Generation Z consists of individuals born between mid-1990s and early 2010s. According to generational cohort theory, every generation has distinctive characteristics that set it apart from previous generations, and determine its behavior. As Generation Z is the workforce of the future, expected to constitute 27% of the global workforce by 2025, it is imperative for organizations to understand it better, so that they can successfully engage and retain it. While research studies on millennials engagement have highlighted the importance of organizational conditions related to gamification, voice, position visibility and fun at workplace (Jha et al., 2019a, 2019b), similar studies for Generation Z are limited.

In this paper, we use a conceptual framework to identify the organizational conditions suitable for engaging Generation Z workforce, by considering their specific characteristics. There are no existing studies that have used this approach. We build the framework by employing social exchange theory, and typology methodology.

Generation Z employees are individualistic in thinking, and have high self-esteem and aspirations about making a difference in the workplace. They are open minded, believe in collaboration, and espouse diversity in people and ideas (Schroth, 2019). Being digital natives, they are adept at using various communication channels. They value exchange of objective, specific and detailed feedback. They are creative, good at multi-tasking, and prefer implementation over planning activities. They enjoy work that is hands-on, gives them freedom and flexibility, and has a direct visible impact (Singh and Dangmei, 2016). They desire to develop new competencies, and take full ownership and control of their tasks. Financial or job security is not a significant priority for them. Figure 1 provides a summary of these characteristics.

Social exchange theory (SET)

Social exchange theory confers that individual behavior in a relationship is influenced by evaluation of benefits vis-à-vis costs. To identify how Generation Z employees can behave in a more engaged and loyal manner, it is important to understand how they evaluate benefits vis-à-vis costs with respect to the organization. This understanding can help suggest what actions organizations can take to better engage Generation Z. Thus, we have used SET that explains fundamental organizational aspects that affect employee engagement (Jha et al., 2019a; Yin, 2018). The following paragraphs explain three of these aspects:

Organizational Justice (OJ)

Organizational justice refers to fairness towards employees in terms of outcomes or benefits, formal and informal processes, information access and inter-personal behavior. OJ promotes trust, loyalty, and sense of ownership of employees.
Organizational Support (OS)

Organizational support refers to the care demonstrated towards employees, in the form of facilities, resources, and policies. OS creates obligations in the minds of employees, and motivates them to invest emotionally and physically in the organization.

Leader-Member Exchange (LMX)

Leader-Member Exchange refers to the quality of relationship between the leader and the employees of the organization. When the leader provides emotional and resource support, opportunities to grow, and recognition, employees respond with better productivity.

Research shows that perceptions of high OJ, OS and quality LMX are associated with intrinsic motivation, psychological empowerment, self-efficacy, job satisfaction, engagement, commitment, innovative work behavior, citizenship behavior, work performance, and low absenteeism and turnover.

SET implications for Generation Z

Given the specific characteristics of Generation Z, this workforce is likely to perceive high OJ, OS and quality LMX when certain organizational conditions are present. We elucidate these conditions in the context of three critical dimensions that can greatly influence employees’ sustenance in the organization: work, growth potential and culture. Work can affect the interest level of employees in their job, role and responsibilities. Growth potential can affect their drive to create or take up new opportunities. Culture can determine how comfortable and happy they are in the organization. The relevant characteristics of Generation Z, which explain the need for these conditions, are mentioned in brackets.

Source: Author’s own work
**Work in the organization**

OJ: Organization communicates clearly and comprehensively about what employees need to do in their job, what are the steps for doing that job and how their job impacts the organization; and the employees assess this information as fair (drive for control, need for direct visible impact).

OS: Organization offers work that is fulfilling due to completeness in its form - instead of being an unfathomable part of a whole, freedom of decision making it entails, and meaningfulness of the contribution it makes (need for freedom, hope of making a difference).

LMX: Leaders offer employees work that they enjoy and learn from, and which helps them grow; for example, work involving creativity, ownership, challenges, and opportunities to learn and master new skills (open-mindedness, creativity, desire for new competencies).

**Growth potential in the organization**

OJ: Organization gives fair access and information about varied growth opportunities, provides a choice of alternate career paths, and evaluates performance and grants compensation in a transparent and objective manner (confidence, individualistic thinking, open-mindedness).

OS: Organization provides facilities and time for training on new skills and internal networking, and encourages employees to participate in critical activities that are also value adding personally (multi-tasking ability, desire for new competencies, hope of making a difference).

LMX: Leaders provide clarity about the alternate career paths, mentor employees, create opportunities for personal and professional growth, and give regular and objective feedback about performance (confidence, value of feedback, open-mindedness).

**Culture in the organization**

OJ: Organization creates an open, informal and collaborative environment where power distance is low, psychological safety is high, and there is diversity, equity and inclusion (will for collaboration, belief in diversity).

OS: Organizational culture is conducive for learning, growth and work-life balance; it provides flexibility and freedom of work location and timings; and it emphasizes outcomes rather than processes (need for freedom, wish for flexibility).

LMX: Leaders promote a culture where employees aspire to achieve objective and meaningful goals, they are accountable and responsible for executing complete projects, and their work has a visible impact (confidence, hope for making a difference, need for direct visible impact).

Figure 1 summarizes these organizational conditions.

**Conclusion**

The organizational conditions indicate the nature of interventions required in the areas of job design, performance management, compensation, training, work policies, leadership and communication, to make the work, growth potential and culture more aligned to Generation Z’s characteristics. These interventions have to be strategically planned, developed and implemented top-down, with considerable involvement of human resource department.

Future research can examine empirical evidence for the theoretical model. It can also investigate whether the conditions, and therefore the interventions would differ, based on hybrid, remote and gig jobs. Studies can also explore the extent to which upcoming roles like intrapreneurship would satisfy the requisite organizational conditions.

**Keywords:**
Employee engagement, Generation Z, Leader-member exchange, Organizational justice, Organizational support, Social exchange theory
References


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