

Original Article

The Relationship Between Transformational Leadership, Person-Organization Fit and Turnover Intention in Generation Z: A Conceptual Framework

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Abstract: Generation Z is one of the prospective generations that can replace the previous generation because Generation Z has just started their professional career by joining the company. The Ministry of Manpower predicts that there will be an increase in Turnover Intention in a company because of this new generation. The focus of this paper is to develop a comprehensive conceptual framework for the relationship between transformational leadership on turnover intention with person-organization fit as a mediating variable. To develop a comprehensive theoretical understanding, a detailed literature review has been established. This study contributes to elaborating the existing literature on factors that affect turnover intention in Generation Z, especially in Indonesia. Therefore company can decrease turnover intention in Generation Z.

Keywords: Generation Z, Person – Organization Fit, Transformational Leadership, Turnover Intention.

I. INTRODUCTION

Generation Z has poor characteristics such as tending to be impatient, individualistic, having a high ego, and wanting more freedom than authority, so this will have a bad impact on a company because it will increase the turnover intention rate of a company (Kusumawati, 2021). This is supported by the trend of The Great Resignation in the United States, which is a trend of resignation by Generation Z, where as many as 40% of them will leave their jobs within 2 years (The Deloitte Global, 2022).

In Indonesia, Generation Z has dominated more than 25% of the total population (Jayani, 2021). Meanwhile, in Bandung City, Generation Z has reached 27% of the total population in Bandung City (Ashilah, 2021). Among generational groups, Generation Z tends to have a stronger desire to leave the company (Damayanti & Wulansari, 2024). The dominating Generation Z is a strong driver of The Great Resignation trend in Bandung City. This is supported by a statement from the Minister of Manpower, Ida Fauziyah, who stated that Generation Z tends not to show long-term commitment levels and part-time and freelance work systems will have an impact on the level of turnover intention in a company (Febryan & Pratiwi, 2022). According to Wulansari et al. (Damayanti & Wulansari, 2024), turnover intention is the desire of the employee to quit from their jobs.

Leadership plays a significant role in employee turnover intention, according to research by Xiong et al. (2022). The study found that factors such as leaders lacking credibility and competence, inability to communicate clear goals, and disregarding interpersonal relationships and resources within the organization contribute to turnover intention. However, creating an ideal organizational atmosphere is achievable if leaders can compromise with Generation Z employees. Furthermore, a transformational leadership style will also improve employee performance in a company (Wulansari & Afrianto, 2017).

Additionally, Ikadim (2020) suggests that a transformational leadership style is most suitable for Generation Z. This leadership style recognizes individual potential, values uniqueness, promotes participative decision-making, and is responsive to external changes. By applying a transformational leadership style, leaders can effectively manage and engage Generation Z employees, reducing turnover intention and fostering a positive work environment.

Person-Organization Fit is another factor that significantly impacts turnover intention, alongside transformational leadership. Puspitasari and Kiranas (2022) found that when employees do not align with the values of their company, they are more likely to leave. On the other hand, Pratama et al.'s (2022) research revealed that a high level of alignment between employees and the company's values leads to easier goal achievement and increased factors such as job satisfaction, ultimately reducing turnover intention. Therefore, this study aims to explore the relationship between transformational leadership, turnover intention, and Person-Organization Fit as a mediating variable, specifically among Generation Z employees in Bandung City.



II. LITERATURE REVIEW

A study by Park & Pierce (2019) suggests that Transformational Leadership exhibited by local office directors can decrease Turnover Intention among child welfare workers. This means that workers in the child welfare industry whom Transformational Leaders lead are more likely to be committed to the organization and less likely to leave. A separate study by Samuel and Tanoto (2022) supports these findings, showing that Transformational Leadership style has a significant influence on employee turnover intention in the food and beverage MSME sector in Blora Regency. In summary, employees who work under leaders who practice Transformational Leadership tend to have a lower desire to quit their jobs. Transformational Leaders often provide support and maintain open lines of communication with their subordinates, fostering positive relationships and reducing turnover intentions. Another study conducted by Saeed and Jun (2022) also verifies the detrimental effect of Transformational Leadership on Turnover Intention.

Transformational leadership style values organizational climate and fosters learning, innovation, and employee support, resulting in higher retention and commitment. According to Na and Chelliah (2022), research demonstrates that Transformational Leadership positively influences Person-Organization Fit.

The value fit between the individual and the company will certainly affect the level of turnover intention in a company. Research shows that Person-Organization Fit (POF) strongly influences Turnover Intention, especially among younger workers. POF is assessed using three dimensions, and when values are misaligned, negative emotions and turnover are more likely. Aligning values, meeting individual demands, and supporting career development can reduce turnover (Xiong, Wu, & Sui, 2022).

