought an entire Knowledge, Skills, and Abilities (KSA) different than people of the last decade. Several studies have proved that taking care of employee well-being and introducing digital strategy at work place are two most employee engaging tools for Gen Z.

Gen Z are ambitious lot, they want to work for a company which emphasis on sustainability and have a culture of career growth. Leaders in the workplace must be flexible, adapting their approach to deliver support and motivation in a way that resonates with this group. Building trust, mentoring, peer feedback, and knowledge exchange are tools which can work well with this Gen Z to be engaged. A fully engaged Gen Z employee is one that accepts organization mission & culture given their innately independent spirit, it is little troublesome to get to that position, but once accomplished Gen Z is far more likely to immerse themselves. Gen Z has a great perspective of technology by which they can invest in achieving efficiency and effectiveness and add value to operations and be innovative.

The real challenge for organizations is retaining Gen Z and involving them in the work to create an attractive proposition for them. The cognitive dissonance must be addressed to ensure them that they made the right choice to work for the company. Increasing digitalization means social media is also playing a big role in perception of people. Organizations must create a positive online content to attract the younger lot as they are majorly communicating with world through

this media. All said and done, the strengths and benefits of Gen Z employees far outweigh their downsides, which will help in increasing the vibrancy and productivity of the workplace.

2. Literature Review and Hypothesis Development

i) Career Development and Employee Engagement

People prefer to join companies that can give them the opportunities to grow and develop. Career development is about improving one's skills increasing talent and sense of self-actualization. It is about full filament of one's potential. Employees are more engaged and satisfied with their careers when provided with learning opportunities and in turn their commitment level within the organization increases (Khalid and Khalid, 2015). There are three antecedents (Pandey & David, 2013) Satisfactory work environment, Job Enrichment, Career growth opportunities are crucial for engaging Gen Z. The inter-correlation matrix was calculated on 14 variables related to employee engagement and it was found that career growth opportunities (r=0.62 at, <0. 05) had a high positive correlation to employee engagement (Al-Tit and Hunitie, 2015). Employee career growth has always been one of the forces of great concern. In recent times a greater number of young work force is entering the job market and this new generation has already made a significant impact with their technological edge. Many studies show career growth and work engagement are closely linked. An individual's psychology, career growth is affected by the capabilities, changing social and economic status and so on. High degree of fit between individual employees and organization enables employees adapt themselves quickly and get into work creatively. The development which organization provides to employees for career management will promote the quality of work among employees. According to (Son and Kim, 2019) their study revealed that the intrinsic function of organization career growth which in turn is stronger when employees perceived their leadership to be effective.

H01: There is no significant impact of career growth opportunities on employee engagement of Gen Z.

Ha1: There is significant impact of career growth opportunities on employee engagement of Gen Z.

ii) Reward, Recognition, and Employee Engagement

Reward strategies play an important role in engaging employees on the job. With the advent of LPG along with the advancement in Information technology, the world has transformed. People has become a focal point in any organization, and they are the competitive advantage of organizations now. Rewards are monetary and non-monetary by nature. They are recognition of performance of the employees in the given period. Reward management attracts and retains the best employees in the organization. Reward system should have reinforced element in attracting the best talent and transfer of the talent to performance. Employees consider 'rewards 'very important for keeping them engaged. The organization should ensure in enhancing non-monetary benefits like training of new skills, job design, fairness, superior support to bring about engagement. Rewards and recognition acts as catalyst for improved performance and productivity resulting in engaged employees. Role of rewards in employee engagement was a study conducted by Bhattacharya and Mukerjee (2009) indicate that mean scores obtained by three organizations gave importance to the role of rewards in employee engagement, among them IBM company's reward system had higher co-correlation than TCS company's reward system impact on employee engagement. Non-monetary rewards also were considered to play an important role. Taufek et al. (2016) suggested in their study there are four dimensions of

reward system that were significant towards work engagement. The four dimensions are social rewards, recognition rewards, monetary rewards, and status rewards.

Workplace recognition motivates, and provides a sense of accomplishment and makes employees feel valued for their work. Recognition not only boosts individual employee engagement, but it also has been found to increase productivity and loyalty to the company, leading to higher retention. Employees that don't feel recognized or appreciated are less loyal to their employers than their appreciated team members, whereas employees that feel recognized are more engaged, leading them to be more productive.

