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# **Cultivating Talent Across Borders: A Study on the Influence of Cultural Diversity and Organizational Inclusion on Generation Z Retention in Enterprises**

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Master in International Management

Orientation:

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October 2024

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Department of Marketing, Strategy and Operations

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## **Abstract**

The emergence of Generation Z employees in the labor market is causing a significant shift in workforce dynamics. This new generation, characterized by unique values, preferences, and digital competencies, is compelling businesses to adapt their human resource (HR) strategies to retain their talent effectively. In this context, this study investigates the complex dynamics of cultural diversity, organizational inclusiveness, affective commitment, and turnover intentions among Generation Z individuals.

Data was gathered using quantitative research methodology by distributing surveys to 217 Generation Z workers across various industries. The study utilized statistical analyses to examine the relationships between the key variables.

The findings reveal that organizational inclusiveness significantly reduces turnover intentions, with affective commitment serving as a critical mediating factor. However, the study found no significant direct relationship between cultural diversity and turnover intentions.

The findings provide essential insights for organizations aiming to refine their HR strategies, enhance organizational inclusiveness, and leverage cultural diversity to effectively engage Generation Z employees. By highlighting the intricate relationships between organizational inclusiveness, cultural diversity, affective commitment, and turnover intentions, this study offers targeted recommendations that can inform the development of tailored retention strategies. These insights contribute to the field of international management by deepening the understanding of how to navigate the complexities of a dynamic labor market and ensure that Generation Z feels valued and committed within diverse organizational settings.

**Keywords:** Generation Z; Organizational Inclusiveness; Cultural Diversity; Affective Commitment; Turnover Intentions.

**JEL Rating Codes:** O15 Human Resources; D23 Organizational Behavior.



## Resumo

A chegada da Geração Z ao mercado de trabalho está a despertar uma mudança significativa na dinâmica da força de trabalho. Esta nova geração, caracterizada por valores, preferências e competências digitais únicas, está a obrigar as empresas a adaptarem-se, para reterem eficazmente os seus talentos. Neste contexto, este estudo investiga a complexa dinâmica da diversidade cultural, da inclusão organizacional, do comprometimento afetivo e das intenções de rotatividade entre os indivíduos da Geração Z.

Os dados foram recolhidos utilizando uma metodologia de pesquisa quantitativa através da distribuição de inquéritos a 217 trabalhadores da Geração Z de diversos sectores. O estudo utilizou análises estatísticas para examinar as relações das variáveis-chave.

Os resultados revelam que a inclusão organizacional reduz significativamente as intenções de rotatividade, com o comprometimento afetivo a servir de mediador. No entanto, o estudo não encontrou uma relação direta significativa entre a diversidade cultural e as intenções de rotatividade.

Os resultados fornecem informações essenciais para as organizações que pretendem aperfeiçoar as estratégias de RH, melhorar a inclusão organizacional e aproveitar a diversidade cultural para envolver eficazmente os trabalhadores da Geração Z. Ao destacar as relações intrincadas entre a inclusão organizacional, a diversidade cultural, o compromisso afetivo e as intenções de rotatividade, este estudo oferece recomendações específicas que podem servir de base ao desenvolvimento de estratégias de retenção adaptadas. Estes contributos permitem enriquecer o campo da gestão internacional, aprofundando como navegar nas complexidades de um mercado de trabalho dinâmico e garantir que a Geração Z se sinta valorizada em ambientes organizacionais diversos.

Palavras-chave: Geração Z; Inclusão Organizacional; Diversidade Cultural; Comprometimento Afetivo; Intenções de Rotatividade.

Códigos de Classificação JEL: O15 Human Resources; D23 Organizational Behavior.





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## Chapter 1 - Introduction

Nowadays, due to the dynamic environment across leading and competitive organizations, acquisition and retention of the most talented and qualified people has become crucial to the survival of an organization, as well as for establishing a competitive advantage (Hadi & Ahmed, 2018). According to Singh (2014), generation Z marks a significant generational transformation, and organizational leaders, managers, and human resources professionals will face significant challenges as Generation Z enters the workforce.

Due to this fact, and, with several people from this generation having already entered the labor market, it's inevitable that employers are beginning to give a lot of importance to this generation (Baldonado, 2018). In this sense, it is crucial to understand what are the retention factors that make generation Z want to stay in organizations and what retention strategies can be more effective. While various retention factors have been proposed by scholars, including effective communication, recruitment of competent workers, and employee training and development initiatives (Cloutier et al., 2015; Das, 1996; Davis, 2015), two aspects stand out as particularly relevant in today's diverse global landscape: A culturally diverse and inclusive work environment (Egerová et al., 2021).

In this context, cultural diversity and inclusivity have become increasingly relevant not only because these practices enhance creativity, productivity, and innovation, but also, because they lead to improved financial performance and competitive advantage (Sachdev et al., 2021; Wangombe et al., 2013; Wadhwa & Aggarwal, 2023). For Generation Z, diversity and inclusion are not just essential values, but also fundamental principles that underpin an organization's culture. They seek workplaces that foster a sense of belonging, and values all opinions (Sadeghi, 2023).

What differentiates this study from others on similar topics is its dual focus on cultural diversity and organizational inclusiveness, specifically within the context of Generation Z. While many studies have explored the influence of diversity (e.g., Cox & Blake, 1991; Mor Barak, 2014) or inclusion (e.g., Mukupa et al., 2023) individually, there is a lack of research examining their combined impact on turnover intentions among Gen Z employees. Having said that, the core objective of this study is to investigate the influence of cultural diversity and organizational inclusiveness on turnover intentions among Generation Z employees. Specifically, exploring the mediating role of affective commitment in these relationships.

Affective commitment, as defined by Allen and Meyer (1991), refers to the emotional attachment, identification, and involvement of an employee in the organization. Given its

proven impact on retention (Moreira et al., 2020), this study examines affective commitment as a mediating factor, aiming to better understand how emotional bonds influence turnover intentions. Generation Z, because they value inclusive and diverse work environments, tend to show greater emotional commitment to organisations that promote these practices, they seek workplaces where their identities are recognized and valued (Egerová et al., 2021; Lanier, 2017).

By exploring these variables together, this study seeks to provide a deeper understanding of the specific needs and expectations of Generation Z in diverse and inclusive work environments, contributing to a more comprehensive view of how cultural diversity and organizational inclusiveness influence employee turnover intention. The findings are expected to offer practical insights for enterprises seeking to enhance their retention strategies, making the study highly relevant for both academic and business audiences.

Considering the existing literature, this study aims to answer some research questions such as: (1) "What is the relationship between organizational inclusiveness and turnover intentions of Generation Z employees?", (2) "How is cultural diversity related to turnover intentions of Generation Z employees?", (3) How does affective commitment mediate the relationship between cultural diversity and turnover intentions of Generation Z employees?", and (4) "How does affective commitment mediate the relationship between organizational inclusiveness and Generation Z employees turnover intentions?".

To address the research questions indicated, this dissertation will begin with a literature review that contextualizes the study and investigates the current body of research, laying the basis for the proposed hypotheses. Following that, the data gathering methods will be described in detail, as well as the study process itself. The study's results will subsequently be presented and analyzed. Finally, the dissertation will conclude with a discussion of the findings, including their theoretical and practical implications, limitations of the study, and recommendations for future research.

## Chapter 2 - Literature Review

### 2.1 Generation Z

According to Almog and Almog (2013), the meaning of the word “Generation” reflects a recurring cycle of children born between certain years, mainly a period of 15-20 years. Over the last few years, there have been different generations before Generation Z, these are the *Silent Generation*, *Baby Boomers*, *Generation X*, and *Generation Y or Millennials* (Hansen & Leuty, 2012). According to Almog and Almog (2013), the term 'Generation' reflects a recurring cycle of individuals born over a span of 15-20 years. Prior to Generation Z, there have been different generational cohorts, including the Silent Generation, Baby Boomers, Generation X, and Generation Y or Millennials (Hansen & Leuty, 2012). Although the birth years defining each generation may vary, this study will adopt the following definitions based on existing literature: the Silent Generation includes those born between 1925 and 1945, Baby Boomers from 1946 to 1964, Generation X from 1965 to 1979, and Generation Y or Millennials from 1980 to 1994 (Twenge, 2023).

The generation following the Millennials is known as Generation Z, though the exact birth years differ across sources: Turner (2013) considers it to span from the mid-1990s to the late 2010s, Ozkan and Solmaz (2015) place its start just after 2000, and Landry et al. (2018) suggest it encompasses 1996 to 2012, among others. To maintain consistency with the literature, this study will adopt Barhate and Dirani's (2021) definition, which considers Generation Z to be born between 1995 and 2012. After Gen Z comes one more generation, born between 2013 and 2025 (Jha, 2020) called Generation Alpha.

Compared to previous generations, Generation Z exhibits distinctive characteristics that are closely linked to their unique historical and technological context (Francis & Hoefel, 2018). This generation not only shows loyalty, creativity, and a strong work ethic but also seeks satisfaction in life characterized by enjoyment and pleasure (Ganguli et al., 2022). These traits can be attributed to the fact that Generation Z grew up in a globalized, interconnected society where the Internet has always been a fundamental part of daily life (Turner, 2015). As Prensky (2001) described, they are “digital natives” meaning that for them, the Internet, mobile phones, and Web 2.0 technologies are natural and integral aspects of their existence (Fodor et al., 2018). Additionally, Generation Z is the youngest, largest, and most ethnically diverse generation in history, which further enhances their unique profile (Dadic et al., 2022).

According to McCrindle and Fell (2019), Gen Z has five defining traits: Digital, Global, Social, Mobile, and the last one, Visual, and understanding these traits is crucial for attracting

and retaining this generation. The first trait is the digital trait, the authors consider Generation Z as digital integrators, seamlessly incorporating technology into all aspects of their lives, viewing it as something natural and necessary. The second trait defined by McCrindle and Fell (2019) is the global one, saying that, due to their exposure to worldwide trends in music and cinema, this generation is actually global in scope, and are now linked and culturally engaged throughout various places thanks to technology and globalization. The third characteristic, known as the social trait, contends that Gen Z's beliefs and behaviors are greatly influenced by their peers on social media, and that their continuous online presence helps them to connect with people from different backgrounds. Another trait explained by McCrindle and Fell (2019) is the mobile, Gen Z is constantly on-the-go, both in terms of technology use and career mobility, they value flexibility in the workplace and are highly educated, entering a workforce in which they are in demand. The last trait mentioned by McCrindle and Fell (2019) is the visual, meaning that Gen Z prefers videos and visuals over text-heavy content. Signs, logos, and trademarks use colour and images to communicate across language barriers, rather than using words. This is one of the reasons that make McCrindle and Fell (2019) believe that another trait of Gen Z is the visual trait.