The influence of leadership style on the level of turnover intention in a company will certainly be mediated by the value fit between the individual and the company. This can be proven by a study by Xiong et al (2022) showing that Person-Organization Fit mediates the connection between Transformational Leadership and Turnover Intention among knowledgeable employees, highlighting the importance of considering fit in studying turnover intention.

The conceptual model that describes the relationship between the variables being studied is referred to as a framework; the framework itself has a role as a guide in conducting research, helping researchers determine the variables to be studied, the research methods to be applied, and the data analysis techniques to be used (Sugiyono, 2020).

This study proposes that the level of Turnover Intention is influenced by transformational leadership in a company, with person organization fit acting as a mediating factor in this relationship. When implementing a transformational leadership style in a company, the expected impact is to reduce the level of turnover intention in the company by aligning the value fit between the individual and the company itself. If the implementation is less than optimal, the turnover intention rate will be higher. Therefore, this research was made to prove the hypothesis and phenomena that exist among Generation Z in the city of Bandung.

III. METHODOLOGY

This conceptual framework emerges from a comprehensive literature review that focuses on leadership styles, turnover intention levels within firms and the fit between individual and firm values. Through an extensive analysis of existing research, this study integrates various findings to build a model that emphasizes the important mediating role of individual value congruence. By synthesizing insights from previous research, the proposed framework aims to explain the relationship between transformational leadership and turnover intention using person-organization fit as a mediating variable. The conceptual framework of this paper is shown in Figure 1.

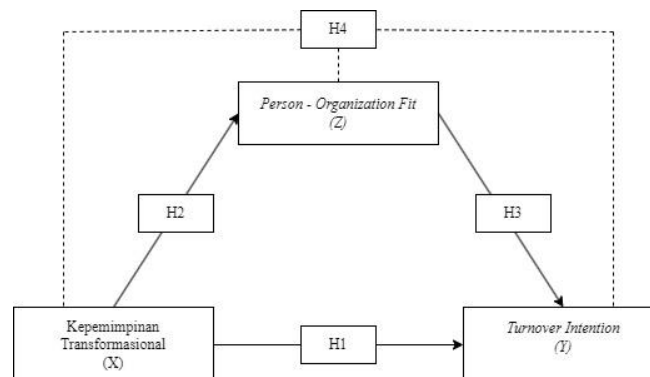


Figure 1: Conceptual Framework

Source: Author's Processed Data (2024)

Based on the Conceptual Framework, the hypotheses for these studies are:

- H1: There is a significant effect of Transformational Leadership on Turnover Intention in Generation Z Bandung City.
- H2: There is a significant effect of Transformational Leadership on Person - Organization Fit in Generation Z Bandung City.
- H3: There is a significant effect of Transformational Leadership on Person - Organization Fit in Generation Z Bandung City.
- H4: There is a significant effect of Transformational Leadership on Turnover Intention with Person - Organization Fit as a Mediating variable in Generation Z Bandung City.

The research conducted in this study falls under empirical research, which is research that requires validation of data to prove hypotheses against existing phenomena. By using questionnaire techniques, future research projects can gather information from different generations of workers in different sectors. One powerful analytical method to test the suggested theories and determine the feasibility of the conceptual framework is Structural Equation Modeling (SEM) with the use of the SmartPLS 4 application as a supporting application in this study. Complex interactions between variables can be analyzed using SEM, providing empirical validation and possibly opening new research directions in the areas of career development, employee management, and performance within companies.

IV. IMPLEMENTATION

The implementation of corporate values that are in line with Generation Z's personal values is key to creating a productive and conducive work environment. Results from the descriptive analysis show that this generation tends to choose organizations that pay attention to their values. In this context, it is important for companies to build this congruence to attract and retain quality Generation Z employees.

In addition to values, the role of transformational leadership is also very important for Generation Z in the workplace. This leadership style is expected to generate good cooperation among employees, as well as develop individual potential so that it can be reflected in their performance. By considering the values upheld and practising the appropriate leadership style, companies can optimize Generation Z's potential to improve productivity and the company's overall reputation.

Thus, the integration of values and appropriate leadership not only creates a work environment that benefits Generation Z but also contributes to the organization's progress in meeting the challenges of an ever-evolving era.

V. CONCLUSION

Based on the results of the analysis of research objectives and discussion of the impact of transformational leadership on Turnover Intention in Generation Z in Bandung City, with Person - Organization fit as mediation previously described, the conclusion of this study proves that there is no influence between transformational leadership on turnover intention. However, in other cases, transformational leadership can affect person-organization fit, and person-organization fit itself can affect turnover intention. Thus, person-organization fit can mediate the influence between transformational leadership on turnover intention in Generation Z.

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