H02: there is no significant impact of rewards system on employee engagement of Gen Z.

Ha2: There is a significant impact of reward system on employee engagement of Gen Z.

iii) Trust & Respect and Employee Engagement

Negative working atmosphere creates a highly stressful and undesirable environment for everyone. Trust at workplace has a big impact on how employees collaborate and work together as a team. Organizational alignment in large enterprise is a challenge for managers, unless trust and respect are built it is unlikely that all members in a team will work together to achieve the same ultimate business goals. Aligning words and actions, leader involvement, being honest, consistency is some of the ways to build trust and respect among employees. Respect that sub-ordinate receives from his managers positively affect work engagement. Procedural justice and fairness are mediated relationship of trust and respect between employees and their supervisors (Melhem and Al-Qudah, 2019). According to Ugwu et al. (2014) Organizational trust and psychological empowerment were predictors of work engagement. There was a moderating effect of empowerment on the relationship between trust and engagement. Consistent and meaningful communication is essential to build trust, face-to-face communication is powerful. Gen z are outspoken and very vocal about anything they want to discuss. They have strong social values and use the informal means or social media to discuss issues that bother them. They expect their employers to encourage two-way communication and provide constant feedback to improve performance. Building trust and respect is crucial for success of the organization.

Ho3: There is no significant impact of trust and respect on employee engagement among Gen Z

Ha3: there is significant impact of trust and respect on employee engagement among Gen Z

iv) Job Security and Employee Engagement

Concern of Job security may be real or perceived, but the impact is the same. If not addressed, it has a negative impact on employee health, engagement, and performance. An engaged employer is the one who says positive about the organization to others, wants to stay and put in extra work. Essentially engaged employees will be an asset to the organization. If an employee's job is at risk, he will feel threatened and always think of shifting his job elsewhere, thereby involvement in the current job will be minimum. During work, employees want to know that jobs are safe and that they are valued by management. It is going to be very hard for employees to do their best work if they must worry and stress about the future of their jobs. If employees must work to the highest of their abilities, they need to communicate to them that they are valued, safe and secure, both now and in the future.

The ever-changing work environment makes the employees feel more insecure and this has become one of the common psychological problems faced by employee (Greehargh, & Rosenblatt, 1984). Under changing work environment, building strategies to improve

employee engagement and to ensure sustainable development of the organization has become an immediate concern for HR managers. Some studies believe that job insecurity has a significant negative impact on employee engagement, and it reduces employee participation and initiative to work Job insecurity variable was also interacted with the supervisor support variable, perceived job insecurity was associated with reduced engagement and that this may be moderated by supervisor support. (Asfaw & Chang, 2019) This is the first study using nationally representative data to examine the role of supervisor support in mitigating the negative impact of job insecurity on engagement. When team of employees stick together for a long time, they are far more likely to work on dynamic new projects and create innovation. Lifelong friendships are formed, strong bonds and connections are created, and a strong sense of culture is grown. Thereby employees are engaged on their jobs improving effectiveness and efficiency.

H04: There is no significant impact of job security on employee engagement among Gen Z.

Ha4: there is significant impact of job security on employee engagement among Gen Z.

v) Employee Engagement and Organization Performance

Employee engagement plays a critical role in achieving project delivery metrics like production targets, quality, and safety. Employee engagement can be viewed as a cognitive, emotional, and behavioral dimension. All the three-dimension work positively to achieve successful enterprises. Employee engagement is different than employee satisfaction, motivation, and culture. Employee engagement is having the right person in the right position and providing right resources so that they do the right things at the right time.

An engaged employee is likely to work distinctively better than others who are not engaged. To achieve this, an organization must be integrated, management practices must be aligned, work climate must be supportive so as to maximum worker engagement. According to Devi (2017) shared the view, that organizations could improve various business functions by using employee engagement as a strategic tool. Positive work environment encourages employees to be driven and perform exceptionally well to improve levels of productivity, profitability, the delivery of superior products or services and the better utilization of organizational resources. Alagaraja and Shuck (2015) identified a third link being alignment and argued that a state of engagement is only realized through the organization's ability to drive alignment at all levels namely, individual, team, intergroup and organizational levels.

H05: There is no significant impact of employee engagement on organizational performance.