Leaders and employers can better recruit and retain Generation Z by understanding their traits, which are defined as fixed aspects of personality (Hitlin & Piliavin, 2004). This is because, to work with and retain Gen Z, it is important to understand them and to know their workplace requirements (Rai & Kulkarni, 2023) and work values. Work values are a subset of life values that reflect the importance individuals place on work-related aspects (Pryce, 2016). Defined as tendencies, beliefs, or importance estimations (Liu & Lei, 2011), they are shaped by factors like demographics, nationality, and occupation (Pryce, 2016). Work values influence organizational commitment, by aligning employees' personal values with the organization's mission, distinguishing between moral and calculative forms (Kidron, 1978). They are structured in a two-dimensional framework from personal to social and moral to preference values (Dose, 1997). According to the author, the moral dimension involves values with ethical implications, while preference values pertain to individual likes and dislikes. The second dimension highlights the difference between personal values, shaped by individual experiences, and social consensus values, which are influenced by cultural norms and shared beliefs. Understanding this values is essential for grasping the meaning of work and influencing workplace attitudes and behaviours, as they underpin motivation, influence decision-making, and shape organizational culture. (Dose, 1997; Pryce, 2016;).



Building upon the foundational understanding of Generation Z's traits and work values, a multitude of studies and authors have delved into the nuances of their preferences and priorities in the workplace. McCrindle and Fell (2019) identified a range of important workplace requirements for Generation Z, including work/life balance, teamwork, autonomy, support, flexibility, involvement, creativity, innovation, global workplace dynamics, lifelong learning, and entrepreneurship. Additionally, Mărginean (2021) highlighted Gen Z's focus on job security, financial stability, and a preference for larger companies in the labour market, often characterized as enterprises with more than 250 employees (Crowther & Aras, 2009).

Furthermore, Lassleben and Hofmann (2023) point out Gen Z's preference for a positive work. They define positive work as one that includes fun, which managers can promote by paying for fun activities, allocating time for fun, and leading by example (Jeffcoat & Gibson, 2011), and, for them, positive work also includes supportive relationships with colleagues, and approachable leadership. Lastly, Smith and Cawthon (2015) described this generation as loyal, thoughtful, compassionate, open-minded, and determined. They also highlighted a significant demographic trend by mentioning that Gen Z was the most racially diverse generation in history, with only 55% identifying as Caucasian.

Workplace diversity is another crucial consideration for Generation Z, as noted by Egerová et al. (2021), who emphasize the generation's embrace of diversity and desire for its prioritization in business decisions. Lanier (2017) also underscores Generation Z's openness to workplace diversity, including cultural, ethnic, generational, and gender disparities, surpassing that of previous generations. The viewpoint of Generation Z about diversity and inclusivity in the workplace is distinguished by their tolerance for variety and acceptance of distinctions, they are more adaptable, self-reliant, and receptive to diversity (Racolța-Paina et al., 2021). For Gen Z, diversity and inclusion are not just corporate *clichés*, rather, they are indisputable principles that shape an organization's core values (Sadeghi, 2023), and as stated by Jones (2023), companies that embrace this value have a better chance of retaining the best Gen-Z talents.

Several recent studies reinforce the idea that a diverse and inclusive culture is particularly important for Gen Z. For example, a report by EY (2018) found that 83% of Gen Z individuals believe that integrating people from diverse cultural backgrounds is a key priority in the workplace (Shore et al., 2018). Similarly, the New Human Age: 2023 Workforce Trends report by ManpowerGroup highlighted that 56% of Gen Z respondents would not accept a job without diverse leadership. Moreover, a LinkedIn study (2023) revealed that 88% of Generation Z participants considered an employer's stance on diversity and inclusion as a significant factor in their job choice. Therefore, fostering a genuinely diverse and inclusive workplace is not just

an option but a necessity for organizations aiming to attract and retain top Gen Z talent. As Gen Z enters the workforce, organizations must adapt their diversity management practices and understand the specific aspects this generation values in job selection (Meret et al., 2017). Preparing for Gen Z's arrival is crucial for mutual success in the workplace (Schroth, 2019).

## **2.2 Organizational Inclusiveness**

Generation Z's values and expectations in the workplace are closely intertwined with the concept of diversity and inclusion (Egerová et al., 2021). According to Anggoro and Anjarini (2024), diversity pertains to the variety of differences present, while inclusivity focuses on fostering an environment where these differences are embraced, respected, and integrated to create a sense of belonging for all individuals. To appreciate the significance of inclusion and diversity in the workplace from Gen Z's perspective, it's essential to understand the nuances of these concepts, exploring their theoretical foundations and practical applications.

Several ideas have been proposed in the inclusion domain, each offering a nuanced perspective on what it means to foster an inclusive workplace (Shore et al., 2018). One foundational perspective on organizational inclusiveness was provided by Mor-Barak et al. (1998). They conceptualize workplace inclusion and exclusion as a continuum, emphasizing how individuals perceive their integration into essential organizational processes. This continuum reflects various dimensions such as access to information, connection with colleagues, and the ability to influence decisions. Later, Shore et al. (2011), defined inclusion as "the degree to which an employee perceives that he or she is an esteemed member of the work group through experiencing treatment that satisfies his or her needs for belongingness and uniqueness" (p. 1265). This definition emphasizes the individual employee's perception of feeling valued and accepted as a unique member of the team. The Chartered Institute of Personnel and Development (CIPD, 2019, p.6) expands on this concept, stating that inclusion comprises "valuing difference, allowing all employees the opportunity to develop, participate, and use their voice to effect change, irrespective of their background.". This definition highlights the importance of creating an environment where every employee, regardless of their background, feels empowered to contribute and grow. Romansky et al. (2021) characterize workplace inclusion as an environment where every individual is treated with respect, acceptance, and support, allowing all employees to take part in decision-making and pursue opportunities for personal and professional growth within the organization. Building on these definitions, BasuMallick (2023) describes workplace inclusion as fostering a balanced environment where all employees, regardless of rank, are respected and given opportunities for

participation. It involves actively promoting inclusion, encouragement, and recognition, ensuring that every worker can engage in decision-making processes and growth opportunities within the organization. Furthermore, Sadeghi (2023) suggests that, for Generation Z, inclusivity involves creating a work environment where individual uniqueness is respected, every employee's input is valued, and a strong sense of belonging is cultivated for all. Although each of these definitions provides useful insights into various aspects of workplace inclusion, this thesis will focus on the Harvard Business Review idea (Romansky et al., 2021). This definition emphasizes establishing a work atmosphere in which all employees, despite their background, feel respected, supported, and appreciated. The selected definition not only underscores these critical aspects but also highlights the necessity for active participation in decision-making processes, ensuring that all team members are actively involved, and their opinions are considered. This is particularly relevant for Generation Z, who prioritize having their voices heard and their contributions recognized. Furthermore, the Harvard Business Review definition is widely recognized in both academic and professional circles, lending credibility to its application in this study.

However, organizational inclusiveness requires more than theoretical definitions. In practical terms, O'Connor and Whitehead (2022) introduce the concept of Total Inclusivity, emphasizing the importance of valuing diversity and respecting differences through organizational practices. Leadership commitment is a critical factor, as highlighted by Anggoro and Anjarini (2024), who argue that inclusive policies, cultural awareness, and active employee involvement are essential for fostering an inclusive work culture. Wooten (2008) underscores that effective implementation of inclusivity must address historical barriers, such as the glass ceiling, while also dismantling exclusionary systems that limit employee potential. To assess whether inclusivity is truly being practiced, organizations should track performance metrics, evaluate employee satisfaction, and regularly assess whether diversity and inclusion goals are being met (Adjo et al., 2021). Discrepancies often exist between organizational rhetoric and employee perceptions, as ingrained prejudices and managerial permissiveness can undermine inclusive policies (Saraiva & Irigaray, 2009). Ryan and Kossek (2008) further suggest that the success of inclusivity initiatives depends on supervisor support, universality, negotiability, and clear communication of policies. These factors influence how inclusive or exclusive policies are perceived by employees.

## 2.3 Turnover Intentions

Turnover intention refers to an employee's likelihood or willingness to leave their current job and sever their connection with the organization. This encompasses both the probability of quitting and the intention to disengage from the employer (Meyer & Allen, 1984; Ngamkroekjoti et al., 2012). It is important to note that, according to Wells et al. (2010), turnover is classified and categorized as being either voluntary or involuntary. Voluntary turnover, which is chosen by employees, and involuntary turnover, which is determined by the organization (Singh, 2019). In this study, we will focus on the voluntary turnover.

Numerous scholars have extensively explored the concept of "turnover intentions" recognizing its significance in understanding employee behavior within organizations (e.g., Mobley, 1977; Lee & Mitchell, 1994; Mitchell et al., 2001). Gupta et al. (2022) revealed in their literature review that early studies laid the groundwork by exploring individual attributes, such as age, gender, marital status, and tenure, factors that were initially studied as potential antecedents of turnover intentions, as they were believed to influence an employee's decision to leave their job. The authors note that as research progressed, there was a shift in focus towards job-related factors like job satisfaction, organizational commitment, and stress.

March and Simon (1958) introduced the first formal model, emphasizing that both job satisfaction and the perceived availability of alternative employment opportunities influence turnover intentions. Subsequent models expanded on these initial ideas. Price (1977) and Price and Mueller (1981) shifted focus to job-related aspects, including daily life experiences, job scope, autonomy, and position transitions. Mobley's Intermediate Linkage Model (1977) detailed the psychological processes leading to turnover intention, and eventually leading to their departure from the organization, illustrating how job dissatisfaction triggers a sequence of thoughts and actions culminating in their intention and decision to leave. Lee and Mitchell's Unfolding Model (1994) further developed this understanding by highlighting how unexpected events or "shocks" can prompt employees to reassess their commitment to their jobs. The Job Embeddedness Model (Mitchell & Lee, 2001) provides valuable insights into why employees choose to stay within an organization, which directly relates to understanding turnover intentions. This model focuses on three kinds of connections: linkages, fit, and sacrifices. Linkages refer to the connections employees have with other people or groups within the organization, such as colleagues, mentors, or teams. Strong linkages create a network of relationships that employees value, making them more likely to stay to maintain these social ties. Fit pertains to how well employees perceive their values, goals, and work preferences align with those of the organization. When employees feel a strong fit between their personal and

organizational values, they are more likely to feel committed and less inclined to leave. Sacrifices involve the perceived costs or losses associated with leaving the organization, such as lost benefits, career opportunities, or personal investments. High levels of perceived sacrifices make employees more reluctant to leave, as they weigh the potential benefits of staying against what they would forfeit. Furthermore, Joo et al. (2015) observed that employees stay with the organization as long as they feel valued, recognized, and motivated to grow their careers. To effectively mitigate turnover intentions, organizations must understand their determinants. These include personal, relational, and organizational factors such as lack of recognition, career development opportunities, and work-life balance (Medeiros et al., 2012; Sul & Lucas, 2020).