Ha5: There is significant impact of employee engagement on organizational performance.

2.1. Research Gap

The Literature review has given an understanding of important concepts of employee's engagement in line with our study, but the impact of these factors on younger Gen Z is not highlighted in many research papers. The studies reveal that if employee engagement is to be achieved certain constituents must be addressed thereby performance of the employees will be motivated. Since the work-force features are changing it is necessary that present organizations should revamp themselves to maintain a good employee relation. This aspect is probed in this study.

2.2. Objectives of the Study

After analyzing the literature and delving into the concept, the following objectives have been framed.

1. To analyze the impact of employee engagement techniques among Gen Z
2. To find out which factor affects employee engagement among the Gen Z the most

3. Research Methodology

Research is systematic search of facts and data (Bajpai, 2013). This study is descriptive in nature, which facilitated to have definite conclusions. The present study is depended on primary data, which were collected among Gen Z employees in various sectors like Consulting, Retail, marketing and sales, banking, and IT (born between 1996-1999). The data was collected through formal questionnaire. Structured and standardized questions were framed to empirically test the hypothesis and draw inferences. Twenty-five closed ended questions were designed for better collection and tabulation of data. A5 point Likert Scale was used to derive at responses from the respondents to quantity and the degree of favorableness or unfavorableness.

The data was collected from July 2020 to September 2020, it was during and just after the COVID Lockdown period. The respondents were chosen according to the convenience, but the age was the decisive factor to be included in the study. The respondent age should be in-between 21 to 25 years only.

The sample size was calculated as follows:

$SS = z^2 \times (p) \ x(1-p)/ \ E^2$

$SS = (1.92)^2 x(0.8)x(0.2)/ \ (0.05)^2 = 246$

Therefore, from the above calculated formula, 246 is the sample size and 250 questionnaires were distributed to youngsters in Google forms. We received back 232 filled up responses. The response rate was 84%.

4. Analysis and Results

4.1. Reliability Testing

Reliability of the data is estimated statistically through Cronbach co-efficient alpha and shows the results as 0.776. The co-efficient value of 0.7 and above is considered as satisfactory (Bajpai, 2013). The Cronbach results is acceptable and we can proceed with the analysis.

Table 1.
Reliability Statistics

Cronbach's Alpha	N of items
.776	22

4.2. Factor Analysis

According to Table 2, the 25 questions have found values and the total variations explained by them is 78.29 which is adequate to carry on the study. In Table 2, it is noted that the 25 variables are divided into 5 different components. We used the analysis of the main components for extraction and Varimax with Kaiser Normalization for the rotation method. Once the matrix was derived, the factors were identified and labeled as sown in Table 3.

Table 2.
Rotated Component Matrix

Variables	Factors					
	CD	**R&R**	**T&R**	**JS**	**OP**	**EE**
Q5	.855					
Q9	.731					
Q16	.717					
Q18	.698					
Q22	.652					
Q1		.900				
Q11		.886				
Q15		.851				
Q19		.829				
Q21		.781				
Q3			.819			
Q8			.802			
Q13			.781			
Q20			.743			
Q23				.916		
Q7				.865		
Q14				.836		
Q06				.771		
Q2					.848	
Q10					.838	
Q12					.825	
Q17					.793	
Q4						.701
Q25						.832
Q24						.768
Variance explained	**16.847**	**14.675**	**13.279**	**12.861**	**10.756**	**9.878**
Cumulative	**16.847**	**31.522**	**44.801**	**57.662**	**68.418**	**78.296**
Cronbach's Alpha	**.894**	**.903**	**.913**	**.861**	**.886**	**.704**

Table 3.
Labelling Factors

Factor1:Career development (CD)	Factor-2: Rewards and recognition (R&R)	Factor3: Trust & Respect (T&R)	Factor4: Job security (JS)	Factor5: Organisational Performance	Factor6: Employee engagement
Q5, Q9, Q16, Q18 Q22	Q1, Q11, Q15, Q19, Q21	Q3, Q8, Q13, Q20	Q23,Q7, Q14, Q6	Q2,Q10,Q12, Q17	Q4, Q25, Q24