Recent studies have explored factors influencing turnover intention among Generation Z employees. Work-life balance and job engagement were found to have a simultaneous effect on turnover intention for Gen Z employees (Musthofa & Suaedi, 2024). Another study about Gen Z revealed that job satisfaction and positive organizational culture negatively impact their turnover intention, while meaningful work showed no significant effect (Rohayati et al., 2023). Additionally, Afandi et al. (2022) emphasized the importance of person-job fit, showing a significant relationship with turnover intentions for Gen Z employees. Interestingly, the same study found no significant relationship between authentic leadership and turnover intention, suggesting that Gen Z employees may value teamwork and collaborative development opportunities more than a specific leadership style. These findings highlight the complexity of factors affecting Gen Z turnover intention, emphasizing the need for organizations to consider multiple aspects when developing retention strategies for this demographic.

Managers can implement practices such as engaging high-performing employees, fostering job satisfaction, and addressing universal psychological needs (Lyons & Bandura, 2021). Therefore, organizations should adopt comprehensive talent retention strategies and ensure effective coordination between human resources and accounting departments for better personnel cost management and people management (Giacomet, 2017). Factors like job satisfaction, job performance, and leader-member exchange have been found to negatively influence turnover intentions, suggesting that improving these aspects can help reduce employees' desires to leave (Saeed et al., 2014). Given the multifaceted nature of turnover consequences, organizations must make concerted efforts to address the factors driving employees' intentions to leave (Huselid, 1995; Wright et al., 2001).

## 2.4 Cultural Diversity

Having explored various perspectives on inclusion in the workplace, it's important also to consider the broader concept of creating a culturally diverse workforce. Williams and O'Reilly's (1998) systematic review found that diversity has been studied in various areas since the 1950s, including psychology, sociology, communication, anthropology, education, economics, and communication. Academics have struggled to define diversity, referring to it as "a poly-functional term used to describe and analyze the complex dynamics in today's society" (Braedel-Kühner & Müller, 2016, p. 7). This conveys that diversity encompasses not only readily identifiable demographic characteristics (e.g., gender, race, and age), but also work-related measurements (e.g., position in the organization, academic qualifications, and functional background), plus psychologically elements (e.g., attitudes, values, and personality) (Bond & Haynes, 2014; Mannix & Neale, 2005), so "Colour, gender, ethnic background, age, temperament, academic skill, concept, institution, education, community, and so on are all examples of diversity" (Aissa et al., 2018, p.70). Indeed, diversity is a broad term encompassing various dimensions, including cognitive and cultural aspects, and has evolved in meaning over time (Devadas, 2021). The focus in this study is one of these dimensions, more specifically, the cultural aspect – Cultural diversity. According to Fox (1993), cultural diversity is the representation of people with racially, ethnically, and nationally unique identities of cultural importance. More recently, Mazurkiewicz (2020) expanded on this by defining cultural diversity as the coexistence of varied cultural backgrounds and values within a particular environment.

Understanding cultural diversity is crucial not only at a theoretical level but also within organizational settings. Bush (2021) further explains that diversity in the workforce represents the inclusion of individuals with different characteristics and backgrounds. Therefore, combining the perspectives of Mazurkiewicz (2020) and Bush (2021), cultural diversity in the workplace refers to the coexistence and active inclusion of diverse cultural backgrounds and values within an organization.

Cultural diversity in the workplace offers both opportunities and challenges that can significantly impact an organization. To harness its full potential, it is crucial to understand the advantages that diversity brings to organizational success (Kulik, 2014). Research shows that a diverse workforce enhances creativity, innovation, and problem-solving capabilities (Nataatmadia & Dyson, 2005; Morris, 2023), but it also requires careful management to address challenges like stereotypes and biases (Jurini, 2013). A diverse team introduces a variety of perspectives, skills, and talents (Jurini, 2013), which enables employees to approach problems

from different angles and, in turn, fosters innovation (Martin, 2014). This richness in viewpoints not only broadens the knowledge base but also strengthens creativity and decision-making, contrasting with homogeneous groups that may struggle to generate new ideas (McLeod & Lobel, 1992). Ayega (2018) further supports this by stating that cultural diversity "enriches the knowledge and skills of the organization." (p.14).

Moreover, organizations with diverse workforces tend to experience lower turnover rates. As Chu et al. (2023) demonstrate, employees are more likely to stay with a company when they feel a sense of belonging and their unique characteristics are respected. This reinforces the importance of inclusive management in fostering long-term employee commitment. Additionally, embracing diversity not only enhances the organization's internal dynamics but also boosts its external reputation, making it more attractive to a broader pool of candidates (Samuel et al., 2018). In international markets, diverse teams offer a competitive edge by adapting strategies to different cultural contexts (Adler, 1991), which is crucial for organizations aiming to operate globally.

Finally, cultivating an inclusive culture contributes to increased dedication, productivity, and teamwork within the organization (Daft, 1997). This is particularly relevant in the context of Generation Z, a cohort that places high value on diversity in their personal and professional lives and seeks employers who reflect these values (Cantrell & Carr, 2024). Their commitment to diversity extends beyond simply valuing it as an ideal; they demonstrate a strong inclination towards cultural diversity in the workplace, recognizing that it enhances their ability to navigate different cultural contexts, their curiosity and eagerness to learn about different cultures enable them to approach cross-cultural interactions with a positive mindset. As a result, they view cross-cultural communication skills, such as the capacity to adjust one's communication style and behaviour according to the cultural context of the interaction, as essential, seeing them as critical for success in both personal growth and professional advancement (Lifintsev et al., 2019). This generation is motivated to work in multicultural environments, which aligns with ongoing globalization trends, like migration and labor mobility (Lifintsev et al., 2019; Sihombing et al., 2022). By aligning organizational practices with the expectations of this new generation, companies are better positioned to attract and retain top talent, ensuring future success.

## **2.5 Affective Commitment**

Organizational commitment is a widely researched topic in organizational psychology due to its impact on employee behaviour and organizational efficiency (Çoğaltay, 2015). It is a

multifaceted concept that encompasses employees' acceptance, involvement, and dedication toward achieving organizational goals (Muthuveloo & Rose, 2005). Organizational commitment is defined as internalized normative pressures to act in the organization's interest, reflecting an individual's persistence in making sacrifices for the company's benefit, as well as their concern for the organization, demonstrated by their dedication of personal time to the company's operations (Wiener, 1982). However, the most widely accepted definition of organizational commitment in the literature is Meyer and Allen's definition (1991), they define it as “a psychological state that (a) characterizes the employee's relationship with the organization, and (b) has implications for the decision to continue or discontinue membership in the organization”.

Another important consideration in understanding organizational commitment is Allen and Meyer's Three-Component Model (1990), which highlights commitment as a significant factor in developing an employee's relationship with the company. This model consists of three components: affective, normative, and continuance commitment (Allen & Meyer, 1991). Affective commitment relates to the employee's “emotional attachment, identification and involvement of the worker in the organization”, the worker stays in the organization because he wants to; the normative commitment is “a sense of obligation to stay with the organization”, i.e. the worker stays in the organization because they have to, and, the last one, the continuance commitment is defined as the “awareness of the costs associated with leaving the organization”, the worker remains in the organization because he needs to (Meyer & Allen, 1991, p. 67). Furthermore, according to the authors, these three types of bonds exist in the individual-organization bond, but at varying intensities. The model presupposes that the components are conceptually and empirically separate. However, multiple studies have found larger relationships between each than expected, specifically between the affective and normative components, thereby the decision was made to keep these two components independent (Nascimento, et al., 2008). This three-component model has been used to predict various employee outcomes, including lower turnover, higher organizational citizenship behaviors, and higher job performance (Noraazian & Khalip, 2016). Understanding organizational commitment is crucial for managers, as it influences important work-related behaviors and attitudes (Muthuveloo & Rose, 2005; Kodian, 2017). In this study, only affective organizational commitment will be analyzed, because it provides valuable insights into employees' emotional attachment to the organization, which is crucial for understanding turnover intentions.

As previously stated, affective organizational commitment corresponds to an employee's emotional attachment to their company, which is closely related to job satisfaction and mental



well-being (Meyer & Allen, 1991), and has a significant impact on employee behaviours, including attendance, performance, and motivation in conducting tasks (Meyer & Maltin, 2010).

. The study of the antecedents of affective commitment has gained traction (Meyer et al., 2002), with research identifying several factors that influence affective commitment (Kavaliauskienė, 2012, 2015). These factors include organizational elements such as team orientation, transformational leadership, and decentralization (Rahman et al., 2022). The interaction between workplace mindfulness and individual factors also plays a role in shaping affective commitment (Riani & Sopiansah, 2023). Moreover, negative antecedents such as perceived customer unfriendliness, emotional dissonance, and perceived stress can adversely affect affective commitment (Jabutay et al., 2021).

## **2.6 Hypothesis and Research Model**

### **2.6.1 Relationship between Organizational Inclusiveness and Turnover Intentions**

The main obstacle in retaining young talent, particularly among Generation Z, is the gap between the expectations of iGen applicants and what companies offer (Maioli, 2016). According to Spencer (1986), organizations that allow employees to express their concerns with their work environment are more likely to retain them. In this context, creating a space where Gen Z employees feel heard and respected becomes critical in reducing turnover intentions. Inclusive work environments not only encourage the expression of Gen Z employees' concerns, but also encourage the increase of unit-level satisfaction, which is negatively related to turnover. This indicates that when employees feel included, and valued, they are less likely to leave the company (Nishii, 2013).

By fostering a sense of belonging and feelings of inclusion, workplaces contribute positively to job satisfaction, pride in the workplace, camaraderie, and overall employee well-being, all of which are essential factors in employee retention (Travis et al., 2019; Bharadwaj et al., 2021; Purwoko, 2024). The Social Exchange Theory (SET) (Blau, 1964) provides a robust theoretical foundation for understanding the relationship between organizational inclusiveness and turnover intentions.

Recognized as one of the most influential frameworks for explaining workplace behavior (Cropanzano & Mitchell, 2005), SET posits that social life consists of a series of sequential transactions where individuals continuously engage in give-and-take interactions, exchanging resources through acts of reciprocity. In a recent critical review, Cropanzano et al. (2017) outlined key assumptions that underpin the theory, which include the principles of reciprocity,

hedonic value, and sequential transactions. The author states that reciprocity is to the mutual exchange in relationships, where positive actions, such as recognition, are likely to be returned, fostering trust and collaboration; hedonic value emphasizes that individuals seek to maximize positive experiences and minimize negative ones; in organizational settings, this motivates employees to engage more fully when their well-being is prioritized, and, lastly, sequential transactions highlight that interactions are not isolated but occur in a series of exchanges over time, where each interaction can influence future ones. Applying these principles to the relationship between organizational inclusiveness and turnover intentions helps to elucidate why inclusive practices can reduce the desire to leave. The reciprocity principle (Gouldner, 1960) suggests that when organizations create a supportive and inclusive environment, employees perceive these actions as positive exchanges, leading them to reciprocate with higher levels of commitment and lower turnover intentions. In inclusive settings, employees feel valued and respected, which fosters a sense of obligation to remain loyal to the organization. Moreover, the hedonic value assumption, which refers to the emotional impact of social exchanges, is relevant in this context. Inclusive practices are likely to generate positive emotional outcomes, such as enhanced job satisfaction and feelings of belonging, thus decreasing turnover intentions. Conversely, a lack of inclusivity could lead to negative experiences, increasing the likelihood of employees seeking alternative employment. Additionally, the concept of sequential transactions emphasizes that the accumulation of positive experiences over time strengthens the relationship between the employee and the organization, leading to greater attachment and lower turnover intentions. Thus, an ongoing commitment to inclusiveness contributes to a cycle of positive exchanges that reinforce employee retention. Empirical research supports these theoretical insights. For example, listening training has been shown to improve understanding among colleagues, reduce burnout, and lower turnover intentions, suggesting its potential as an effective human resource management tool (Itzhakov et al., 2022). Conversely, negative workplace behaviours like environmental bullying can increase turnover intentions by undermining secure workplace attachment and environmental satisfaction (Moffat et al., 2023).

These findings underscore the importance of creating supportive and inclusive work environments that foster employee well-being, satisfaction, and attachment to mitigate their turnover intentions. Another relevant theory in understanding the relationship between organizational inclusiveness and turnover intentions is the Organizational Support Theory (OST) developed by Eisenberger et al. (1986). This theory emphasizes the significance of employees' perceptions of support from their company. According to this theory, individuals

form opinions about how much the company appreciates their work and is concerned about their welfare, which in turn affects their loyalty and behavior while they are employed there. This perception of support plays a crucial role in shaping employee attitudes and behaviors, particularly in the context of organizational inclusiveness. In inclusive environments, where diversity is embraced and all employees feel valued, the perception of organizational support is heightened. When organizations implement inclusive practices, they demonstrate a commitment to meeting the needs of all employees, fostering a sense of belonging (Kim et al., 2023). This supportive atmosphere reinforces employees' emotional attachment and encourages reciprocity, motivating increased commitment and loyalty (Hakeem & Nisa, 2016). Both SET and OST highlight the principle of reciprocity, illustrating how positive organizational behaviors lead to positive employee responses. Together, these theories provide a comprehensive framework for understanding how supportive and inclusive practices enhance employee engagement and reduce turnover intentions.

Considering the literature review and the expectations of Generation Z regarding inclusive work environments, it becomes evident that while the relationship between organizational inclusiveness and turnover intentions has been explored, there is a notable lack of research focusing specifically on Generation Z. Thus, it is proposed Hypothesis 1.

H1: "Organizational inclusiveness relates negatively to turnover intentions among Generation Z employees."

### **2.6.2 Relationship between Cultural Diversity and Turnover Intentions**

Cultural diversity has emerged as a significant challenge and opportunity for managers in the 21st century, particularly in the context of multinational companies where diverse teams are increasingly common (Tanius & Abdullah, 2018).

Research indicates that there is generally a negative relationship between cultural diversity and turnover intentions, meaning that workplaces with higher levels of diversity tend to exhibit lower turnover rates (Gajdzińska, 2021; Phouthonephackdy T., 2016; Theagarajan, 2019).

To understand this relationship more deeply, Person-Environment (PE) Fit Theory provides comprehension into how cultural diversity can influence employee perceptions and their desire to leave the organization, especially among gen z employees, who value so much culturally diverse environments (Egerová et al., 2021). It investigates the congruence of people and their workplaces, positing that the best results arise when environmental and personal characteristics are in harmony (Vianen, 2018) and examines the factors influencing people's perceived compatibility with their work environment (Kristof, 1996). The theory encompasses various

dimensions, including person-job and person-organization (Sekiguchi & Yang, 2021). According to Kerse et al. (2022), person-job fit focuses on the match between an individual's skills and needs and the job's demands and resources, enhancing performance, engagement, and commitment while reducing turnover intentions; and person-organization fit involves the alignment between an individual's values and goals and the organization's culture and objectives, which promotes satisfaction, commitment, and innovative behaviour while reducing negative attitudes. Both dimensions are negatively associated with turnover intention (Andela & van der Doef, 2018), and, in fact, lower levels of PE fit link with burnout and turnover intentions (Xiao et al., 2021). These findings underline that, to reduce turnover intentions among Generation Z, it is essential to foster a diverse organizational culture that aligns with this generation's values and expectations.

Additionally, culturally diverse environments often cultivate a sense of belonging and appreciation for employees' unique characteristics, which can strengthen their attachment to the organization and reduce their desire to leave (Chu et al., 2023). Moreover, cultural diversity enhances creativity, problem-solving capabilities, and innovation by providing a rich blend of perspectives and ideas (Jurini, 2013; Lloyd & Härtel, 2003; Martin, 2014; Nataatmadia & Dyson, 2005).

This is especially important in the context of Generation Z, a generation that understands diversity and seeks employers who embrace those ideals (Cantrell & Carr, 2024). This generation demonstrates a strong awareness of social justice issues, including racial and gender equality (Low et al., 2023). Given these considerations, hypothesis 2 is proposed:

H2: "Cultural diversity is negatively related to turnover intentions among Generation Z employees."

### **2.6.3. The mediating effect of affective commitment**

#### **2.6.3.1. Organizational inclusiveness, affective commitment and turnover intentions**

As previously discussed, organizational inclusiveness involves treating every individual with respect and support to enable participation in decision-making and growth opportunities, which for Generation Z translates into valuing individual uniqueness and cultivating a strong sense of belonging. (Romansky et al., 2021; Sadeghi, 2023). This sense of inclusiveness is closely related to affective commitment, which reflects the emotional bond employees form with the organization (Meyer & Allen, 1991). Employees who perceive themselves as valued members of their work group experience a heightened sense of belonging, which, in turn, enhances their

emotional connection to the organization, because they believe they are integral to their work group, (Wilny, 2019).

Given this relationship, it follows that, affective commitment plays a crucial role in shaping employee behaviour and organizational outcomes and is particularly important for understanding turnover intentions. It has been linked to various positive employee outcomes, including lower turnover rates (Noraazian & Khalip, 2016). Furthermore, affective commitment to the organization is found to be a strong predictor of reduced turnover intentions (Moreira & Cesário, 2021; Vandenberghe & Bentein, 2009; Yousaf et al., 2015).

The direct relationship between affective commitment and turnover intentions is widely recognised in the literature, since commitment is a key factor in creating an attachment to the organisation, its existence can lead to a reduction in the intention to leave (Meyer & Allen, 1990). For instance, Kuean et al. (2010) conducted a study, that indicated that the emotive component of organizational commitment has the strongest negative impact on abandoning intentions. Individuals who have great affective commitment are less likely to leave their organization. Similarly, Kim and Beehr (2018) observed that employees who are affectively committed generate positive attitudes and behaviors toward the organization and prefer to distance themselves from sentiments of detachment, such as absenteeism and turnover intentions.

Affective commitment not only directly influences turnover intentions but also mediates the relationship between organizational inclusiveness and turnover intention (Hwang & Hopkins, 2012). This means that when employees perceive a high level of inclusiveness within their organization, they are more likely to develop a strong emotional attachment to the company. This attachment, in turn, reduces their likelihood of leaving, as they feel more engaged and connected to the organizational goals and values (Gupta & Gomathi, 2022). Hwang and Hopkins (2012) further substantiate the mediating role of affective commitment by demonstrating that organizational inclusiveness is negatively correlated with employee turnover intentions. Their findings indicate that affective commitment serves as a critical mediating factor in this relationship. Specifically, they discovered that organizational inclusion significantly reduces turnover intentions among child welfare workers by enhancing their organizational commitment.

Additional research supports the importance of affective commitment in this context. Rhoades and Eisenberger (2002) discuss perceived organizational support and its effect on affective commitment and turnover intentions. Similarly, Imran et al. (2014) and Purnamawati & Purba (2019) both confirmed the mediating effects of affective commitment in the

relationship between perceived organizational support and turnover intention. These studies collectively suggest that organizations can reduce turnover intentions by fostering inclusiveness and support, which enhance employees' affective commitment, because employees with high levels of affective commitment have higher intentions to stay in the organization simply because they want to be there (Meyer & Allen, 1997; Top et al., 2014). Although there are studies that address these concepts, few focus exclusively on the specific variables in this research, particularly in relation to the Generation Z population. While the mediating role of affective commitment is well-documented, there is a gap in the literature exploring this relationship in the context of Generation Z. This is particularly relevant given that this generation's workplace expectations and values differ from those of previous generations (Francis & Hoefel, 2018). This suggests that Generation Z's values on inclusion and diversity have a direct impact on how they see organizational inclusion, their level of affective commitment, and their intention to leave.

One notable study (Hwang & Hopkins, 2012) examined these three factors (organizational inclusion, affective commitment, and turnover intentions) in a welfare employees' context, offering an empirical foundation for comprehending the interactions between these elements in the workplace. Its findings provide insights into the interrelation of these variables, although not specifically focusing on Generation Z. Other studies (Imran et al., 2014; Purnamawati & Purba, 2019; Rhoades & Eisenberger, 2002), as stated before have investigated pairs of these variables, with a third concept being similar but not identical. Specifically, Imran et al. (2014) and Purnamawati & Purba (2019) examined relationships between affective commitment and turnover intentions, providing evidence of the nature of these connections and supporting the theoretical and empirical relationships relevant to this research. Additionally, Rhoades and Eisenberger (2002) explored affective commitment in relation to perceived organizational support, which ties closely with organizational inclusion as both concepts address employees' perceptions of support and value.

These findings underscore the importance of cultivating a supportive and inclusive organizational environment to promote employee retention. Given the importance of affective commitment in reducing turnover intentions and the evidence that it can mediate the impact of organizational inclusiveness, it is pertinent to explore this dynamic within the context of Generation Z. Based on the evidence presented, the following hypothesis 3 is proposed:

(H3): "The relationship between Organizational Inclusiveness and Turnover Intentions is mediated by Affective Commitment". This hypothesis is supported by the findings that

affective commitment serves as a key mechanism through which organizational inclusiveness influences turnover intentions.

### **2.6.3.2 Cultural Diversity, affective commitment and turnover intentions**

The relationship between cultural diversity, affective commitment, and turnover intentions is critical for understanding how diverse workplace environments influence employee retention. Understanding these relationships is essential for organizations seeking to leverage diversity to enhance employee commitment and reduce turnover. While the definitions of these concepts, as well as the relationships between affective commitment and turnover intentions and between cultural diversity and turnover intentions, have been explored in previous chapters, the connection between cultural diversity and affective commitment requires further investigation. Specifically, it is important to understand how cultural diversity influences affective commitment and how this relationship mediates the connection between cultural diversity and turnover intentions.

According to Mazurkiewicz (2020), cultural diversity is defined as the coexistence of varied cultural backgrounds and values within a particular environment. This diversity can enrich workplace dynamics, leading to a more vibrant and innovative organizational culture. However, for cultural diversity to positively influence employee outcomes, such as affective commitment, and to be considered a competitive advantage, it must be effectively managed (Ayega & Muathe, 2018). Organizations should carry out diversity management techniques, such as employee awareness training, demographic change monitoring, and the development of an inclusive workplace culture, in order to optimize the advantages of cultural diversity (Ayega & Muathe, 2018; Morris, 2023).