4.3. Regression Analysis

The five factors identified from factor analysis are CD, R&R, T&R, JS, EE and OP respectively. The hypothesis developed from the theoretical framework are considered and the analysis is done by using linear regression analysis. Here, employee engagement is used as dependent variable and other five factors are used as independent variables

Table 4.
Model Summary [b]

Model	R	R square	Adjusted R square	Std. Error of Estimate	Durbin-Watson
1	.711[a]	506	.500	.835	1.760

Multi-collinearity is verified by using variable inflation factor (VIF) which must be less than 3 for the acceptability interval. Here, all VIF values fall within an acceptable range, and we conclude that the variables are devoid of multi-collinearity. As depicted in Table 4, 0.711 is the correlation coefficient (R) in Model 1. It highlights the various correlations between the independent variables and the dependent variable. The square value R explains .506 or 50.6% which is quite significant

From the Coefficient Table 5, it is observed that Career Development (CD) has the highest un-standardized B value of 0.699 with t-value 16.98 and p=.000. It signifies that Career development has a positive impact on employee engagement of Gen Z. The second highest influencing factor is Rewards and Recognition (R&R) with un-standardized B value of 0.086 with t- value 2.227 and p=.027. Compensation system and recognition thus have a significant positive influence on employee engagement of Gen Z.

Table 5.
Coefficients b

Model		Un standardized Coefficients		Standardized coefficients	t	Sig.	Collinearity Statistics	
		B	std.error	Beta			Tolerance	VIF
1	(constant)	1.045	.327		3.197	.002		
	CD	.699	.041	.666	16.984	.00	.814	1.228
	T&R	.019	.025	.028	.776	.008	.972	1.029
	JS	.016	.029	.020	.523	.004	.878	1.139
	R&R	.086	.038	.087	2.22	.027	.822	1.217
	OP	.016	.020	.019	.536	.002	.986	1.014

Thus the multiple regression equation can be expressed as follows:

Employee engagement = $1.0145 = (.699)X_1 + (.019)X_2 + (.016)X_{3+}(.086)X_4 + (.016)X_5$ (1)

where

$X_1 = $CD, $X_2 = $T&R, $X_3 = $ JS, $X_4 = $R&R, $X_5 = $ OP

Table 6.
Hypothesis Results

Measurement Path			Hypothesis	Assessment
EE	←	CD	Ha1	Accepted
EE	←	T&R	Ha2	Accepted
EE	←	JS	Ha3	Accepted
EE	←	R&R	Ha4	Accepted
EE	←	OP	Ha5	Accepted

4.4. Findings

Hypothesis was framed based the literature study and factor analysis indicated that there are four important factors influencing employee engagement of Gen Z and they are career, development, Rewards and recognition, Job security, Trust and respect, organizational performance. Regression analysis indicates that dependent variable of employee engagement is correlated to independent variables of career development, Trust and respect, Job security, rewards, and recognition. So, managers of the Gen Z organizations should develop policies towards career development, and fair rewards as well non-monetary rewards which will attract and retain the future workforce. Career development with un-standardized B value of .699 indicates most important influence on employee engagement of the Gen Z. the second highest

value is rewards and recognition which stands at .086 Trust and respect and job security have the least significant impact on employee engagement.

From Table 6, it can be observed that all the alternative hypothesis from Ha1 to Ha5 are accepted. If an organization wants to increase employee engagement within Gen Z, it is important to note their generational preferences. Majority of them want growth and advancement beyond the purpose of salary. Organizations should take advantage of the technology savvy generation to a larger benefit, but this Gen prefers steady income, and they would quickly get involved in meaningful initiatives. By knowing and understanding their needs in an organization, Gen Z will soon have greater engagement levels.

5. Conclusion

Gen Z is focused on financial stability and responsibility, aspects of the compensation package should be carefully planned. If the company is not catering to their basic needs like health coverage, paid time off, clear opportunities of career growth flashy perks might help in retaining this Gen on jobs for long. Talking honestly about their career path and helping them understand what learning opportunities are available can also build trust and respect and help them envision a long-term strategy for retention and growth for all employees. Offering autonomy on job can be highly attractive for this generation. Flexibility and freedom are basic requirements for attracting them to apply for the organizations, so it important to highlight them during hiring process. Gen Z knows what they want, and they work hard and smart enough. They prefer to work in an organization which has an extension of their personality. They have eyes firmly on the career ladder shown to them and make smart moves to climb them through learning opportunities, regular feedback, and higher productivity. So today organizations should gear up and make necessary changes to accommodate the changing preferences of the coming generation at workplace.