Research suggests that employees' perceptions of diversity-related practices have been shown to reduce turnover intentions through the sequential mediation of personal diversity value and affective commitment (Lee et al., 2020). This means that because of the alignment of their personal values with the organization's diversity practices, employees feel a stronger emotional attachment to the organization, which increases their commitment to stay. This can be confirmed according to the Person-Organization Adjustment Theory, which is "the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both" (Kristof, 1996, p. 4–5). And, according to Subramanian et al. (2022), it is associated with increased levels of job performance, organizational citizenship behaviors, job satisfaction, job retention, and organizational commitment.

However, balancing workforce diversity and Person-Organization (PO) fit presents challenges, as diversity can have both positive and negative effects on organizational outcomes (McMillan-Capehart & Lopez, 2011). In this context, Kristof-Brown et al. (2023) states that an environment that embraces cultural diversity can increase the affective commitment of employees who identify with these inclusive values, still, if the concept of PO fit is implemented in a restrictive manner, prioritizing similarities, it might alienate employees who do not fit the prevailing profile, diminishing affective commitment and, consequently, increasing turnover, especially among those who value diversity and inclusion as part of their professional identity.

Additionally, some researchers, such as Ekejiuba et al. (2023), suggest that employees' affective commitment may increase in environments with less organizational inconsistency and greater diversity in management practices, thereby reducing their likelihood of leaving. Fabrikasi and Prasetya (2021) also stated that attitudes toward cultural differences are negatively correlated with turnover intentions, indicating that employees who are more accepting of cultural diversity are less likely to leave their jobs.

For Generation Z, cultural diversity is not just a desirable attribute; it is a fundamental expectation of their workplace. This generation places a strong emphasis and openness to workplace diversity, which includes cultural, ethnic, generational, and gender disparities, Lanier (2017). Egerová et al. (2021), even emphasize the generation's embrace of diversity and desire for its prioritization in business decisions.

Despite the recognized importance of cultural diversity and affective commitment in influencing turnover intentions, there is a notable lack of literature specifically addressing the interplay among these three variables, particularly in the context of Generation Z. While some studies (e.g., Stewart et al., 2010) have explored diversity and its impact on turnover intentions, there appears to be a limited amount of research specifically investigating how affective commitment mediates this relationship, particularly in the context of younger employees who prioritize inclusivity and diversity in the workplace.

Therefore, to understand the role of affective commitment as a mediator in the relationship between cultural diversity and turnover intentions, it's proposed Hypothesis 4:

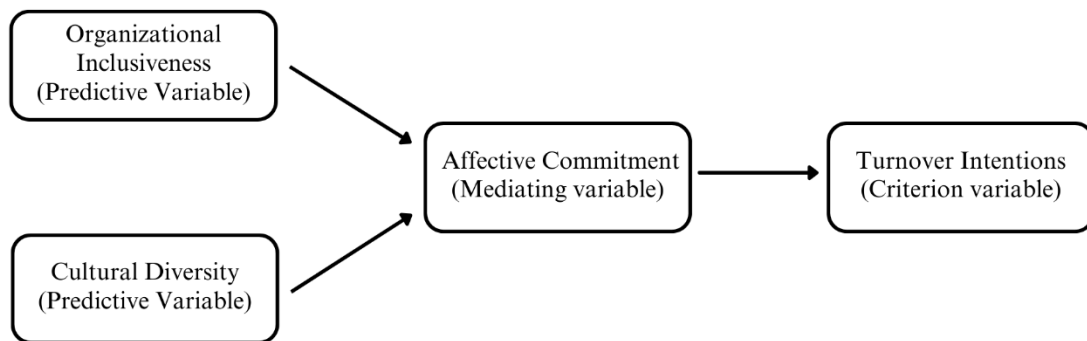
(H4): "The relationship between cultural diversity and turnover intentions is mediated by affective commitment."

#### **2.6.4 Conceptual Framework**

In conclusion, in this study, the hypotheses formulated and supported in the previous sections make it possible to support the following framework. The proposed model aims to examine the



relationship between organizational inclusiveness and turnover intentions (H1), with affective commitment suggested as a mediating variable in this relationship (H3). Additionally, the model seeks to demonstrate how cultural diversity negatively relates to Turnover Intentions (H2) and how affective commitment mediates the relationship between cultural diversity and turnover intentions (H4), as illustrated in the model below:



*Figure 1.1 - Conceptual Framework*



## **Chapter 3 - Methodology**

### **3.1 Procedure**

This study employed a cross-sectional, correlational quantitative approach, as the aim was to analyse and identify relationships between the variables involved.

As mentioned previously, the study in question utilized a survey questionnaire as the primary data collection instrument. This questionnaire was designed in electronic format using Qualtrics, and it was distributed exclusively online.

The research targeted a non-probabilistic convenience sample consisting active working individuals from Generation Z who had at least three months of professional experience. To reach this target audience, the questionnaire was initially shared with people known to the researcher who met these criteria, and then further disseminated through social networks, such as LinkedIn, which was a key platform for sharing the survey link. Additionally, to encourage participation, a snowball sampling approach was employed, where the initial respondents, in addition to completing the survey, were encouraged to share the link with other potential participants who also fit the desired profile.

All participants were fully informed about the academic objectives of the study, given by the informed consent. Additionally, they were informed and guaranteed anonymity and the confidentiality of their data. The questionnaire began with a detailed explanation of the study, followed by validated scales from previous studies (Allen & Meyer, 1990; Hofhuis et al., 2013; Mor Barak, 2005; Robinson, 1996) to assess key variables of interest: Cultural Diversity, Organizational Inclusiveness, Affective Commitment, and Turnover Intention. The final section included sociodemographic questions to characterize the sample. Additionally, to ensure response reliability, quality control items, such as "Please select 'strongly agree' for this statement," were included within some of the scales. These questions were designed to confirm that respondents were not selecting options randomly and that they were reading and completing the questionnaire carefully (Podsakoff et al., 2024). Furthermore, a social desirability scale was incorporated to account for potential bias, ensuring that respondents were not answering in a socially desirable manner rather than truthfully (Podsakoff et al., 2003).

### **3.2 Participants**

This section provides a detailed description of the sample used in this study, including demographic characteristics. The aim is to offer a comprehensive overview of the respondents who participated in the survey, covering aspects such as gender, age, educational background,

and tenure within the organization. Understanding the composition of the sample is crucial for contextualizing the research findings and ensuring the validity of the study's conclusions. Initially, it is important to note the following inclusion criteria for the sample studied: being a member of working population of Generation Z (1995 – 2012) and having worked in the current organization for at least 3 months.

In this study, a total of 300 participants filled in the questionnaire. After applying quality control measures, such as including specific questions to assess participant attentiveness, 80 participants were excluded due to failing the quality control questions, and an additional 3 were excluded for not meeting the age criteria. This left a final sample of 217 valid responses for analysis. The participants ages ranged from 19 to 26 years ( $M = 23.51$ ;  $SD = 1.513$ ), reflecting a predominantly young cohort characteristic of Generation Z. In terms of gender identity, women made up most respondents (59.9%,  $n = 130$ ), followed by men (40.1%,  $n = 87$ ) (Table 3.1).

Regarding ethnicity or cultural background, a significant percentage of participants (88.0%,  $n=191$ ) identified as Caucasian/White. Other ethnicities represented include Hispanic/Latino (4.6%,  $n=10$ ), Mixed/Multiracial (5.5%,  $n=12$ ), and African/Black (0.9%,  $n=2$ ). A small percentage of respondents prefer to remain anonymous (0.5%,  $n=1$ ) or identify as "Other." In terms of nationality, most participants are Portuguese (96.3%,  $n=209$ ); other nationalities represented range from 0.5% to 0.9%, including Americans, Angolans, Brazilians, Cape Verdeans, Spanish, Macanese, and Mozambicans. Only 5% of respondents ( $n=11$ ) prefer not to disclose their nationality (Table 3.1).

Concerning educational qualifications, most participants hold a bachelor's degree (64.1%,  $n=139$ ), followed by a master's degree (30.9%,  $n=67$ ) and a high school diploma or equivalent (5.1%,  $n=11$ ). Regarding tenure in their current organization, participants have varying lengths of service, measured in months. The most common tenure is 12 months (12.9%,  $n=28$ ), followed by 24 months (11.5%,  $n=25$ ) and 36 months (8.3%,  $n=18$ ). Professional experience, also measured in months, varies widely among participants, with 24 months being the most frequent period (20.7%,  $n=45$ ), followed by 36 months (10.6%,  $n=23$ ) and 48 months (11.1%,  $n=24$ ) (Table 3.1).

The majority of participants hold full-time employment contracts (62.7%,  $n=136$ ), followed by interns (27.2%,  $n=59$ ), part-time workers (6.9%,  $n=15$ ), and temporary workers (2.8%,  $n=6$ ). Most participants (94.9%,  $n=206$ ) do not occupy leadership positions, with only 5.1% ( $n=11$ ) in managerial roles. Over half of the participants (53.0%,  $n=115$ ) have fixed-term contracts,

while 41.5% (n=90) are permanent employees. A small portion are service providers (1.4%, n=3) or fall into other categories (4.1%, n=9) (Table 3.1).

Most participants work in a hybrid mode (73.3%, n=159), combining on-site and remote work. Approximately 20.3% (n=44) work exclusively on-site, while 6.5% (n=14) work entirely remotely. Most participants work in private organizations (93.1%, n=202), followed by public organizations (3.7%, n=8) and public-private partnerships (3.2%, n=7). Most participants (93.5%, n=203) do not work in non-profit organizations, with only 6.5% (n=14) working in such organizations (Table 3.1).

Finally, most participants (59.0%, n=128) work in large companies (more than 250 employees). Other company sizes represented include medium-sized enterprises (25.8%, n=56), small enterprises (9.2%, n=20), and microenterprises (6.0%, n=13). In conclusion, the sample is predominantly composed of young adults, mostly Portuguese and Caucasian, with a high level of education. Most work in a hybrid regime in large private companies, with fixed-term contracts and non-managerial positions (Table 3.1).

**Table 3.1 - Summary of the sample's sociodemographic and professional characteristics (N = 217)**

<b>Variable</b>	<b>Category</b>	<b>n</b>	<b>%</b>
<b>Age (years)</b>	19-21	57	26.3%
	22-24	82	37.8%
	25-26	78	35.9%
<b>Gender</b>	Female	130	59.9%
	Male	86	39.6%
<b>Ethnicity</b>	Caucasian/White	191	88.0%
<b>Nationality</b>	Portuguese	209	96.3%
	Other nationalities	8	3.7%
<b>Education Level</b>	Bachelor's Degree	139	64.1%
	Master's Degree	67	30.9%
<b>Type of Contract</b>	Full-time	136	62.7%
	Intern	59	27.2%
<b>Position in the Org.</b>	Non-managerial positions	206	94.9%
	Managerial positions	11	5.1%
<b>Type of Contract</b>	Fixed-term contract	115	53.0%
	Permanent contract	90	41.5%
<b>Work Mode</b>	Hybrid	159	73.3%

<b>Type of Organization</b>	Private	202	93.1%
<b>Company Size</b>	Large (>250)	128	59.0%
	Medium (50 - 250)	56	25.8%

*Source: Own Development*

### 3.3 Instruments

The instruments used for this study were as follows: The Mor Barak Inclusion/Exclusion Scale (MBIE) by Mor Barak (2005), the Benefits and Threats of Diversity Scale (BTDS) by Hofhuis et al. (2013), the scale for affective organizational commitment developed by Allen and Meyer (1990), and the turnover intention scale by Robinson (1996, cited by Neves, 2009). To ensure the reliability of the scales used, the internal consistency of the items was assessed using Cronbach's alpha ( $\alpha$ ). A commonly accepted threshold for adequate reliability is an alpha value of 0.60 or higher (Gomes and Cesário, 2014).

#### *Organizational Inclusiveness (Predictive Variable)*

To assess Organizational Inclusiveness (predictive variable), the Mor Barak Inclusion/Exclusion Scale (MBIE) (Mor Barak, 2005) was used. This scale measures individuals' perceptions of inclusiveness within organizational contexts, covering five organizational levels: upper management, workgroup, organization, supervisor, and social/informal. Respondents indicated the frequency of their experiences using a five-point Likert scale from 1 (Never) to 5 (Always).

The MBIE evaluates inclusion across three dimensions: 1) Decision-making process ( $\alpha=0.743$ ), e.g., “I have an influence on the decisions made by my work group regarding our important tasks.”. 2) Information networks ( $\alpha=0.449$ ), e.g., “My coworkers openly share work-related information with me.”; and 3) Level of participation/involvement ( $\alpha=0.174$ ), e.g., “I am invited to actively participate in review and evaluation meetings with my supervisor”.

The varying alpha values for each dimension suggest that some areas, particularly participation/involvement, may require further refinement to improve their reliability. Despite this variability, the overall internal consistency of the scale, as measured by Cronbach's alpha, was  $\alpha = 0.736$ , indicating acceptable reliability for the scale.

#### *Cultural Diversity (predictive variable)*

For Cultural Diversity (predictive variable), the BTDS (Hofhuis et al., 2013) was employed. This scale, consisting of 36 items, measures how employees perceive the effects of cultural

diversity in the workplace. It includes 5 subdimensions of benefits: 1) Understanding of Diverse Groups in Society ( $\alpha=0.715$ ); e.g., “cultural diversity allows us to adjust to different groups in society”; 2) Creative Potential ( $\alpha=0.791$ ); e.g., “Cultural diversity enables us to come up with more original ideas.”; 3) Image of Social Responsibility ( $\alpha=0.756$ ); e.g., “Cultural diversity is good for our image towards the outside world.”; 4) Job Market ( $\alpha=0.682$ ); e.g., “Cultural diversity is necessary for recruiting enough new personnel.”, and 5) Social Environment ( $\alpha=0.770$ ); e.g., “Cultural diversity is fun.”, and 4 subdimensions of threats: 1) Realistic Threat ( $\alpha=0.617$ ); e.g., “Cultural diversity diminishes the status of majority employees.”, 2) Symbolic Threat ( $\alpha=0.682$ ); e.g. “Cultural diversity causes the department’s culture to change strongly.”, 3) Intergroup Anxiety ( $\alpha=0.721$ ); e.g. “Cultural diversity leads to uncomfortable situations.”, and Productivity Loss ( $\alpha=0.535$ ); e.g. “Cultural diversity reduces the overall quality of employees.”. To ensure a systematic and unbiased assessment, the BTDS items were randomly distributed within the survey questionnaire. Respondents rated their agreement or disagreement with each statement on a Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

The reliability of the BTDS was assessed using Cronbach's alpha. The overall alpha for the entire scale was  $\alpha = 0.817$ , demonstrating a reliable measure of cultural diversity perceptions.

#### *Affective Commitment (mediating variable)*

The measurement of Affective Commitment, the mediating variable, was derived from the framework established by Allen and Meyer (1990) and consists of six items designed to assess employees' emotional attachment to the organization. Responses were collected using a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The internal consistency of the scale was confirmed with a Cronbach's alpha of  $\alpha = 0.838$ , indicating good reliability. An example of one of the items is: "I would be very happy to spend the rest of my career with this organization.".

#### *Turnover Intention (criterion variable)*

For Turnover Intention (criterion variable), the scale developed by Robinson (1996, cited by Neves, 2009) was used. This scale includes the following items: “If I had the chance, I would change jobs,” “I am actively looking for a new job,” and “If I had the opportunity to choose, I would prefer to be in another organization.”. Responses were given on a Likert scale with five levels of agreement ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The internal consistency of the scale was confirmed with a Cronbach's alpha of  $\alpha = 0.878$ , indicating excellent reliability.

### *Social Desirability Scale*

Social desirability bias, the tendency to provide favorable self-reports, was measured using the scale originally developed by Marlowe and Crowne (1960) and later reduced to 3 items by Fischer and Fick (1993). The items included in this scale are as follows: “There have been occasions when I took advantage of someone,” “Sometimes I seek revenge instead of forgiving and forgetting,” and “I have never been bothered when people express ideas that are very different from my own.” Although the internal consistency of this scale was assessed, yielding a Cronbach's alpha of 0.284, which indicates low internal consistency, this value suggests that the items are not consistently correlated. Consequently, there are concerns regarding the reliability of these measures. Taking into account the reduced alpha, the measure was not used in subsequent analyses.

### *Sociodemographic Characteristics*

In addition to the instruments, sociodemographic information was collected from the participants, including age, gender, nationality and ethnic or cultural origin. They were also asked about their highest level of education, the size and sector of activity of the organization in which they work, as well as whether the organization is non-profit. Other questions dealt with working arrangements, contractual status, whether they hold a managerial position and the number of months or years of professional experience, including the length of time they have worked in their current organization.



## Chapter 4 - Results

### 4.1 Descriptive analysis and correlation between the variables

This chapter will present the results after analysing the data collected with the questionnaire. To analyse the data collected from the survey, SPSS software version 29 was utilized. This analysis included descriptive statistics to summarize the demographic characteristics of the respondents and inferential statistics to test the hypotheses outlined in this study. The macro-PROCESS was employed to conduct mediation analyses (Hayes, 2022: model 4), allowing for an exploration of the relationships between Cultural Diversity, Organizational Inclusiveness, Affective Commitment, and Turnover Intention.

Composite variables were created after verifying the internal consistency of those variables: OrgInclusiveness, CulturalDiversity, AffCommitment, and TurnoverInt.

#### *Organizational Inclusiveness*

The first variable, Organizational Inclusiveness, indicates that the average perception of organizational inclusion is 3.28, ( $SD = 0.46$ ). The results indicate that participants perceive a moderately positive level of inclusion in their organizations, with an average of 3.28, slightly above the midpoint of the 1 to 5 scale. The standard deviation of 0.46 suggests moderate variation in perceptions, indicating that some people feel their organizations are inclusive, while others have different experiences.

#### *Cultural Diversity*

The Cultural Diversity variable has an average of 3.18 ( $SD = 0.33$ ). These results indicate that the participants have a moderately positive perception of cultural diversity in their organizations, with the average slightly above the midpoint of the 1 to 5 scale. The standard deviation of 0.33 suggests that the answers are close to the average, indicating a uniformity in perceptions. However, this slight variation also points to some differences in individual experiences of cultural diversity.

#### *Affective Commitment*

The Affective Commitment variable has an average of 3.47 ( $SD = 0.80$ ). These results indicate that, in general, the participants show a moderately high level of affective commitment to their organizations, since the average is above the midpoint of the 1 to 5 scale. The standard deviation of 0.80 suggests a significant variation in individual perceptions. This indicates that while some

participants feel a strong emotional attachment to their organizations, others may have a weaker commitment.

#### *Turnover Intentions*

Finally, the Turnover Intentions variable had an average of 2.55 (SD = 1.16), suggesting that, in general, participants express a relatively low intention to leave their organizations, since the average is below the midpoint of the 1 to 5 scale. The standard deviation of 1.16 suggests a wide variation in turnover intentions between participants. This indicates that while some employees have a strong willingness to consider changing jobs, others express little or no desire to leave.

#### *Inter-correlations Between Variables*

Spearman's correlations were also carried out between the composite variables to understand the relationships between them: Cultural Diversity exhibited a negative and non-significant correlation with Organizational Inclusiveness ( $r = -0.047$ ,  $p = 0.492$ ), suggesting that the perception of cultural diversity is not significantly associated with organizational inclusion. Additionally, the correlation with Affective Commitment was also non-significant ( $r = 0.105$ ,  $p = 0.123$ ), indicating that cultural diversity is not associated with a stronger emotional commitment from employees. Similarly, the correlation with Turnover Intentions was negative but not significant ( $r = -0.110$ ,  $p = 0.105$ ), implying that perceptions of cultural diversity do not seem to impact turnover intentions. Organizational Inclusiveness showed a moderate positive correlation with Affective Commitment ( $r = 0.410$ ,  $p < 0.001$ ). This suggests that a greater sense of organizational inclusion is associated with a stronger emotional commitment from employees. The correlation between Organizational Inclusiveness and Turnover Intentions was negative and significant ( $r = -0.313$ ,  $p < 0.001$ ). This indicates that a more inclusive environment is related to lower intentions of leaving the organization, highlighting the need to foster inclusion for talent retention. Affective Commitment displayed a very strong negative correlation with Turnover Intentions ( $r = -0.747$ ,  $p < 0.001$ ). This result emphasizes that a higher emotional commitment from employees is strongly associated with lower intentions to leave, suggesting that satisfaction and emotional engagement are crucial for employee retention (Table 4.1).

Regarding demographic and professional factors, the correlation between Work Regime and Turnover Intentions was negative and statistically significant ( $r = -0.219$ ,  $p = 0.001$ ), indicating that the work regime has a meaningful association with turnover intentions, with

individuals in certain work regimes possibly showing a lower intention to leave the organization (Table 4.1).

Similarly, the correlation between Organization Size and Turnover Intentions was also negative and significant ( $r = -0.137$ ,  $p = 0.044$ ), suggesting that organization size is related to turnover intentions. This result implies that employees in smaller organizations may have a higher tendency toward turnover.