5.1. Limitations of the Study and Scope of Further Research

Though the study has revealed greater insights into the issues of Gen Z at workplace, still the research faces some limitations.

- The study was conducted taking few factors into considerations, during the study there were various other factors identified which could be the part of the study.
- Moreover, Gen Z at workplace is just at a nascent level, a comprehensive study can be done a couple of years from now to get the detailed characteristics of this Gen Z.
- This study was conducted during and just after COVID lockdown, it is believed the mindset of respondents would have been influenced by the pressure of lockdown and responses would have been biased.

References

Alagaraja, M., & Shuck, B. (2015). 'Exploring organizational alignment –Employee Engagement linkage & impact on individual performance: A conceptual model, Human Resource development review, Volume 14, Issue 1. https://doi.org/10.1177/1534484314549455

Al-Tit, A. A., & Hunitie, M. (2015). 'Mediating effects of employee engagement between its antecedents and consequences' Journal of Management Research, ISSN-1941-889x, 2015, Vol-7, no-5. https://doi.org/10.5296/jmr.v7i5.8048

Asfaw, AG., & Chang, C-C. (2019). 'The association between Job insecurity and engagement at work' Journal of Work Behaviour Health, 2019, 34, p-96-110. https://doi.org/10.1080/15555240.2019.1600409

Bajpai, N. (2013). Research Methodology' New Delhi, Pearson.

Bakker, A. B., Schaufeli, W. B., Lieter, M. P., & Taris, T. W. (2008). Work Engagement: An emerging concept in occupational health psychology, Pp 187-200. https://doi.org/10.1080/02678370802393649

Bhattacharya, S., & Mukerjee, P. (2009). 'Rewards as a key to employee engagement: A comparative study on IT professionals' ASBM Journal of Management, Vol2, Issue 1, p 160-178.

Bialik, K., & Fry, R. (2019). Millennial life: How young adulthood compares with prior Generations, February 14, 2019. Pew Research Center.

Devi, P. S. (2017). 'Impact on employee engagement on organizational performances-A study of select private sectors' IMS Business School presented Doctor Colloquium.

Greehargh, L., & Rosenblatt, Z. (1984). 'Job Insecurity: Towards Conceptual Clarity' ACAD Management Review, 1984, Vol- 9, p-438-448. https://doi.org/10.2307/258284

Khalid, A., & Khalid, S. (2015). 'Relationship between organization communication, employee engagement & Career satisfaction-A case of University of Gujarat, Pakistan' Journal of South Asian Studies-ISSN2307-4000, Volume No-3.

Melhem, Y. S., & Al-Qudah, M. F. (2019). 'Work engagement: trust and respect to engage your people' Indian Journal of Science and Technology. https://doi.org/10.17485/ijst/2019/v12i17/144033

Pandey, S., and David, S. (2013). 'A Study of engagement at Work-What drives employee engagement?' European Journal of Commerce and Management Research (EJCMR), 2(7), pp 155-161.

Rikleen, L. S. (2020). 'What your youngest employee needs most right now' Harvard Business Review, June 03, 2020, hbr.org

Son, S., & Kim, D-Y. (2019). 'Organizational career growth and career commitment: Moderated mediation model of work engagement and role modeling' International Journal of Human Resource Management, September 2019.

Taufek, F. H. B. M., Zulkifle, Z. B., & Sharif, M. Z. B. M. (2016). 'Sustainability in Employment: Reward System and Work Engagement' December 2016 Procedia Economics and Finance 35:699-704. https://doi.org/10.1016/S2212-5671(16)00087-3

Tower Watson Report. 'The New employment Deal' How fast, How far and How enduring? Insights from 2010 Global Workforce study'. https://dta0yqvfnusiq.cloudfront.net/slsglobal/2015/11/GWS_2010_Global_Report.pdf

Ugwu, F.O., Onyishi, I.E., and Rodríguez-Sánchez, A.M. (2014). 'Linking Organizational Trust with employee engagement: The Role of psychological empowerment' Personnel Review, Volume 43, No-3, Pp-337-400. https://doi.org/10.1108/PR-11-2012-0198