Table 4.1 - Means, Standard Deviations, Correlations between Variables and Internal Consistencies

Variable	Mean	Standard Deviation	Cronbach's Alpha ( $\alpha$ )	1	2	3	4	5	6
<b>Organizational Inclusiveness (1)</b>	3.28	.46	.736	(-)	-.047	.410* **	.313* **		
<b>Cultural Diversity (2)</b>	3.18	.33	.723	-.047	(-)	.105	-.110		
<b>Affective Commitment (3)</b>	3.47	.80	.834	.410* **	0.105	(-)	-. 0.747 ***		
<b>Turnover Intentions (4)</b>	2.55	1.16	.890	-. .313* **	-.110	-. .747* **	(-)		
<b>Work Regime (5)</b>	-	-	-	.035	-.012	.118	-. .219* **	(-)	-
<b>Organization Size (6)</b>	-	-	-	-.094	.023	.041	-. .137* **	-	(-)

Source: Own Development

Notes:

Significant correlations are marked with \*\*\* ( $p < 0.001$ ).

The means and standard deviations reflect participants' responses on a scale from 1 to 5.

Cronbach's alpha values provide a measure of internal consistency for each variable.

## 4.2 Hypothesis Tests

Hypothesis H1 posits that organizational inclusiveness relates negatively to turnover intentions among Generation Z employees. The relationship between Organizational Inclusiveness (OI) and Turnover Intentions (TI) was assessed using the PROCESS Macro (Model 4) in SPSS. The analysis reveals that the total effect of Organizational Inclusiveness on Turnover Intentions, is significant ( $B = -0.842$ ,  $t = -5.140$ ,  $p < 0.001$ ). This finding indicates a strong negative relationship between Organizational Inclusiveness and Turnover Intentions. Specifically, as organizational inclusiveness increases, employees' intentions to leave the organization decrease. This suggests that when an organization fosters a more inclusive environment, Generation Z employees are less likely to consider leaving. The p-value of less than 0.001 indicates that this finding is highly statistically significant, meaning that the observed relationship is very unlikely to have occurred by chance. Therefore, the data supports the hypothesis that enhancing organizational inclusiveness can be an effective strategy for reducing turnover intentions, especially among Generation Z. (see Table 4.2).

Concerning the second hypothesis, (H2): Cultural Diversity (CD) relates negatively to Turnover Intentions (TI) among Generation Z employees, the relationship between Cultural Diversity and Turnover Intentions was assessed using the PROCESS Macro in SPSS. The results indicate that the relationship between Cultural Diversity and Turnover Intentions is not significant ( $B = -0.269$ ,  $t = -1.112$ ,  $p = 0.267$ ). This suggests that, when considered independently, Cultural Diversity does not significantly influence Turnover Intentions among Generation Z employees. Therefore, Hypothesis H2 cannot be supported, as it posits a direct negative relationship between Cultural Diversity and Turnover Intentions (Table 4.3).

In contrast, Hypothesis H3 proposes that Affective Commitment mediates the relationship between Organizational Inclusiveness and Turnover Intentions among Generation Z employees. When the mediator variable, Affective Commitment (AC), is integrated into the analysis model, it exhibits a significant and negative effect on Turnover Intentions ( $B = -1.069$ ,  $t = -14.267$ ,  $p < 0.001$ ). However, the direct effect of Organizational Inclusiveness on Turnover Intentions becomes non-significant ( $B = 0.000$ ,  $t = 0.001$ ,  $p = 0.999$ ). This suggests that the influence of Organizational Inclusiveness on Turnover Intentions operates indirectly, mediated by Affective Commitment (see Table 4.2). Bootstrapping analyses, conducted with 5000 resamples, confirm that the indirect effect is both negative and significant, as the confidence interval does not include zero ( $B = -0.843$ , 95% CI = -1.101; -0.581). These results indicate that Organizational Inclusiveness has an indirect impact on Turnover Intentions through Affective

Commitment. Therefore, Hypothesis H3, which posits that the relationship between Organizational Inclusiveness and Turnover Intentions is mediated by Affective Commitment, is supported (see Table 4.2). The overall model accounts for 54.36% of the variance in Turnover Intentions ( $F(2, 214) = 127.427, p < 0.001$ ).

To test hypothesis 4, (H4): Affective Commitment mediates the relationship between Cultural Diversity (CD) and Turnover Intentions (TI) among Generation Z employees, a mediation analysis was conducted using the PROCESS Macro for SPSS.

The model summary shows that while Cultural Diversity does not have a direct significant effect on Affective Commitment ( $B = 0.214, t = 1.284, p = 0.200$ ), Affective Commitment itself significantly and negatively affects Turnover Intentions ( $B = -1.068, t = -15.884, p < 0.001$ ). This indicates that higher levels of Affective Commitment are associated with lower Turnover Intentions. The direct effect of Cultural Diversity on Turnover Intentions remains non-significant ( $B = -0.040, t = -0.245, p = 0.807$ ), confirming that Cultural Diversity does not directly impact Turnover Intentions. Furthermore, the analysis of the indirect effect reveals that the mediation by Affective Commitment does not yield a statistically significant result, as indicated by the bootstrap analysis ( $B = -0.228, \text{BootLLCI} = -0.566; \text{BootULCI} = 0.119$ ), where the confidence interval includes zero. (Table 4.3). In summary, while Affective Commitment demonstrates a significant negative relationship with Turnover Intentions, the evidence does not sufficiently support Hypothesis H4 due to the lack of a significant indirect effect.

Table 4.2 *Regression results for the mediation model (Organizational Inclusiveness, Affective Commitment and Turnover Intentions)*

Predictive Variables	Affective Commitment		Turnover Intention	
	<i>B</i>	<i>Standard Error</i>	<i>B</i>	<i>Standard Error</i>
<b>Total Effect</b>				
<i>Constant</i>	-	-	5.317**	.543
<i>Organisational Inclusiveness</i>	-	-	-.842**	.164
<b>Direct Effect</b>				
<i>Constant</i>	.885*	.354	6.263**	.395
<i>Organisational Inclusiveness</i>	.788**	.107	.000	.132
<i>Affective Commitment</i>	-	-	-1.069**	.075
<b>Indirect Effect</b>				

<i>Coefficient</i>	<i>Standard Error</i>	<i>95% Bootsrap</i>	<i>IC</i>
-.843	.133	-1.101	-.581

*Note: \*p < 0.05; \*\* p < 0.001*

*Source: Own Development*

Table 4.3 *Regression results for the mediation model (Cultural Diversity, Affective Commitment and Turnover Intentions*

<b>Predictive Variables</b>	<b>Affective Commitment</b>		<b>Turnover Intention</b>	
	<i>B</i>	<i>Standard Error</i>	<i>B</i>	<i>Standard Error</i>
<b>Total Effect</b>				
<i>Constant</i>	-	-	3.410*	.774
<i>Cultural Diversity</i>	-	-	-.269	.242
<b>Direct Effect</b>				
<i>Constant</i>	2.788*	.544	6.263*	.395
<i>Cultural Diversity</i>	.214	.166	-.040	.165
<i>Affective Commitment</i>	-	-	-1.068*	.067
<b>Indirect Effect</b>				
<i>Coefficient</i>	<i>Standard Error</i>	<i>95% Bootsrap</i>	<i>IC</i>	
-.228	,172	- ,565	,119	

*Note: \*p < 0.001*

*Source: Own Development*

## Chapter 5 - Discussion, Implications, Limitations, and Suggestions for Future Studies

### 5.1 Discussion of the Results

This study aimed to explore the intricate relationships between organizational inclusion, cultural diversity, affective commitment, and turnover intentions, particularly focusing on the unique perspective of Generation Z. By investigating how these variables interact, the research sought to contribute to the understanding of organizational dynamics in contemporary workplaces. Specifically, it examined the impact of organizational inclusion on affective commitment and turnover intentions, as well as the role of cultural diversity in shaping these

outcomes. Through this comprehensive analysis, the study provides valuable insights into the factors influencing employee behaviour in diverse organizational settings.

Regarding the first hypothesis formulated, the findings of this study indicate a significant negative relationship between organizational inclusiveness and turnover intentions. This suggests that when employees perceive their organization as inclusive, they are less likely to express intentions to leave. This outcome aligns with existing literature that emphasizes the importance of organizational inclusiveness for Gen Z (Shore et al., 2018). Specifically, as highlighted by Nishii (2013), creating an environment where employees feel heard and valued can significantly reduce turnover intentions. This can significantly reduce turnover intentions because it fosters a sense of psychological safety and belonging. When employees perceive that they are listened to and that their opinions are valued, they are more likely to demonstrate loyalty and remain with the organization. This is particularly important for Generation Z, who value open communication and organizational transparency. Continuous recognition and appreciation reinforce intrinsic motivation and strengthen commitment to the company, thereby reducing the desire to leave the organization.

The second hypothesis of this study posited that cultural diversity relates negatively to turnover intentions. However, the findings did not support this hypothesis, indicating that there is no significant negative relationship between cultural diversity and turnover intentions among Generation Z employees. This outcome is surprising, especially considering the emphasis placed by Generation Z on the importance of cultural diversity in the workplace (Egerová et al., 2021; Lanier, 2017). It may suggest that while Generation Z values diversity, it does not necessarily translate into lower turnover intentions. This could be because diversity alone is not sufficient to impact commitment levels unless accompanied by inclusive practices that foster genuine integration. For Generation Z, diversity is expected as a baseline in modern workplaces, meaning that simply having diverse representation does not necessarily fulfill their deeper needs for fairness, growth opportunities, and a supportive culture. Furthermore, factors like the quality of leadership or the organizational climate may moderate the impact of diversity on turnover intentions. This could be due to various factors, including the complexity of cultural dynamics within organizations or the possible presence of other mediating variables that were not examined in this study. For example, cultural diversity can lead to differences in communication styles and work approaches, which, if not managed well, may create misunderstandings or conflicts that negate the positive effects of a diverse workforce. Moreover, mediating variables such as perceived organizational support or job satisfaction



could play significant roles in shaping how cultural diversity affects turnover intentions, suggesting the need for future studies to explore these elements.

The role of affective commitment emerged as a significant factor in the relationships examined. The findings support the third hypothesis, indicating that affective commitment mediates the relationship between organizational inclusion and turnover intentions. This suggests that when employees feel included in their organization, their emotional attachment to the organization increases, which in turn reduces their intentions to leave. This finding corroborates the work of Hwang and Hopkins (2012), who highlighted the critical role of affective commitment in employee retention, and turnover intentions. The critical role of affective commitment in employee retention has been widely recognized in the literature because it directly influences how employees perceive their attachment to the organization. High levels of affective commitment led to stronger emotional bonds with the workplace, reducing the likelihood of seeking external job opportunities. This finding underscores the importance of implementing initiatives that enhance employees' emotional connections to the organization, which can be achieved through recognizing employee achievements, providing career development opportunities, and promoting a culture of mutual respect and support.

Conversely, the fourth hypothesis posited that affective commitment mediates the relationship between cultural diversity and turnover intentions. However, the results did not support this hypothesis, indicating that affective commitment does not significantly mediate the relationship between cultural diversity and turnover intentions. This finding suggests that while affective commitment is essential for understanding turnover intention, it may not operate in the anticipated manner concerning cultural diversity. This lack of support for H4 indicates that the interplay between these variables is more complex than initially thought and requires further investigation. The absence of a significant mediating effect suggests that other factors may influence the relationship between cultural diversity and turnover intentions, such as the organizational context, individual values, or different subcultures within the organization. It is possible that cultural diversity impacts employees differently based on their cultural backgrounds or previous experiences with diversity in the workplace, highlighting the need for a deeper exploration of these nuances.

In summary, this study reinforces the importance of organizational inclusiveness in reducing turnover intentions among Generation Z employees. Although the relationship between cultural diversity and turnover intentions was not supported, and neither was the mediating role of affective commitment in this context, the emphasis on inclusivity and its positive effects on affective commitment remains crucial. By creating inclusive environments

that value diverse perspectives, organizations can enhance employee commitment and retention, reducing employees' turnover intentions.

## **5.2 Theoretical Implications**

This study contributes to the existing literature by examining the complex interplay between organizational inclusiveness, cultural diversity, affective commitment, and turnover intentions, with a focus on Generation Z. While prior research has acknowledged the significance of these variables, it has often concentrated on older generations or specific occupational contexts, such as welfare employees (Hwang & Hopkins, 2012). By centering on Generation Z, this study fills a notable gap in the literature, offering fresh insights into how this younger, socially aware cohort perceives organizational dynamics.

One of the theoretical contributions is the identification of affective commitment as a key mediating factor in the relationship between organizational inclusiveness and turnover intentions. Although existing studies have confirmed the direct negative impact of inclusiveness on turnover intentions (Kuean et al., 2010), this research adds nuance by demonstrating that affective commitment plays a critical role in translating inclusive practices into reduced turnover intentions specifically for Generation Z. This finding suggests that fostering emotional attachment to the organization is particularly vital for this generation, who have different expectations and values compared to previous cohorts (Francis & Hoefel, 2018), such as commitment to diversity and inclusion (Lanier, 2017), valuing approachable leadership and supportive team dynamics (Lassleben & Hofmann, 2023), or valuing work-life balance and seeking flexibility in their work environments (McCrindle & Fell, 2019).

Moreover, this research offers new insights by integrating four key variables—organizational inclusiveness, cultural diversity, affective commitment, and turnover intentions—into a single theoretical model. This comprehensive approach provides a more holistic understanding of how different organizational factors interact to influence retention, moving beyond simplistic models that treat these variables in isolation. The findings suggest that a multifaceted strategy, which simultaneously addresses diversity, inclusiveness, and the emotional needs of employees, is essential for developing more effective retention approaches.

Finally, the confirmation of the mediating role of affective commitment aligns with established findings on employee retention but expands the discussion by applying it specifically to Generation Z, while the non-significant impact of cultural diversity suggests the need for a more nuanced view of diversity management. This positions the study within the

existing literature as both a confirmation of certain theories and a challenge to others, offering a balanced contribution to ongoing academic debates in organizational behaviour.

### **5.3 Practical Implications**

The findings of this study carry significant practical implications for organizations seeking to enhance employee retention, particularly among Generation Z. Understanding the intricate relationships between organizational inclusiveness, cultural diversity, affective commitment, and turnover intentions can guide organizations in developing effective strategies to create a more engaging and supportive work environment.

First, the significant negative association shown between organizational inclusiveness and turnover intentions emphasizes the importance of organizations prioritizing inclusivity. Companies should adopt procedures that foster an open culture in which employees feel respected and heard. Regular feedback systems, inclusive management training, and employee resource groups can all contribute to fostering a supportive environment in which employees feel like they belong. Creating an environment where employees feel heard and valued can significantly reduce turnover intentions because it fosters a sense of psychological safety and belonging. When employees perceive that they are listened to and that their opinions are valued, they are more likely to demonstrate loyalty and remain with the organization. This is particularly important for Generation Z, who value open communication and organizational transparency. Continuous recognition and appreciation reinforce intrinsic motivation and strengthen commitment to the company, thereby reducing the desire to leave the organization.

Secondly, although the study did not find a significant relationship between cultural diversity and turnover intentions, it is important not only to have a diverse workforce, but also to ensure that employees from various backgrounds feel included and integrated into the organizational culture. Organizations should invest in diversity and inclusion training programs that go beyond raising awareness and give priority to developing respect and empathy between people from all backgrounds.

Furthermore, the significance of affective commitment as a mediator in the link between organizational inclusiveness and turnover intentions highlights the need for businesses to implement strategies that deepen employees' emotional attachment to their roles. In addition to mentorship programs and team-building activities, companies can enhance affective commitment by cultivating a culture of recognition where achievements, both big and small, are celebrated consistently. Awards, public shout-outs during team sessions, or recognition initiatives that showcase individual or group achievements are a few examples of regular

appreciation. In addition to making people feel valued, these procedures also produce an encouraging cycle of feedback that motivates individuals to put more emotion into their work.

Establishing open lines of communication channels where employees feel heard and acknowledged also reinforces emotional bonds. Organizations can, for example, establish frequent team meetings where individuals are encouraged to freely express their thoughts and worries. Furthermore, anonymous feedback systems, such as online polls or recommendation boxes, let workers voice their thoughts without worrying about consequences.

Moreover, providing avenues for employees to contribute to decision-making processes allows them to feel more connected. Companies can, for instance, organize teams from different departments to collaborate on specific challenges or create new projects.

Additionally, given that this study specifically addresses Generation Z, organizations must adapt their strategies to meet the expectations and preferences of this unique cohort. This includes providing opportunities for growth and development, recognizing and rewarding contributions, and fostering a work-life balance that aligns with their values. Engaging Generation Z in meaningful work and creating an inclusive and fun culture that reflects their diverse backgrounds will be crucial in retaining this talent pool.

Finally, organizations ought to regularly evaluate the effectiveness of their inclusivity and diversity programs through employee surveys and feedback. Continuous review helps companies to change their strategy to suit the evolving requirements of their workforce, respecting their relevance and effectiveness in keeping the best employees. Addressing these practical implications allows employers to establish a more inclusive and supportive workplace, which not only increases employee satisfaction and engagement but also reduces turnover intentions, particularly among Generation Z employees.

#### **5.4 Limitations and Future Research**

Although this study offers insightful information about the links between affective commitment, cultural diversity, organizational inclusiveness, and turnover intentions, it is important to recognize a few limitations that might affect the results and their applicability.

One limitation of this study is the reliance on a convenience sample, which may not fully represent the broader Generation Z workforce. Convenience sampling, while practical, can lead to selection biases, as it often includes participants who are readily available rather than a randomized group that accurately reflects the target population. This limitation may affect the study's generalizability, as the characteristics and experiences of the sample might differ from

those of other Gen Z professionals in various industries and geographic regions. Furthermore, although though the focus of this study was solely on Generation Z, it is necessary to continue investigating the viewpoints of other generations due to the dynamic nature of the labour. To find distinct patterns and trends in workplace behaviour and attitudes regarding inclusivity, diversity, and turnover intentions, future research could examine how Generation Z compares to previous generations. The cross-sectional design of the study, which gathers data at a single moment in time, is another drawback. Deeper understanding of how these factors' associations vary over time and how organizational changes may affect employee attitudes and actions could be gained from longitudinal studies. For instance, such studies could track changes in affective commitment as employees experience different organizational initiatives, such as diversity training or new inclusivity policies. Moreover, the correlational nature of this study imposes significant limitations on assessing causality between variables. Since the methodology is designed to identify associations rather than direct causal relationships, it is not possible to determine if one variable directly influences another. Additionally, while this study confirmed the hypothesized associations, the directionality of these relationships remains uncertain. For instance, although the findings suggest a link between organizational inclusiveness and turnover intentions, it is also plausible that turnover intentions may influence perceptions of inclusiveness, or that other unmeasured factors contribute to both. Future research employing longitudinal or experimental designs would be needed to clarify causal pathways and better understand the dynamics at play.

Furthermore, as the study employed self-reported data, it is subject to common method bias (Podsakoff et al., 2003). Common method bias refers to the systematic measurement error that arises when the same data source is used to collect information on all variables in a study. This can lead to inflated correlations between variables, as respondents may provide answers that are influenced by their overall mood, perception of the situation, or social desirability, rather than honestly representing their experiences or attitudes, this might result in exaggerated correlations between variables. For example, participants may score their affective commitment and turnover intentions more favorably if they think that companies are generally inclusive, which could lead to a false link between these dimensions.

To reduce bias in future studies, researchers should use various data sources, such as combining self-reports with supervisor ratings and peer evaluations. This method would assist triangulate the data and provide a more complete picture of the factors under research. Furthermore, adopting time-lagged designs may improve the research by gathering data at various times in time. Measuring affective commitment and turnover intentions prior to and

during the adoption of an organizational measure, for example, could indicate changes over time and build a clearer chronology of events. This approach would help to determine whether changes in organizational inclusiveness cause movements in employee views or whether pre-existing attitudes influence perceptions of inclusivity.

Additionally, the findings regarding the non-significant relationship between cultural diversity and turnover intentions (H2) emphasize the need for further exploration of how diverse backgrounds influence the perceptions and behaviours of Generation Z employees. This insight suggests that mere representation may not suffice in fostering a commitment that reduces turnover intentions, indicating the potential need to re-evaluate current diversity initiatives. Future research should investigate whether other factors, such as inclusivity practices or leadership styles, play a moderating role in this relationship and how they can be leveraged to enhance the impact of cultural diversity on employee retention.

Finally, the study skipped over any moderating factors that might have an impact on the connections it looked at. In terms of expanding future research directions, other mediators such as job satisfaction or perceived organizational support could be considered to understand better how these factors influence turnover intentions. Additional predictor variables like leadership quality or team cohesion may also be explored, along with other outcome variables, such as employee engagement or organizational performance.

By addressing these constraints and looking into other research methods, academics can improve our understanding of the subtleties related to employee behaviour in a variety of corporate settings. This ongoing research will be crucial for companies trying to develop strategies for employee engagement and retention in a workforce that is growing more varied and dynamic every day.

## **Chapter 6 - Conclusion**

This study provides a comprehensive understanding of organizational behavior by linking four key variables—organizational inclusiveness, cultural diversity, affective commitment, and turnover intentions—in an innovative way. The findings suggest that a holistic approach, which promotes inclusiveness and recognizes the specific needs of Generation Z, is essential to enhancing retention strategies in modern workplaces. The results underscore the importance of not only increasing diversity but also ensuring that this diversity is experienced meaningfully through effective inclusive practices. While affective commitment has shown to play a central role in retention, the relationship between cultural diversity and turnover intentions proved to be more complex than expected, indicating a need for further research to understand the nuances of this relationship.

By recognizing the limitations and suggestions for future research, this study encourages the continued exploration of more rigorous methods and approaches to better comprehend the interactions between inclusiveness, diversity, and organizational behavior. This ongoing research will be crucial for companies seeking to develop employee engagement and retention strategies in an increasingly diverse and dynamic workforce.





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